

This Offering Circular is dated April 25, 2018

In the opinion of Ice Miller LLP, Indianapolis, Indiana ("Bond Counsel") under federal statutes, decisions, regulations and rulings, interest on the Bonds is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended as of the date hereof (the "Code"), for federal income tax purposes. Such exclusion is conditioned on continuing compliance with the Tax Covenants (as hereinafter defined). In the opinion of Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is exempt from income taxation in the State of Indiana. The Bonds have been designated qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Code. See "TAX MATTERS" herein.

NEW ISSUE
OFFERING CIRCULAR

COMPETITIVE SALE
BANK QUALIFIED

\$995,000
COVINGTON COMMUNITY SCHOOL CORPORATION
Covington, Indiana
GENERAL OBLIGATION BONDS OF 2018

Original Date: Date of Delivery (Anticipated to be May 30, 2018)

Due: January 15 and July 15, as shown below

The Covington Community School Corporation (the "School Corporation") is issuing \$995,000 of General Obligation Bonds of 2018 (the "Bonds") for the purpose of paying the costs of renovation of and improvements to school facilities throughout the School Corporation including the construction of an Educational Support Facility and related improvements and the purchase of equipment and technology (the "Projects"), and to pay issuance costs.

The Bonds will be issued as provided in the Bond Resolution adopted by the Board of Trustees on March 12, 2018, as supplemented on April 9, 2018 (as supplemented, the "Bond Resolution" or "Resolution"). The Bonds are payable from ad valorem taxes to be levied on all taxable property within the School Corporation as more fully described in this Offering Circular. The total indebtedness of the School Corporation subject to the constitutional debt limit, including the Bonds, amounts to less than two percent of one-third of the net assessed valuation of the School Corporation, as required by the constitution of the State of Indiana (the "State"). However, see "PROCEDURES FOR PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION" and "CIRCUIT BREAKER TAX CREDIT" herein.

The Bonds will be issued only as fully registered bonds, and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). Purchases of beneficial interests in the Bonds will be made in book-entry-only form in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interests in the Bonds. Interest on the Bonds will be payable semiannually on January 15 and July 15 of each year, beginning July 15, 2019. Principal and interest will be disbursed on behalf of the School Corporation by Old National Wealth Management, in Evansville, Indiana (the "Registrar" and "Paying Agent"). Interest on the Bonds will be paid by check, mailed one business day prior to the interest payment date or by wire transfer to depositories on the interest payment date. The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America at the designated corporate trust office of the Paying Agent. Interest on, together with the principal of, the Bonds will be paid directly to DTC by the Paying Agent so long as DTC or its nominee is the registered owner of the Bonds. The final disbursement of such payments to the Beneficial Owners of the Bonds will be the responsibility of the DTC Participants and the Indirect Participants. See "BOOK-ENTRY-ONLY SYSTEM". The Bonds are not subject to optional redemption prior to maturity. The Bonds may be issued as "Term Bonds" at the Underwriter's discretion and subject to mandatory sinking fund redemption as more fully described herein.

MATURITY SCHEDULE

<u>Maturity</u>	<u>Principal</u>	<u>Maturity</u>	<u>Principal</u>
July 15, 2019	\$85,000	January 15, 2022	\$115,000
January 15, 2020	90,000	July 15, 2022	115,000
July 15, 2020	90,000	January 15, 2023	120,000
January 15, 2021	95,000	July 15, 2023	85,000
July 15, 2021	110,000	January 15, 2024	90,000

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

PROJECT PERSONNEL

Names and positions of officials and professionals who have taken part in the planning of the project and bond issue are:

Board of School Trustees

Carolyn Lloyd, President
Doug Hunter, Vice President
Jeff Dennis, Secretary
Jason Beck
Kevin Cates

Superintendent

Dr. Bruce Hatton

Treasurer

Trudie Dillon

School Corporation Attorney

Stuart K. Weliever, Esq.
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Crawfordsville, Indiana 47933

Bond Counsel

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Municipal Advisor

Curt W. Pletcher
H.J. Umbaugh & Associates
Certified Public Accountants, LLP
112 IronWorks Avenue, Suite C
Mishawaka, Indiana 46544

PROCEDURES FOR BIDDING

Date and Time of Sale: Upon 24 hours' notice. Anticipated to take place on May 8, 2018, at 11:00 a.m. (EDT)

Place of Sale: Umbaugh, 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240

Maximum Interest Rate: 5.00%

Minimum Purchase Price*: 99.3% of par (\$988,035)

Multiples: 1/8 or 1/100 of 1%, non-descending

Anticipated Closing Date: May 30, 2018

Good Faith Deposit: \$9,950 certified or cashier's check or wire transfer submitted by the winning bidder no later than 3:30 p.m. (EDT) on the business day following the award

Method of Bidding: Electronic bidding by PARITY® or traditional bidding

Basis of Award: Net Interest Cost (NIC)

Issue Price Determination: As set forth in the Offering Circular, the bidder agrees by submission of their bid to assist the School Corporation in establishing the issue price of the Bonds under the terms outlined in Appendix D and shall execute and deliver to the School Corporation at closing an "issue price" certificate, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Purchaser, the School Corporation and bond counsel. Provided the winning bidder is purchasing the Bonds as an Underwriter (as defined in Appendix D) and is not purchasing the Bonds with the intent to hold the Bonds for its own account, then the School Corporation and the Purchaser shall agree to the process by which issue price will be established on the date of sale of the Bonds in the event that the Competitive Sale Requirements (as defined in Appendix D) are not met. The winning bidder must agree to execute the applicable schedules depending on the sale results.

For a complete description of terms and conditions for bidding, please refer to the next section of this Offering Circular (Appendix i) for the Notice of Intent to Sell Bonds.

* Minimum Purchase Price shall mean the \$995,000 of the Bonds less total discount submitted with bid, including any underwriter discount, purchaser discount, original issue discount or any expenses submitted by the bidder which will reduce the amount of bond proceeds to be received by the School Corporation, and adding any amortizable bond premium.

SECURITY AND SOURCES OF PAYMENT

The Bonds are the general obligation of the School Corporation payable from ad valorem property taxes to be levied on all taxable property within the School Corporation. However, See "CIRCUIT BREAKER TAX CREDIT" herein.

The total bonded indebtedness of the School Corporation subject to the constitutional debt limit, including the Bonds, amounts to less than two percent of one-third of the net assessed valuation of the School Corporation as required by the constitution of the State of Indiana.

DENOMINATIONS

The Bonds are being issued in the denomination of \$5,000 or integral multiple thereof.

REGISTRATION AND EXCHANGE FEATURES

Each registered bond shall be transferable or exchangeable only on such record at the designated corporate trust office of the Registrar and Paying Agent, Old National Wealth Management, at the written request of the registered owner thereof or his attorney duly authorized in writing upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. A further description of the registration and exchange features of the Bonds can be found in the Bond Resolution.

PROVISIONS FOR PAYMENT

The principal on the Bonds shall be payable at the designated corporate trust office of the Registrar and Paying Agent, or by wire transfer to DTC or any successor depository. See "BOOK-ENTRY-ONLY SYSTEM" herein. All payments of interest on the Bonds shall be paid by check, mailed one business day prior to the interest payment date to the registered owners as the names appear as of the fifteenth day immediately preceding the interest payment date and at the addresses as they appear on the registration books kept by the Registrar or at such other address as is

provided to the Registrar or by wire transfer to DTC or any successor depository. If payment of principal or interest is made to DTC or any successor depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall be instructed to wire transfer payments by 1:00 p.m. (New York City time) so such payments are received at the depository by 2:30 p.m. (New York City time). Payments on the Bonds shall be made in lawful money of the United States of America, which, on the date of such payment, shall be legal tender.

So long as DTC or its nominee is the registered owner of the Bonds, principal and interest on the Bonds will be paid directly to DTC by the Paying Agent. (The financial disbursement of such payments to the Beneficial Owners of the Bonds will be the responsibility of the DTC Participants and Indirect Participants, as defined and more fully described herein.)

PROJECTS DESCRIPTION

The Bonds are being issued for the purpose of paying the costs of renovation of and improvements to school facilities throughout the School Corporation including the construction of an Educational Support Facility and related improvements and the purchase of equipment and technology.

CONSTRUCTION PROGRAM

Construction bids for the Projects are to be received in Summer 2018. Construction of the Projects will begin in Summer 2018 and is anticipated to be completed Spring 2019.

ESTIMATED SOURCES AND USES OF FUNDS

Estimated Sources of Funds

General Obligation Bonds of 2018	<u>\$995,000.00</u>
Total Estimated Sources of Funds	<u><u>\$995,000.00</u></u>

Estimated Uses of Funds

Projects costs	\$943,035.00
Estimated Costs of issuance (1)	45,000.00
Allowance for Underwriter's discount (0.7%)	<u>6,965.00</u>
Total Estimated Uses of Funds	<u><u>\$995,000.00</u></u>

(1) Includes fees for local counsel, bond counsel, municipal advisor, registrar/paying agent, printing and other miscellaneous expenses.

INTERCEPT PROGRAM

Indiana Code Title 20, Article 48, Chapter 1, Section 11, as amended by Public Law 167-2017 (the "Act"), requires the Department of Local Government Finance (the "DLGF") to review levies and appropriations of school corporations for debt service or lease rental payments (the "Debt Service Obligation") that are payable in the succeeding calendar year. In the event a school corporation fails to levy and appropriate sufficient funds for such purpose for the next succeeding calendar year, the DLGF must establish levies and appropriations which are sufficient to pay such obligations.

The Act further provides upon failure to pay any Debt Service Obligation when due and upon notice and claim being filed with the Treasurer of the State of Indiana (the "State Treasurer"), the State Treasurer will pay the unpaid Debt Service Obligation of the school corporation within five (5) days, excluding Saturdays, Sundays and legal holidays of receiving such notice to the extent that the amounts described below as the Available Funds are available to the

State Treasurer in accordance with the following procedures: (a) upon notice and claim being filed with the State Treasurer, the State Treasurer must immediately contact the school corporation and the person or entity filing the claim to confirm whether the school corporation is unable to make the required payment on the due date, (b) if confirmed, the State Treasurer must notify the Budget Director of the State of Indiana (the “State Budget Director”), the Auditor of the State of Indiana (the “State Auditor”) and any department or agency of the State of Indiana responsible for distributing funds appropriated by the Indiana General Assembly (the “General Assembly”) to provide the State Treasurer with available funds in order for the State Treasurer to fulfill his/her obligations under the Act, (c) within three (3) days, excluding Saturdays, Sundays and legal holidays, of receiving the notice from the State Treasurer, the State Budget Director, the State Auditor and any department or agency of the State of Indiana responsible for distributing funds appropriated by the General Assembly must provide the State Treasurer with available funds in order for the State Treasurer to fulfill his/her obligations under the Act, and (d) the State Treasurer must make such payment to the claimant from such funds within five (5) days, excluding Saturdays, Sundays and legal holidays of the claim being filed with the State Treasurer (clauses (a) through and including (d), collectively, the “State Intercept Program”). The funds to make such payment will be from the following sources, in the following amount and in the following order of priority: (i) first, from amounts appropriated by the General Assembly for distribution to the school corporation from State funds in the current fiscal year of the State of Indiana (the “Current Year School Distribution”), which begins on July 1 and ends on the immediately following June 30 (the “State Fiscal Year”), (ii) second, to the extent the amounts described in clause (i) are insufficient, from any remaining amounts appropriated by the General Assembly for distribution for tuition support in the current State Fiscal Year which are in excess of the aggregate amount of tuition support needed for distribution to all school corporations during the current State Fiscal Year, and (iii) third, to the extent the amounts described in clauses (i) and (ii) are insufficient and the General Assembly has adopted a biennial budget appropriating amounts in the immediately succeeding State fiscal year for distribution to the school corporation from State funds, then from such fund or account, as determined by the State Budget Director in an amount equal to the lesser of the unpaid Debt Service Obligation or the amount to be distributed to the school corporation in the immediately succeeding State Fiscal Year (clauses (i) through and including (iii), collectively, the “Available Funds”). If any such payment is made by the State Treasurer pursuant to the State Intercept Program, then the State will recover such amounts by deducting such amount from the future State distributions to be made to the school corporation, first from all funds of the school corporation except tuition support. The estimated State distributions for State fiscal year 2018 and resulting debt service coverage levels are as follows:

Fiscal Year 2018 Basic Grant Distribution (all funds) (1)	<u>\$5,558,632</u>
Estimated Combined Maximum Annual Debt Service (2)	<u>\$1,121,482</u>
State Distributions Required to Provide Two-Times Coverage	<u>\$2,242,964</u>
State Distributions Above Two-Times Coverage Amount	<u>\$3,315,668</u>

- (1) Per the Indiana Department of Education, net of adjustments.
- (2) Based on combined outstanding debt for the year 2018 including debt service on the Bonds.

While the above description is based upon enacted legislation, the General Assembly may make amendments to such statutes and therefore there is no assurance of future events.

INTEREST CALCULATION

Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

REDEMPTION PROVISIONS

Optional Redemption:

The Bonds are not subject to optional redemption prior to maturity.

Mandatory Sinking Fund Redemption:

If any Bonds are issued as Term Bonds, the Paying Agent shall credit against the mandatory sinking fund requirement for the Term Bonds, and corresponding mandatory redemption obligation, in the order determined by the School Corporation, any Term Bonds which have previously been redeemed (otherwise than as a result of a previous mandatory redemption requirement) or delivered to the Paying Agent for cancellation or purchased for cancellation by the Paying Agent and not theretofore applied as a credit against any redemption obligation. Each Term Bond so delivered or canceled shall be credited by the Paying Agent at 100% of the principal amount thereof against the mandatory sinking fund obligation on such mandatory redemption date, and any excess of such amount shall be credited on future redemption obligations, and the principal amount of that Term Bond to be redeemed by operation of the mandatory sinking fund requirement shall be accordingly reduced; provided, however, the Paying Agent shall only credit such Term Bond to the extent received on or before 45 days preceding the applicable mandatory redemption date.

If fewer than all the Bonds are called for redemption at one time, the Bonds shall be redeemed in order of maturity determined by the School Corporation and by lot within maturity. Each \$5,000 principal amount shall be considered a separate bond for purposes of mandatory redemption.

Notice of Redemption:

Notice of redemption shall be mailed to the registered owners of all Bonds to be redeemed at least 30 days but not more than 45 days prior to the date fixed for such redemption. If any of the Bonds are so called for redemption, and payment therefore is made to the Paying Agent in accordance with the terms of the Bond Resolution, then such Bonds shall cease to bear interest from and after the date fixed for redemption in the call.

BOOK-ENTRY-ONLY SYSTEM

The Bonds will be available only in book-entry form in the principal amount of \$5,000 or any integral multiple thereof. DTC will act as the initial securities depository for the Bonds. The ownership of one fully registered Bond for each maturity of the Bonds will be registered in the name of Cede & Co., as nominee for DTC.

SO LONG AS CEDE & CO, AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE BONDS, REFERENCES IN THIS OFFERING CIRCULAR TO THE REGISTERED OWNERS (OR THE OWNERS) WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

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

S&P Global Rating'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. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, interest and redemption amounts, if any, 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 School Corporation or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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 (nor its nominee), the Paying Agent, or the School Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School Corporation or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursements of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The School 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 School Corporation believes to be reliable, but neither the School Corporation nor the Underwriter takes any responsibility for the accuracy thereof.

In the event that the book-entry-only system is discontinued, the Paying Agent will provide for the registration of the Bonds in the name of the Beneficial Owners thereof. The School Corporation, the Registrar, the Paying Agent and any other Fiduciary would treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purposes of making and receiving payment of the principal thereof and interest thereon, and for all other purposes, and none of these parties would be bound by any notice or knowledge to the contrary.

Revision of Book-Entry-Only System:

In the event that either (1) the School Corporation receives notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a clearing agency for the Bonds or (2) the School Corporation elects to discontinue its use of DTC as a clearing agency for the Bonds, then the School Corporation and the Paying Agent will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the Bonds, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the Bonds and to transfer the ownership of each of the Bonds to such person or persons, including any other clearing agency, as the holder of such Bonds may direct in accordance with the Bond Resolution. Any expenses of such a discontinuation and transfer, including any expenses of printing new certificates to evidence the Bonds will be paid by the School Corporation.

PROCEDURES FOR PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION

The debt service payments are payable from ad valorem property taxes required by law to be levied by or on behalf of the School Corporation. Article 10, Section 1 of the Constitution of the State of Indiana ("Constitutional Provision") provides that, for property taxes first due and payable in 2012 and thereafter, the Indiana General Assembly shall, by law, limit a taxpayer's property tax liability to a specified percentage of the gross assessed value of the taxpayer's real and personal property. The Indiana General Assembly enacted legislation (Indiana Code Title 6, Article 1.1, Chapter 20.6), which implements the Constitutional Provision and provides taxpayers with a tax credit for all property taxes in an amount that exceeds a certain percentage of the gross assessed value of eligible property. See "CIRCUIT BREAKER TAX CREDIT" herein for further details on the levy and collection of property taxes.

Real and personal property in the State is assessed each year as of January 1. On or before August 1 of each year, the County Auditor must submit a certified statement of the assessed value of each taxing unit for the ensuing year to the DLGF. The DLGF shall make the certified statement available on its gateway website located at <https://gateway.ifionline.org/> ("Gateway"). The County Auditor may submit an amended certified statement at any time before February 15th of the ensuing year, the date by which the DLGF must certify the taxing units' budgets.

The certified statement of assessed value is used when the governing body of a local taxing unit meets to establish its budget for the next fiscal year (January 1 through December 31) and to set tax rates and levies. In preparing the taxing unit's estimated budget, the governing body must consider the net property tax revenue that will be collected by the taxing unit during the ensuing year, after taking into account the DLGF's estimate of the amount by which the taxing unit's distribution of property taxes will be reduced by the application of the Circuit Breaker Tax Credit (as defined in the summary of "CIRCUIT BREAKER TAX CREDIT" herein), and after taking into account the DLGF's estimate of the maximum amount of net property tax revenue and miscellaneous revenue that the taxing unit will receive in the ensuing year. Before May 1 of each year after 2017, the fiscal officer of each political subdivision shall provide the DLGF with an estimate of the total amount of its debt service obligations (as defined in IC 6-1.1-20.6-9.8) that will be due in the last six months of the current year and in the ensuing year. Beginning in 2018, the DLGF shall provide to each political subdivision: (1) an estimate of the maximum property tax rate that may be imposed by the political subdivision for the ensuing year for each cumulative fund or other fund for which a maximum property tax rate is established by law; and (2) an estimate of property taxes payable for the ensuing year for debt service. Before August 1 of each year, the DLGF shall provide to each taxing unit (1) an estimate of the maximum amount of net property tax revenue and miscellaneous revenue that the unit will receive in the ensuing

year if the unit's tax rates are imposed at the maximum allowable rate and levy under law and (2) an estimate of the amount by which the taxing unit's distribution of property taxes will be reduced due to the Circuit Breaker Tax Credit. Beginning in 2018, the State Budget Agency must provide to the DLGF and the County Auditor an estimate of the certified local income tax distribution before June 1, and the DLGF must provide by July 1, the estimated amounts to be distributed at the taxing level to the County Auditor.

The taxing unit must submit the following information to the DLGF via Gateway: (i) its estimated budget; (ii) the estimated maximum permissible tax levy, as determined by the DLGF; (iii) the current and proposed tax levies of each fund; (iv) the estimated amount, determined by the DLGF, by which the taxing unit's property taxes may be reduced by the Circuit Breaker Tax Credit; (v) the amount of excess levy appeals to be requested, if any; and (vi) the time and place at which the taxing unit will conduct a public hearing related to the information submitted to Gateway. The public hearing must be conducted at least ten days prior to the date the governing body establishes the budget, tax rate and levy, which by statute must each be established no later than November 1.

The budget, tax levy and tax rate of each taxing unit are subject to review by the DLGF, and the DLGF shall certify the tax rates and tax levies for all funds of taxing units subject to the DLGF's review. The DLGF may not increase a taxing district's budget by fund, tax rate or tax levy to an amount which exceeds the amount originally fixed by the taxing unit unless the taxing unit meets all of the following: (i) the increase is requested in writing by the taxing unit; (ii) the requested increase is published on the DLGF's advertising internet website; and (iii) notice is given to the county fiscal body of the DLGF's correction.

Taxing units have until December 31 of the calendar year immediately preceding the ensuing calendar year to file a levy shortfall appeal. Until budget year 2019, the DLGF must complete its review and certification of budgets, tax rates and levies on or before February 15, and after budget year 2018, not later than December 31 of the year preceding the budget year, unless a taxing unit in the county issues debt after December 1 or intends to file a shortfall appeal under IC 6-1.1-18.5-16 in which case the DLGF must certify the budgets for the taxing units in the county by January 15 of the budget year.

On or before March 15, the County Auditor prepares the tax duplicate, which is a roll of property taxes payable in that year. The County Auditor publishes a notice of the tax rate in accordance with Indiana statutes. The County Treasurer mails tax statements at least 15 days prior to the date that the first installment is due (due dates may be delayed due to a general reassessment or other factors). Property taxes are due and payable to the County Treasurer in two installments on May 10 and November 10, unless the mailing of tax bills is delayed or a later due date is established by order of the DLGF. If an installment of property taxes is not completely paid on or before the due date, a penalty of 10% of the amount delinquent is added to the amount due; unless the installment is completely paid within thirty (30) days of the due date and the taxpayer is not liable for delinquent property taxes first due and payable in a previous year for the same parcel, the amount of the penalty is five percent (5%) of the amount of the delinquent taxes. On May 11 and November 11 of each year after one year of delinquency, an additional penalty equal to 10% of any taxes remaining unpaid is added. The penalties are imposed only on the principal amount of the delinquency. Property becomes subject to tax sale procedures after 15 months of delinquency. The County Auditor distributes property tax collections to the various taxing units on or about June 30 after the May 10 payment date and on or about December 31 after the November 10 payment date.

Pursuant to State law, personal property is assessed at its actual historical cost less depreciation, in accordance with 50 IAC 4.2, the DLGF's Rules for the Assessment of Tangible Personal Property. Effective January 1, 2016, state law annually exempts from property taxation new tangible business personal property with an acquisition cost of less than \$20,000. Pursuant to State law, real property is valued for assessment purposes at its "true tax value" as defined in the Real Property Assessment Rule, 50 IAC 2.4, the 2011 Real Property Assessment Manual ("Manual"), as incorporated into 50 IAC 2.4 and the 2011 Real Property Assessment Guidelines, Version A ("Guidelines"), as adopted by the DLGF. P.L. 204-2016, SEC. 3, enacted in 2016, retroactive to January 1, 2016, amends State law to provide that "true tax value" for real property does not mean the value of the property to the user and that true tax value shall be determined under the rules of the DLGF. As a result of P.L. 204-2016, the DLGF has begun the process of amending the Manual. In the case of agricultural land, true tax value shall be the value determined in accordance with the Guidelines and IC 6-1.1-4, as amended by P.L. 180-2016. Except for agricultural land, as discussed below, the Manual permits assessing officials in each county to choose any acceptable mass appraisal method to determine true tax value, taking into consideration the ease of administration and the uniformity of the assessments produced by that method. The Guidelines were adopted to provide assessing officials with an

acceptable appraisal method, although the Manual makes it clear that assessing officials are free to select from any number of appraisal methods, provided that they produce “accurate and uniform values throughout the jurisdiction and across all classes of property”. The Manual specifies the standards for accuracy and validation that the DLGF uses to determine the acceptability of any alternative appraisal method. “Net Assessed Value” or “Taxable Value” represents the “Gross Assessed Value” less certain deductions for mortgages, veterans, the aged, the blind, economic revitalization areas, resource recovery systems, rehabilitated residential property, solar energy systems, wind power devices, hydroelectric systems, geothermal devices and tax-exempt property. The “Net Assessed Value” or “Taxable Value” is the assessed value used to determine tax rates.

Changes in assessed values of real property occur periodically as a result of general reassessments scheduled by the State legislature, as well as when changes occur in the property value due to new construction or demolition of improvements. Before July 1, 2013, and before May 1 of every fourth year thereafter, the county assessor will prepare and submit to the DLGF a reassessment plan for each county. Since 2016, the DLGF must complete its review and approval of the reassessment plan before January 1 of the year following the year in which the reassessment plan is submitted by the county. The reassessment plan must divide all parcels of real property in the county into four (4) different groups of parcels. Each group of parcels must contain approximately twenty-five percent (25%) of the parcels within each class of real property in the county. All real property in each group of parcels shall be reassessed under the county’s reassessment plan once during each four (4) year cycle. The reassessment of a group of parcels in a particular class of real property shall begin on May 1 of a year, and must be completed on or before January 1 of the year after the year in which the reassessment of the group of parcels begins. For real property included in a group of parcels that is reassessed, the reassessment is the basis for taxes payable in the year following the year in which the reassessment is to be completed. The county may submit a reassessment plan that provides for reassessing more than twenty-five percent (25%) of all parcels of real property in the county in a particular year. A plan may provide that all parcels are to be reassessed in one (1) year. However, a plan must cover a four (4) year period. All real property in each group of parcels shall be reassessed under the county’s reassessment plan once during each reassessment cycle. The reassessment of the first group of parcels under a county’s reassessment plan began on July 1, 2014, and was to be completed on or before January 1, 2016. Since 2007, all real property assessments are revalued annually to reflect market value based on comparable sales data (“Trending”). When a change in assessed value occurs, a written notification is sent to the affected property owner. If the owner wishes to appeal this action, the owner may file a petition requesting a review of the action. This petition must be filed with the county assessor in which the property is located within 45 days after the written notification is given to the taxpayer or May 10 of that year, whichever is later. While the appeal is pending, the taxpayer may pay taxes based on the current year’s tax rate and the previous or current year’s assessed value.

Beginning in 2018, the County Auditor shall submit to the DLGF parcel level data of certified net assessed values as required by and according to a schedule provided by the DLGF.

CIRCUIT BREAKER TAX CREDIT

Description of Circuit Breaker:

Article 10, Section 1 of the Constitution of the State of Indiana (the “Constitutional Provision”) provides that, for property taxes first due and payable in 2012 and thereafter, the Indiana General Assembly shall, by law, limit a taxpayer’s property tax liability to a specified percentage of the gross assessed value of the taxpayer’s real and personal property. Indiana Code § 6-1.1-20.6 (the “Statute”) authorizes such limits in the form of a tax credit for all property taxes in an amount that exceeds the gross assessed value of real and personal property eligible for the credit (the “Circuit Breaker Tax Credit”). For property assessed as a homestead (as defined in Indiana Code § 6-1.1-12-37), the Circuit Breaker Tax Credit is equal to the amount by which the property taxes attributable to the homestead exceed 1% of the gross assessed value of the homestead. Property taxes attributable to the gross assessed value of other residential property, agricultural property, and long-term care facilities are limited to 2% of the gross assessed value, property taxes attributable to other non-residential real property and personal property are limited to 3% of the gross assessed value. The Statute provides additional property tax limits for property taxes paid by certain senior citizens.

If applicable, the Circuit Breaker Tax Credit will result in a reduction of property tax collections for each political subdivision in which the Circuit Breaker Tax Credit is applied. School corporations are authorized to impose a referendum tax levy, if approved by voters, to replace property tax revenue that the school corporation will not

receive due to the application of the Circuit Breaker Tax Credit. Otherwise school corporations and other political subdivisions may not increase their property tax levy or borrow money to make up for any property tax revenue shortfall due to the application of the Circuit Breaker Tax Credit.

The Constitutional Provision excludes from the application of the Circuit Breaker Tax Credit property taxes first due and payable in 2012, and thereafter, that are imposed after being approved by the voters in a referendum. The Statute codifies this exception, providing that, with respect to property taxes first due and payable in 2012 and thereafter, property taxes imposed after being approved by the voters in a referendum will not be considered for purposes of calculating the limits to property tax liability under the provisions of the Statute. In accordance with the Constitutional Provision, the General Assembly has, in the Statute, designated Lake County and St. Joseph County as “eligible counties” and has provided that property taxes imposed in these eligible counties to pay debt service and make lease rental payments for bonds or leases issued or entered into before July 1, 2008 or on bonds issued or leases entered into after June 30, 2008 to refund those bonds or leases, will not be considered for purposes of calculating the limits to property tax liability under the provisions of the Statute, through and including December 31, 2019.

The Statute requires political subdivisions to fully fund the payment of outstanding debt service or lease rental obligations payable from property taxes (“Debt Service Obligations”), regardless of any reduction in property tax collections due to the application of the Circuit Breaker Tax Credit. For school corporations, any shortfall could also be funded through the State Intercept Program (herein defined); however, application of the State Intercept Program will result in a shortfall in distributions to the school corporation's general fund and school corporations are encouraged by the DLGF to fund any shortfall directly from the school corporation's general fund to avoid the application of the State Intercept Program. Upon: (i) the failure of a political subdivision to pay any of its Debt Service Obligations; and (ii) notification of that event to the treasurer of the State by a claimant; the treasurer of State is required to pay the unpaid Debt Service Obligations from money in the possession of the State that would otherwise be available to the political subdivision under any other law. A deduction must be made: (i) first, from local income tax distributions that would otherwise be distributed to the county; and (ii) second, from any other undistributed funds of the political subdivision in possession of the State.

Pursuant to IC 6-1.1-20.6-9.9, a school corporation that is expected to experience sufficient Circuit Breaker Tax Credit loss may, prior to May 1 of a year, request the DLGF, to certify the amount of Circuit Breaker Tax Credit loss, making the school corporation an eligible school corporation under IC 6-1.1-20.6-9.9 (an “Eligible School Corporation”). An Eligible School Corporation may allocate its Circuit Breaker Tax Credit loss, for 2016, 2017, 2018 and 2019 proportionately across all school corporation property tax funds, including the debt service fund, and is exempt from the protected taxes requirement described below.

For 2017, 2018 or 2019, if a school corporation: (i) issues new bonds or enters into a new lease rental agreement for which the school corporation is imposing or will impose a debt service levy other than: (A) to refinance or renew prior bond or lease rental obligations existing before January 1, 2017; or (B) for indebtedness that is approved in a local public question or referendum under IC 6-1.1-20 or any other law; and (ii) the school corporation's total debt service levy and total debt service tax rate in 2018 or 2019 is greater than the school corporation's total debt service levy and total debt service tax rate in 2016, the school corporation will not be eligible to allocate its Circuit Breaker Tax Credit loss proportionately.

Except for an Eligible School Corporation, the Statute categorizes property taxes levied to pay Debt Service Obligations as “protected taxes,” regardless of whether the property taxes were approved at a referendum, and all other property taxes as “unprotected taxes.” The total amount of revenue to be distributed to the fund for which the protected taxes were imposed shall be determined without applying the Circuit Breaker Tax Credit. The application of the Circuit Breaker Tax Credit must reduce only the amount of unprotected taxes distributed to a fund. The School Corporation may allocate the reduction by using a combination of unprotected taxes of the School Corporation in those taxing districts in which the Circuit Breaker Tax Credit caused a reduction in protected taxes. The tax revenue and each fund of any other political subdivisions must not be affected by the reduction.

If the allocation of property tax reductions to funds receiving only unprotected taxes is insufficient to offset the amount of the Circuit Breaker Tax Credit, the revenue for a fund receiving protected taxes will also be reduced. If a fund receiving protected taxes is reduced, the Statute provides that a political subdivision may transfer money from

any other available source in order to meet its Debt Service Obligations. The amount of this transfer is limited to the amount by which the protected taxes are insufficient to meet Debt Service Obligations.

The School Corporation cannot predict the timing, likelihood or impact on property tax collections of any future actions taken, amendments to the Constitution of the State of Indiana or legislation enacted, regulations or rulings promulgated or issued to implement any such regulations, statutes or the Constitutional Provision described above or of future property tax reform in general. There has been no judicial interpretation of this legislation. In addition, there can be no assurance as to future events or legislation that may affect the Circuit Breaker Tax Credit or the collection of property taxes by the School Corporation.

For example, in March 2016, the Indiana General Assembly passed legislation which revises the factors used to calculate the assessed value of agricultural land. This legislation is retroactive to the January 1, 2016, assessment date and applies to each assessment date thereafter. The revised factors enacted in the legislation may reduce the total assessed value of agricultural land, which could shift property tax liability from agricultural property owners to other property owners. In addition, the reduction in the assessed value of agricultural land may result in a reduction of the total assessed value of a school corporation. A lower assessed value of a school corporation may result in higher tax rates in order for a school corporation to receive its approved property tax levy. See “PROCEDURES FOR PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION” herein.

Estimated Circuit Breaker Tax Credit for the School Corporation:

According to the DLGF, the Circuit Breaker Tax Credit allocable to the School Corporation for budget years 2014, 2015, 2016 and 2017 were \$45,276, \$43,245 and \$41,596, respectively. These estimates do not include the estimated debt service on the Bonds.

The Circuit Breaker Tax Credit amounts above do not reflect the potential effect of any further changes in the property tax system or methods of funding local government that may be enacted by the Indiana General Assembly in the future. The effects of these changes could affect the Circuit Breaker Tax Credit and the impact could be material. Other future events, such as the loss of a major taxpayer, reductions in assessed value, increases in property tax rates of overlapping taxing units or the reduction in local option income taxes applied to property tax relief could increase effective property tax rates and the amount of the lost revenue due to the Circuit Breaker Tax Credit, and the resulting increase could be material.

EXEMPTION FROM CONTINUING DISCLOSURE REQUIREMENTS

The continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the “SEC Rule”), do not apply to a primary offering of municipal securities with an aggregate principal amount of less than \$1,000,000. Therefore, the School Corporation will not enter into a Continuing Disclosure Undertaking Agreement in connection with this offering.

MUNICIPAL ADVISOR

H.J. Umbaugh & Associates, Certified Public Accountants, LLP (the “Municipal Advisor”) (“Umbaugh”) has been retained by the School Corporation to provide certain financial advisory services including, among other things, preparation of the Offering Circular. The information contained in the Official Statements has been compiled from records and other materials provided by School Corporation officials and other sources deemed to be reliable. The Municipal Advisor has not and will not independently verify the completeness and accuracy of the information contained in the Offering Circular.

The Municipal Advisor’s duties, responsibilities and fees arise solely as Municipal Advisor to the School Corporation and they have no secondary obligations or other responsibility. The Municipal Advisor’s fees are expected to be paid from proceeds of the Bonds.

Municipal Advisor Registration:

Umbaugh is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, Umbaugh is providing certain specific municipal advisory services to the

School Corporation, but is neither a placement agent to the School Corporation nor a broker/dealer and cannot participate in the underwriting of the Bonds.

The offer and sale of the Bonds shall be made by the School Corporation, in the sole discretion of the School Corporation, and under its control and supervision. The School Corporation agrees that Umbaugh does not undertake to sell or attempt to sell the Bonds, and will take no part in the sale thereof.

Other Financial Industry Activities and Affiliations:

Umbaugh Cash Advisory Services, LLC (“UCAS”) is a wholly-owned subsidiary of Umbaugh. UCAS is registered as an investment adviser with the Securities and Exchange Commission under the federal Investment Advisers Act. UCAS provides non-discretionary investment advice with the purpose of helping clients create and maintain a disciplined approach to investing their funds prudently and effectively. UCAS may provide advisory services to the clients of Umbaugh.

UCAS has no other activities or arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

PROPOSED LEGISLATION

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Legislation affecting municipal bonds is considered from time to time by the United States Congress and the Executive Branch, including some proposed changes under consideration at the time of issuance of the Bonds. Bond Counsel’s opinion is based upon the law in existence on the date of issuance of the Bonds. It is possible that legislation enacted after the date of issuance of the Bonds or proposed for consideration will have an adverse effect on the excludability of all or a part of the interest on the Bonds from gross income, the manner in which such interest is subject to federal income taxation or the market price of the Bonds.

Legislation affecting municipal bonds is considered from time to time by the Indiana legislature and Executive Branch. It is possible that legislation enacted after the date of the Bonds or proposed for consideration will have an adverse effect on payment or timing of payment or other matters impacting the Bonds.

The School Corporation cannot predict the outcome of any such federal or state proposals as to passage, ultimate content or impact if passed, or timing of consideration or passage. Purchasers of the Bonds should reach their own conclusions regarding the impact of any such federal or state proposals.

TAX MATTERS

In the opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, under federal statutes, decisions, regulations and rulings, the interest on the Bonds is excludable for federal income purposes from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (“Code”). Interest on the Bonds is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. This opinion is conditioned on continuing compliance by School Corporation with the Tax Covenants (as hereinafter defined). Failure to comply with the Tax Covenants could cause interest on the Bonds to lose the exclusion from gross income for federal income taxation retroactive to the date of issuance of the Bonds. In the opinion of Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is exempt from income taxation in the State. This opinion relates only to the exemption of interest on the Bonds for State income tax purposes. See Appendix C for the form of Bond Counsel opinion.

The Code imposes certain requirements which must be met subsequent to the issuance of the Bonds as a condition to the exclusion from gross income of interest on the Bonds for federal income tax purposes. The School Corporation will covenant not to take any action, within its power and control, nor fail to take any action with respect to the Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Bonds pursuant to Section 103 of the Code (collectively, "Tax Covenants"). The Bond Resolution and certain certificates and agreements to be delivered on the date of delivery of the Bonds establish procedures under which compliance with the requirements of the Code can be met. It is not an event of default under the Bond Resolution if interest on the Bonds is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not in effect on the issue date of the Bonds.

IC 6-5.5 imposes a franchise tax on certain taxpayers (as defined in IC 6-5.5) which, in general, include all corporations which are transacting the business of a financial institution in Indiana. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code. Taxpayers should consult their own tax advisors regarding the impact of this legislation on their ownership of the Bonds.

Although Bond Counsel will render an opinion in the form attached as Appendix C hereto, the accrual or receipt of interest on the Bonds may otherwise affect a bondholder's federal income tax or state tax liability. The nature and extent of these other tax consequences will depend upon the bondholder's particular tax status and a bondholder's other items of income or deduction. Taxpayers who may be affected by such other tax consequences include, without limitation, individuals, financial institutions, certain insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Bonds. Bond Counsel expresses no opinion regarding any other such tax consequences.

Under existing laws, judicial decisions, regulations and rulings, the Bonds have been designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the exception from the 100% disallowance of the deduction for interest expense allocable to interest on tax-exempt obligations acquired by financial institutions. The designation is conditioned on continuing compliance with the Tax Covenants.

LITIGATION

To the knowledge of the officers and counsel for the School Corporation, there is no litigation pending or threatened, against the School Corporation, which in any way questions or affects the validity of the Bonds, or any proceedings or transactions relating to the issuance, sale or delivery thereof.

The officers and counsel for the School Corporation will certify at the time of delivery of the Bonds that there is no litigation pending or in any way threatened, questioning the validity of the Bonds, or any of the proceedings had relating to the authorization, issuance and sale of the Bonds, the Bond Resolution or the Project that would result in a material, adverse impact on the financial condition of the School Corporation.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, whose approving opinion will be available at the time of delivery of the Bonds. Ice Miller LLP has not been asked nor has it undertaken to review the accuracy or sufficiency of this Offering Circular, and will express no opinion thereon. The form of opinion of Bond Counsel is included as Appendix C of this Offering Circular.

LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The remedies available to the bondholders upon a default under the Bond Resolution are in many respects dependent upon judicial action(s) which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the federal bankruptcy code), the remedies provided in the Bond Resolution may not be readily available or may be limited. Under federal and State environmental laws certain liens may be imposed on property of the School Corporation from time to time, but the School Corporation has no reason to believe, under existing law, that any such lien would have priority over the lien on the property taxes pledged to the payment of debt service of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by the valid exercise of the constitutional powers of the School Corporation, the State of Indiana and the United States of America and bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

These exceptions would encompass any exercise of the federal, State or local police powers (including the police powers of the School Corporation), in a manner consistent with the public health and welfare. Enforceability of the Bond Resolution in a situation where such enforcement may adversely impact public health and welfare may be subject to such police powers.

MISCELLANEOUS

The information contained in this Offering Circular has been compiled from School Corporation officials and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, it is believed to be correct as of this date. Additional information may be requested from the Covington Community School Corporation, 601 Market Street, Covington, Indiana 47932, phone (765) 793-4877.

The School Corporation certifies to the best of its knowledge and belief that this Offering Circular, as of its date and as it relates to the School Corporation and its economic and financial condition, (i) is complete and accurate; (ii) does not contain any untrue statement of a material fact; and (iii) does not omit any material facts or information which would make the statements contained herein misleading.

This Offering Circular and its execution are duly authorized.

COVINGTON COMMUNITY SCHOOL
CORPORATION

By: /s/ Carolyn Lloyd
President, Board of School Trustees

Attest: /s/ Jeff Dennis
Secretary, Board of School Trustees

APPENDICES

- i Notice of Intent to Sell Bonds
 - A General Information
 - B Bond Resolution
 - C Legal Opinion
 - D Issue Price Determination

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APPENDIX i

NOTICE OF INTENT TO SELL BONDS

\$995,000 GENERAL OBLIGATION BONDS OF 2018 COVINGTON COMMUNITY SCHOOL CORPORATION

Upon not less than twenty-four (24) hours' notice given by the undersigned Secretary prior to the ninetieth day after this notice is first published, Covington Community School Corporation (the "School Corporation") will receive and consider bids for the purchase of the following described Bonds. Any person interested in submitting a bid for the Bonds may furnish in writing to the School Corporation c/o H.J. Umbaugh & Associates, Certified Public Accountants, LLP, 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240-2687; (317) 465-1500, (317) 465-1550 (facsimile) or by e-mail to bids@umbaugh.com and pietsch@umbaugh.com on or before 9:00 a.m. (Indianapolis Time) May 4, 2018, the person's name, address, and telephone number. Interested persons may also furnish an e-mail address. The undersigned Secretary will notify (or cause to be notified) each person so registered of the date and time bids will be received not less than twenty-four (24) hours before the date and time of sale. The notification shall be made by telephone at the number furnished by such person and also by electronic e-mail, if an e-mail address has been received.

Notice is hereby given that electronic proposals will be received via PARITY[®], in the manner described below, until the time and date specified in the Notice provided at least 24 hours prior to the sale, which is expected to be 11:00 a.m. (Indianapolis Time), on May 8, 2018. Bids may be submitted electronically via PARITY[®] pursuant to this Notice until the time specified in this Notice, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY[®] conflict with this Notice, the terms of this Notice shall control. For further information about PARITY[®], potential

bidders may contact the School Corporation's municipal advisor, H.J. Umbaugh & Associates, Certified Public Accountants, LLP at (317) 465-1500 or PARITY® at (212) 849-5021.

At the time designated for the sale, the School Corporation will receive at the offices of H.J. Umbaugh & Associates, Certified Public Accountants, LLP, 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana, and consider bids for the purchase of the following described

Bonds:

Covington Community School Corporation General Obligation Bonds of 2018 (the "Bonds"), an Indiana political subdivision, in the principal amount of \$995,000; Fully registered form; Denomination \$5,000 and integral multiples thereof (or in such other denomination as requested by the winning bidder); Originally dated the date of delivery of the Bonds; Bearing interest at a rate or rates to be determined by bidding, payable on July 15, 2019, and semiannually thereafter; These Bonds will be initially issued in a Book Entry System (as defined in the Bond Resolution (as hereinafter defined)) unless otherwise requested by the winning bidder. Interest payable by check mailed one business day prior to the interest payment date or by wire transfer to depositories on the interest payment date to the person or depository in whose name each Bond is registered with Old National Wealth Management on the fifteenth day immediately preceding such interest payment date; Maturing or subject to mandatory redemption on January 15 and July 15 beginning on July 15, 2019 through and including January 15, 2025 on the dates and amounts as provided by the School Corporation prior to the sale.

As an alternative to PARITY®, bidders may submit a sealed bid or e-mail the bid electronically to the School Corporation's municipal advisor at the address described above until the time and on the date identified in the notice given by, or on behalf of the School Corporation, twenty-four hours prior to the sale of the Bonds. Upon completion of the bidding procedures described herein, the results of the sealed, non-electronic bids received shall be compared to the electronic bids received by the School Corporation.

If a potential bidder has questions related to the School Corporation, the financing or submission of bids, questions should be submitted by email to the addresses above no later than 11:00 a.m. (Indianapolis Time) on May 4, 2018. To the best of the School Corporation's ability,

all questions will be addressed by the School Corporation and sent to potential bidders, including any bidders requesting 24 hours' notice of sale, no later than 5:00 p.m. (Indianapolis Time) on May 4, 2018. Additionally, upon request, the written responses will be emailed to any other interested bidder. Bidders should review this notice as well as the offering circular and submit any questions in advance of this deadline to submit questions.

The Bonds are not subject to optional redemption prior to maturity.

A bid may designate that a given maturity or maturities shall constitute a term bond, and the semi-annual amounts set forth in the schedule provided prior to the sale shall constitute the mandatory sinking fund redemption requirements for such term bond or bonds. For purposes of computing net interest cost, the mandatory redemption amounts shall be treated as maturing on the dates set forth in the schedule provided prior to the sale.

In the case of any redemption, 30 days' notice will be given by mail to the registered owners of the Bonds to be redeemed, and accrued interest will be paid to the date fixed for redemption. Interest on the Bonds so called for redemption will cease on the redemption date fixed in said notice if funds are available at the place of redemption to redeem the Bonds so called on the date fixed in said notice, or thereafter when presented for payment.

The Bonds have been designated as qualified tax-exempt obligations for purposes of Section 265(b)(3).

Each bid must be for all of the Bonds and must state the rate of interest which each maturity of the Bonds is to bear, stated in multiples of 1/8th or 1/100th of 1%. The maximum interest rate of the Bonds shall not exceed 5.00% per annum. All Bonds maturing on the same date shall bear the same rate, and the rate of interest bid for each maturity must be equal to or greater than the rate bid on the immediately preceding maturity. Bids shall set out the total amount of interest payable over the term of the Bonds and the net interest cost on the Bonds

covered by the bid. No bid for less than 99.3% of the face value of the Bonds will be considered. The Bonds will be awarded to the highest qualified bidder who has submitted a bid in accordance herewith the "Purchaser"). The Purchaser will be the one who offers the lowest net interest cost to the School Corporation, to be determined by computing the total interest on all of the Bonds to their maturities based upon the schedule provided by the School Corporation prior to the sale and deducting therefrom the premium bid, if any, and adding thereto the discount bid, if any. The right is reserved to reject any and all bids. If an acceptable bid is not received for the Bonds on the date of sale hereinbefore fixed, the sale may be continued from day to day thereafter, during which time no bids for less than the highest bid received at the time of the advertised sale will be considered. No conditional bids will be considered.

Each bid not submitted via PARITY® must be enclosed in a sealed envelope addressed to the School Corporation and marked on the outside "Covington Community School Corporation Bid for General Obligation Bonds of 2018". A good faith deposit ("Deposit") in the form of cash or certified or cashier's check in the amount of \$9,950 payable to the order of the School Corporation is required to be submitted by the Purchaser not later than 3:30 p.m. (EDT) on the next business day following the award. If such Deposit is not received by that time, the School Corporation may reject the bid. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its accepted bid, the Deposit will be retained by the School Corporation as liquidated damages.

The Purchaser shall make payment for such Bonds and accept delivery thereof within five days after being notified that the Bonds are ready for delivery, at such place in the City of Indianapolis, Indiana, as the Purchaser may designate, or at such other location mutually agreed

to by the School Corporation and the Purchaser. The Bonds will be ready for delivery within 45 days after the date of sale. If the School Corporation fails to have the Bonds ready for delivery prior to the close of banking hours on the forty-fifth day after the date of sale, the Purchaser may secure the release of the bid upon request in writing, filed with the School Corporation. The Purchaser is expected to apply to a securities depository registered with the Securities and Exchange Commission ("SEC") to make such Bonds depository-eligible. At the time of delivery of the Bonds to the Purchaser, the Purchaser will be required to certify to the School Corporation the initial reoffering price to the public of a substantial amount of each maturity of the Bonds.

All provisions of the bid form and Offering Circular (as hereinafter defined) are incorporated herein. As set forth in the Offering Circular, the Purchaser agrees by submission of their bid to assist the School Corporation in establishing the issue price of the Bonds under the terms outlined therein and shall execute and deliver to the School Corporation at closing an "issue price" certificate, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Purchaser, the School Corporation and Ice Miller LLP ("Bond Counsel").

Bidders must comply with the rules of PARITY[®] (the "Rules") in addition to requirements of this Notice. To the extent there is a conflict between the Rules and this Notice, this Notice shall control. Bidders may change and submit bids as many times as they wish during the sale, but they may not withdraw a submitted bid. The last bid submitted by a bidder prior to the deadline for the receipt of bids will be compared to all other final bids to determine the winning bid. During the sale, no bidder will see any other bidder's bid, nor will they see the status of their bid relative to other bids (e.g., whether their bid is a leading bid).

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the successful bidder therefor to accept delivery of and pay for the Bonds in accordance with the terms of its proposal. No CUSIP identification number shall be deemed to be a part of any Bond or a part of the contract evidenced thereby and no liability shall hereafter attach to the School Corporation or any of its officers or agents because of or on account of such numbers. All expenses in relation to the printing of CUSIP identification numbers on the Bonds shall be paid for by the School Corporation; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the Purchaser. The Purchaser will also be responsible for any other fees or expenses it incurs in connection with the resale of the Bonds.

The approving opinion of Bond Counsel, together with a transcript of the proceedings relating to the issuance of the Bonds and closing papers in the usual form showing no litigation questioning the validity of the Bonds, will be furnished to the successful bidder at the expense of the School Corporation.

The Bonds are being issued for the purpose of the renovation of and improvements to school facilities throughout the School Corporation, including the construction of an Educational Support Facility and related improvements and the purchase of equipment and technology, and will be direct obligations of the School Corporation payable out of ad valorem taxes to be collected on the taxable property within the School Corporation; however, the School Corporation's collection of the levy may be limited by operation of I.C. 6-1.1-20.6, which provides taxpayers with tax credits for property taxes attributable to different classes of property in an amount that exceeds certain percentages of the gross assessed value of that property. The

School Corporation is required by law to fully fund the payment of debt service on the Bonds in an amount sufficient to pay the debt service, regardless of any reduction in property tax collections due to the application of such tax credits. The School Corporation may not be able to levy or collect additional property taxes to make up this short fall. The School Corporation is a school corporation organized pursuant to the provisions of I.C. 20-23, and the Bonds will not be "private activity bonds" as defined in Section 141 of the Internal Revenue Code of 1986.

The Bonds constitute an indebtedness only of the School Corporation. Interest on the Bonds is exempt from all income taxation in Indiana. In the opinion of Bond Counsel, under the existing federal statutes, decisions, regulations and rulings, the interest on the Bonds is excludable from gross income for purposes of federal income taxation.

The School Corporation has prepared an offering circular (the "Offering Circular") relating to the Bonds which it has deemed final. A copy of the Offering Circular may be obtained from the School Corporation's municipal advisor, H.J. Umbaugh & Associates, Certified Public Accountants, LLP, 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240-2687.

Further information relative to said issue and a copy of the Offering Circular may be obtained upon application to H.J. Umbaugh & Associates, Certified Public Accountants, LLP, 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240-2687, municipal advisor to the School Corporation; or Bruce Hatton, Superintendent of the School Corporation, 601 Market Street, Covington, Indiana 47932. If bids are submitted by mail, they should be addressed to the School Corporation, attention of H.J. Umbaugh & Associates, Certified Public Accountants, LLP, 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240-2687.

Dated this 18th day of April, 2018.

/s/

Secretary, Board of School Trustees
Covington Community School Corporation

APPENDIX A

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COVINGTON COMMUNITY SCHOOL CORPORATION

SYSTEM OVERVIEW

The Covington Community School Corporation (the “School Corporation”) was formally organized in 1959, and is comprised of Mound Township in Warren County; and the Townships of Fulton, Troy and Wabash, as well as the City of Covington in Fountain County. The School Corporation encompasses approximately 121 square miles and is located along the western boundaries of Fountain and Warren Counties.

FACILITIES

The School Corporation presently operates the following schools.

<u>School</u>	<u>Grades</u>	<u>Year Opened</u>	<u>Additions/ Renovations</u>	<u>2017/2018 Enrollment</u>
Covington Elementary School	K-5	1955	1978, 2005, 2008	393
Covington Middle School	6-8	1978	2005	217
Covington High School	9-12	1968	1995, 2005	280

SERVICES

The School Corporation provides a complete academic curriculum in grades pre-kindergarten through twelve. English/language arts, mathematics, science, social studies, music, art, and physical education are provided for all grade levels. Foreign language instruction is available to junior and senior high school students. Business education is provided for high school students, while practical arts, including family and consumer science, computer literacy, and industrial arts are provided for grades six through twelve. Juniors and seniors with good attendance records and appropriate grade point averages in their field of vocational interest may attend the West Central Vocational Cooperative. The curriculum provides a wide variety of vocational training including auto mechanics, machine trades, welding, cosmetology, health occupations, horticulture, computer aided drafting, and industrial electronics.

Special education programs to assist the learning disabled are available at each school building. Individual educational plans form the basis of instruction for these students. The School Corporation is also a member of the West Central Special Education Cooperative, which is comprised of nine school corporations and operates programs and services for low incidence handicapped students. Special programs for high ability learners are also provided for students of the School Corporation.

All facilities of the School Corporation are fully accredited by the North Central Association of Secondary Schools and Colleges.

ENROLLMENT

Presented below are enrollment figures as provided by the School Corporation. The statistics represent the number of students enrolled at the beginning of the school years.

<u>School</u>	<u>School Year</u>									
	<u>2008/ 2009</u>	<u>2009/ 2010</u>	<u>2010/ 2011</u>	<u>2011/ 2012</u>	<u>2012/ 2013</u>	<u>2013/ 2014</u>	<u>2014/ 2015</u>	<u>2015/ 2016</u>	<u>2016/ 2017</u>	<u>2017/ 2018</u>
Covington Elementary School	488	488	463	457	449	458	474	433	421	393
Covington Middle School	224	223	228	237	253	230	213	210	211	217
Covington High School	<u>289</u>	<u>290</u>	<u>284</u>	<u>269</u>	<u>278</u>	<u>297</u>	<u>315</u>	<u>313</u>	<u>309</u>	<u>280</u>
Totals	<u>1,001</u>	<u>1,001</u>	<u>975</u>	<u>963</u>	<u>980</u>	<u>985</u>	<u>1,002</u>	<u>956</u>	<u>941</u>	<u>890</u>

Presented below are total projected enrollment figures as provided by the School Corporation.

<u>Year</u>	<u>Projected Enrollment</u>
2018/2019	870
2019/2020	868
2020/2021	869
2021/2022	865
2022/2023	860

BOARD OF SCHOOL TRUSTEES

<u>Name</u>	<u>Current Term Began</u>	<u>Current Term Ends</u>
Carolyn Lloyd, President	01/01/2015	12/31/2018
Doug Hunter, Vice President	01/01/2017	12/31/2020
Jeff Dennis, Secretary	01/01/2015	12/31/2018
Jason Beck, Member	07/01/2017	12/31/2020
Kevin Cates, Member	08/01/2017	12/31/2018

ADMINISTRATION AND STAFF

The School Corporation is under the direction of a five-member elected Board of School Trustees who serve four-year terms. The Superintendent, appointed by the Board of School Trustees, directs a certified staff of 75 and a non-certified staff of 62 with union representation as follows:

<u>Union Name</u>	<u>Union Representation</u>	<u>Number of Members</u>	<u>Contract Expiration Date</u>
Covington Teachers Association	Teachers	61	June 30, 2018

PENSION OBLIGATIONS

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund ("PERF") is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System ("INPRS") Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

Employer contributions for the year 2017 were \$154,644.

Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund ("TRF") is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the INPRS Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRF plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

Employer contributions for the year 2017 were \$299,178.

Additional Pension Plans

The School Corporation also offers teachers hired prior to June 2, 2001 the opportunity to participate in a 403(b) plan through VALIC. The School Corporation contributes \$200 - \$275 annually (based upon education level) to each teacher that contributes the required 100% match. In 2017, the School Corporation contributed \$45,685 to the 403(b) plan. Starting with the 2017-2018 school year, full-time certified teachers hired on or after June 1, 2001, receive a matching contribution of 1% of the teacher's base contract salary into an employer retirement plan if the teacher contributes at least 1% of his or her base contract salary into a voluntary 403(b) plan.

Other Postemployment Benefits

Retirees have the option to stay on the School Corporation's health and dental insurance plans at their own expense until Medicare eligible. Upon termination or retirement, certified staff employed before June 1, 2001 may receive payment for unused sick and personal days and a fixed amount for each year of service to the School Corporation.

To be eligible for severance pay benefits, a teacher must have been employed by the School Corporation for at least 10 years (15 years for teachers hired after June 1, 1998). Severance pay consists of \$300 for each year of service within the School Corporation plus \$40 per day of unused sick leave. Teachers hired before June 1, 2001 are eligible for retirement pay if they are 55 or older and have provided 20 or more years of service to the School Corporation. Retirement pay consists of \$400 for each year of service with the School Corporation plus \$75 per day of unused sick leave. The number of unused sick and personal days paid out by the School Corporation for teachers, administrators, and the superintendent are capped at 185, 225, and 260 days, respectively. This liability is funded through the Post Retirement Severance Fund. The superintendent receives payment for unused vacation days up to 10 days, which is paid from the General Fund.

GENERAL PHYSICAL AND DEMOGRAPHIC INFORMATION

LOCATION

The School Corporation is located in Fountain and Warren Counties in west central Indiana, approximately 55 miles northwest of Indianapolis and 10 miles east of Danville, Illinois.

GENERAL CHARACTERISTICS

Covington is predominantly a residential and commercial community with some light industry. The majority of the labor force commutes west to Danville, Illinois, east to Crawfordsville or northeast to Lafayette for employment in heavy industry. The School Corporation's proximity to Terre Haute and Indianapolis provides for additional recreational, educational and cultural opportunities.

Covington is located along the Wabash River, which provides outdoor recreational opportunities to residents. Five Crossings Park provides public access to the Wabash River for water activities and also has picnic areas and trails for hiking. Covington is in the process of revitalizing the Covington City Park in order to replace old playground equipment and add a splash pad. The Covington City Park serves a multitude of events throughout the year including a large fireworks show for the Fourth of July, youth sporting events, and outdoor movies during the summer. Shades State Park is located in the southeast area of Fountain County and offers hiking trails, camping, fishing, and picnic areas. The Covington-Veedersburg Public Library has a branch in Covington that provides services to School Corporation residents and offers various events and programs for adults, teens, and children.

HIGHER EDUCATION

Purdue University in West Lafayette, Indiana, is located approximately 40 miles northeast of the School Corporation. Purdue was one of the original land grant universities and its West Lafayette campus has approximately 31,000 undergraduate students and 9,600 graduate students. It has expanded its original base of agricultural and basic engineering disciplines to include technological and highly skilled education in all of the physical sciences, veterinary medicine, agricultural improvement, and management. Purdue has become known as a leader in research activities for energy and agriculture, as well as many other fields of study. Purdue's Discovery Park, a 40-acre research park, provides research in areas of bioscience, technology, industrial development environmental research, and oncology.

GENERAL ECONOMIC AND FINANCIAL INFORMATION

COMMERCE AND INDUSTRY

The School Corporation is located in an agricultural area, with the City of Covington as its only incorporated municipality. Covington serves as the county seat for Fountain County, which has a rich history of both agricultural production and high-quality manufacturing. Fountain County is home to many large grain and livestock operations such as food distribution and production of processed and packaged foods, dairy products, animal feed, and nutraceutical supplements. Residents also commute to nearby Veedersburg, Williamsport, and Danville, Illinois for employment in industry and health care.

Flex-N-Gate Corporation is a manufacturer and supplier of large stamped metal and welded components, assemblies, and plastic parts for the automotive industry. The company opened two Master Guard manufacturing plants in the early 1990's in Fountain County and opened the Flex-N-Gate warehouse for automobile parts and accessories in Covington in 1998. The company is Fountain County's largest employer with approximately 690 employees at the Master Guard facility in Veedersburg and 200 employees at the Flex-N-Gate facility in Covington.

Harrison Steel Castings Co., has been located in Fountain County for more than 100 years. The company produces highly engineered carbon and alloy steel castings to agricultural, heavy equipment, energy, military and the oil and gas industries throughout the world. The company employs approximately 304 employees.

LARGE EMPLOYERS

Below is a list of Fountain County's largest employers. The number of employees shown are as reported by company personnel unless otherwise noted. Because of reporting time lags and other factors inherent in collecting and reporting such information, the statistics may not reflect recent employment levels.

<u>Name</u>	<u>Year Established</u>	<u>Type of Business</u>	<u>Reported Employment</u>
Master Guard (Division of Flex-N-Gate)		Mfg. auto bumpers and grills	690
Harrison Steel Castings Company	1906	Steel castings foundry	304
C & D Technologies		Mfg. power storage & conversion systems	240 (1)
Flex-N-Gate	1998	Automotive parts and supplies warehouse	200
Fountain County	1826	County government	200
Southeast Fountain School Corporation	1965	Public education	155 (2)
Covington Community School Corporation		Public education	137 (3)
Waters of Covington		Nursing home	101 (1)
Attica Consolidated School Corporation	1962	Public education	99 (4)
County Market		Grocery	90 (5)

- (1) Per the 2017 Harris Indiana Industrial and Services Directories.
- (2) Per the School Corporation, includes 82 certified and 73 non-certified employees.
- (3) Per the School Corporation, includes 75 certified and 62 non-certified employees.
- (4) Per the School Corporation, includes 45 certified and 54 non-certified employees.
- (5) Includes two locations in Fountain County.

EMPLOYMENT

<u>Year</u>	<u>Unemployment Rate</u>			<u>Fountain</u>	<u>Warren</u>
	<u>County</u>	<u>County</u>	<u>Indiana</u>	<u>County</u>	<u>County</u>
				<u>Labor Force</u>	<u>Labor Force</u>
2012	8.4%	7.4%	8.3%	8,539	4,198
2013	9.8%	8.8%	7.7%	8,328	4,156
2014	7.0%	6.1%	6.0%	8,199	4,096
2015	5.9%	4.9%	4.8%	8,061	4,103
2016	5.8%	4.9%	4.4%	7,962	4,109
2017, Dec.	3.4%	3.0%	3.1%	7,742	3,951
2018, Jan.	4.2%	3.6%	3.6%	7,662	3,868

Source: Indiana Business Research Center. Data collected as of March 14, 2018.

BUILDING PERMITS

Provided below is a summary of the number of building permits and estimated construction costs for the City of Covington.

<u>Year</u>	<u>Residential</u>		<u>Commercial</u>	
	<u>Total</u>	<u>Estimated</u>	<u>Total</u>	<u>Estimated</u>
	<u>Permits</u>	<u>Costs</u>	<u>Permits</u>	<u>Costs</u>
2013	34	\$1,313,465	1	\$140,000
2014	26	371,912	2	728,000
2015	31	614,397	0	0
2016	28	380,330	2	480,000
2017	34	1,786,032	6	1,070,860

Source: City of Covington Clerk-Treasurer

POPULATION

<u>Year</u>	<u>School Corporation*</u>		<u>Fountain County</u>		<u>Warren County</u>	
	<u>Population</u>	<u>Percent of</u>	<u>Population</u>	<u>Percent of</u>	<u>Population</u>	<u>Percent of</u>
		<u>Change</u>		<u>Change</u>		<u>Change</u>
1970	5,282	-0.09%	18,257	-2.40%	8,705	1.87%
1980	6,038	14.31%	19,033	4.25%	8,976	3.11%
1990	5,739	-4.95%	17,808	-6.44%	8,176	-8.91%
2000	5,726	-0.23%	17,954	0.82%	8,419	2.97%
2010	5,534	-3.35%	17,240	-3.98%	8,508	1.06%
2016, Est.	5,314	-3.98%	16,486	-4.37%	8,166	-4.02%

*Consists of Fulton, Troy, and Wabash Townships in Fountain County and Mound Township in Warren County.

Source: U.S. Census Bureau

AGE STATISTICS

	<u>School Corporation</u>	<u>Fountain County</u>	<u>Warren County</u>
Under 25 Years	1,649	5,412	2,609
25 to 44 Years	1,215	3,970	1,953
45 to 64 Years	1,587	4,815	2,534
65 Years and Over	1,083	3,043	1,412
Totals	<u>5,534</u>	<u>17,240</u>	<u>8,508</u>

Source: U.S. Census Bureau's 2010 Census

EDUCATIONAL ATTAINMENT

<u>Years of School Completed</u>	<u>Persons 25 and Over</u>		
	<u>School Corporation</u>	<u>Fountain County</u>	<u>Warren County</u>
Less than 9th grade	2.2%	4.5%	3.1%
9th to 12th grade, no diploma	4.4%	7.6%	5.9%
High school graduate	44.2%	44.2%	43.2%
Some college, no degree	19.7%	21.3%	18.4%
Associate's degree	10.1%	8.0%	9.8%
Bachelor's degree	13.9%	9.2%	13.5%
Graduate or professional degree	5.5%	5.2%	6.0%

Source: U.S. Census Bureau's 2012-2016 American Community Survey 5-Year Estimates

MISCELLANEOUS ECONOMIC INFORMATION

	<u>School Corporation</u>	<u>Fountain County</u>	<u>Warren County</u>	<u>Indiana</u>
Per capita income, past 12 months*	\$30,016	\$25,086	\$28,690	\$26,117
Median household income, past 12 months*	\$54,537	\$45,924	\$58,623	\$50,433
Average weekly earnings in manufacturing (3rd qtr. of 2017)	N/A	\$836	\$794	\$1,109
Land area in square miles - 2010	123.75 (1)	395.66	364.68	35,826.11
Population per land square mile - 2010	44.7	43.6	23.3	181.0
Retail sales in 2012:				
Total retail sales	N/A	\$148,307,000	\$22,102,000	\$85,857,962,000
Sales per capita**	N/A	\$8,602	\$2,598	\$13,242
Sales per establishment	N/A	\$2,317,297	\$1,578,714	\$3,974,722

*In 2016 inflation-adjusted dollars – 5-year estimates

**Based on 2010 Population.

(1) Consists of the land area of Fulton, Troy, and Wabash Townships in Fountain County and Mound Township in Warren County.

Source: Bureau of Census Reports and the Indiana Business Research Center. Data collected as of March 1, 2018.

(Continued on next page)

MISCELLANEOUS ECONOMIC INFORMATION (CONT'D)

<u>Employment and Earnings - Fountain County 2016</u>	<u>Earnings</u> (In 1,000s)	<u>Percent of Earnings</u>	<u>Labor Force</u>	<u>Distribution of Labor Force</u>
Manufacturing	\$94,413	36.07%	1,542	22.73%
Government	39,036	14.91%	864	12.74%
Other*	30,984	11.84%	848	12.50%
Services	26,553	10.14%	1,164	17.16%
Farming	18,819	7.19%	450	6.63%
Retail trade	15,973	6.10%	824	12.15%
Finance, insurance and real estate	12,372	4.73%	447	6.59%
Construction	11,700	4.47%	284	4.19%
Transportation and warehousing	9,394	3.59%	252	3.72%
Information	2,518	0.96%	79	1.16%
Mining	N/A	N/A	29	0.43%
Totals	\$261,762	100.00%	6,783	100.00%

*In order to avoid disclosure of confidential information, specific earnings and employment figures are not available for the forestry, fishing, related activities, utilities, wholesale trade, and certain areas of the services sectors. Additionally, specific earnings figures are not available for the mining sector. The data for the forestry, fishing, related activities, utilities, wholesale trade, and services sectors is incorporated in the other category.

Source: Bureau of Economic Analysis and the Indiana Business Research Center. Data collected as of March 8, 2018.

<u>Employment and Earnings - Warren County 2016</u>	<u>Earnings</u> (In 1,000s)	<u>Percent of Earnings</u>	<u>Labor Force</u>	<u>Distribution of Labor Force</u>
Farming	\$32,219	22.90%	451	15.02%
Manufacturing	28,410	20.19%	551	18.35%
Services	23,928	17.00%	528	17.58%
Government	18,769	13.34%	464	15.45%
Other*	14,234	10.11%	379	12.62%
Wholesale and retail trade	13,543	9.62%	303	10.09%
Construction	7,119	5.06%	163	5.43%
Finance, insurance and real estate	2,499	1.78%	164	5.46%
Totals	\$140,721	100.00%	3,003	100.00%

*In order to avoid disclosure of confidential information, specific earnings and employment figures are not available for the forestry, fishing, related activities, mining, utilities, transportation and warehousing, information, and certain areas of the services sectors. The data is incorporated here.

Source: Bureau of Economic Analysis and the Indiana Business Research Center. Data collected as of March 8, 2018.

<u>Adjusted Gross Income</u>	<u>Year</u>	<u>Fountain County Total</u>	<u>Warren County Total</u>
	2011	\$341,424,646	\$191,443,936
	2012	373,109,937	207,166,524
	2013	331,779,654	203,311,106
	2014	327,841,467	175,910,472
	2015	324,875,049	189,768,992

Source: Indiana Department of Revenue

SCHEDULE OF INDEBTEDNESS

The following schedule shows the outstanding indebtedness of the School Corporation and the taxing units within and overlapping its jurisdiction as of March 30, 2018, including issuance of the Bonds, as reported by the respective taxing units.

<u>Direct Debt</u>	<u>Original Par Amount</u>	<u>Final Maturity</u>	<u>Outstanding Amount</u>
Tax Supported Debt			
General Obligation Bonds of 2018	\$995,000	01/15/24	\$995,000
General Obligation Bonds of 2017	500,000	07/15/19	500,000
General Obligation Bonds of 2008	1,300,000	01/01/19	160,000
Covington Multi-School Building Corporation Ad Valorem Property Tax First Mortgage Refunding Bonds, Series 2012	6,935,000	01/15/27	4,830,000
Common School Fund Loan	1,075,000	07/01/29	<u>618,125</u>
Total Direct Debt			<u><u>\$7,103,125</u></u>
		Percent Allocable to School Corporation (1)	Amount Allocable to School Corporation
<u>Overlapping Debt</u>	<u>Total Debt</u>		<u>Corporation</u>
Tax Supported Debt			
Fountain County (2)	\$282,434	25.12%	\$70,947
Covington Public Library	7,986	56.64%	<u>4,523</u>
Tax Supported Debt			<u>75,470</u>
Total Overlapping Debt			<u><u>\$75,470</u></u>

(1) Based upon the 2017 payable 2018 net assessed valuation of the respective taxing units.

(2) Fountain County is in the process of issuing approximately \$12,240,000 of Lease Rental Revenue Bonds, Series 2018 anticipated to close in May 2018.

The schedule presented above is based on information furnished by the obligors or other sources and is deemed reliable. The School Corporation makes no representation or warranty as to its accuracy or completeness.

DEBT RATIOS

The following presents the ratios relative to the tax supported indebtedness of the taxing units within and overlapping the School Corporation as of March 30, 2018, including issuance of the Bonds.

	Direct Tax Supported Debt \$7,103,125	Allocable Portion of All Other Overlapping Tax Supported Debt \$75,470	Total Direct and Overlapping Tax Supported Debt \$7,178,595
Per capita (1)	\$1,336.68	\$14.20	\$1,350.88
Percent of net assessed valuation (2)	2.72%	0.03%	2.75%
Percent of gross assessed valuation (3)	1.85%	0.02%	1.87%
Per pupil (4)	\$7,981.04	\$84.80	\$8,065.84

- (1) According to the U.S. Census Bureau, the estimated 2016 population of the School Corporation is 5,314.
- (2) The net assessed valuation of the School Corporation for taxes payable in 2018 is \$260,788,829 according to the Fountain and Warren County Auditors' offices.
- (3) The gross assessed valuation of the School Corporation for taxes payable in 2018 is \$383,733,830 according to the Fountain and Warren County Auditors' offices.
- (4) Enrollment of the School Corporation is 890 as reported by school personnel.

DEBT LIMIT

The amount of general obligation debt a political subdivision of the State of Indiana can incur is controlled by the constitutional debt limit, which is an amount equal to 2% of the value of taxable property within the political subdivision. Pursuant to Indiana Code 36-1-15, the value of taxable property within the political subdivision is divided by three for the purposes of this calculation. The School Corporation debt limit, based upon the adjusted value of taxable property, is shown below.

Certified net assessed valuation (taxes payable in 2018)	\$257,223,466
Times: 2% general obligation debt issue limit	<u>2%</u>
Sub-total	5,144,469
Divided by 3	<u>3</u>
General obligation debt issue limit	1,714,823
Less: Outstanding general obligation debt including the Bonds	<u>(1,655,000)</u>
Estimated amount remaining for general obligation debt issuance	<u><u>\$59,823</u></u>

SCHEDULE OF HISTORICAL NET ASSESSED VALUATION

(As Provided by the Fountain and Warren County Auditors' Offices)

<u>Year</u> <u>Payable</u>	<u>Real Estate</u>	<u>Utilities</u>	<u>Personal</u> <u>Property</u>	<u>Total</u> <u>Taxable Value</u>
2014	\$219,304,888	\$753,720 (1)	\$18,696,330	\$238,754,938
2015	241,000,741	5,023,494	22,453,770	268,478,005
2016	239,857,618	4,936,020	22,669,690	267,463,328
2017	240,266,704	4,974,900	22,529,110	267,770,714
2018	236,660,899	4,935,070	19,192,860	260,788,829

(1) Utility net assessed valuations for Fountain County are not available.

NOTE: Net assessed valuations represent the assessed value less certain deductions for mortgages, veterans, the aged and the blind, as well as tax-exempt property.

Real property is valued for assessment purposes at its true tax value as defined in the Real Property Assessment Rule, 50 IAC 2.4, the 2011 Real Property Assessment Manual ("Manual"), as incorporated into 50 IAC 2.4, and the 2011 Real Property Assessment Guidelines ("Guidelines"), as adopted by the DLGF. In the case of agricultural land, true tax value is the value determined in accordance with the Guidelines adopted by the DLGF and IC 6-1.1-4-13. In the case of all other real property, true tax value is defined as "the market value-in-use of a property for its current use, as reflected by the utility received by the owner or by a similar user, from the property."

P.L. 180-2016 revises the factors used to calculate the assessed value of agricultural land. This legislation is retroactive to the January 1, 2016 assessment date and applies to each assessment date thereafter. The revised factors enacted in the legislation may reduce the total assessed value of agricultural land, which could shift property tax liability from agricultural property owners to other property owners. In addition, the reduction in the assessed value of agricultural land may result in a reduction of the total assessed value of a School Corporation. Lower assessed values of a School Corporation may result in higher tax rates in order for a School Corporation to receive its approved property tax levy.

Real property assessments are annually adjusted to market value based on sales data. The process of adjusting real property assessments to reflect market values has been termed "trending" by the DLGF.

The Manual permits assessing officials in each county to choose any acceptable mass appraisal method to determine true tax value, taking into consideration the ease of administration and the uniformity of the assessments produced by that method. The Guidelines were adopted to provide assessing officials with an acceptable appraisal method, although the Manual makes it clear that assessing officials are free to select from any number of appraisal methods, provided that they produce accurate and uniform values throughout the jurisdiction and across all classes of property. The Manual specifies the standards for accuracy and validation that the DLGF uses to determine the acceptability of any alternative appraisal method.

DETAIL OF NET ASSESSED VALUATION
 Assessed 2017 for Taxes Payable in 2018
 (As Provided by the Fountain and Warren County Auditors' Offices)

	<u>Fulton Township</u>	<u>Troy Township</u>	<u>Covington City</u>	<u>Wabash Township</u>	<u>Mound Township</u>	<u>Total</u>
Gross Value of Land	\$27,626,000	\$52,605,200	\$25,788,200	\$31,748,700	\$21,208,600	\$158,976,700
Gross Value of Improvements	<u>20,962,100</u>	<u>42,207,100</u>	<u>83,808,600</u>	<u>28,208,700</u>	<u>25,442,700</u>	<u>200,629,200</u>
Total Gross Value of Real Estate	48,588,100	94,812,300	109,596,800	59,957,400	46,651,300	359,605,900
Less: Mortgage Exemptions, Veterans, Blind Age 65 & Other Exemptions	(11,469,187)	(23,436,083)	(52,570,470)	(15,978,922)	(12,201,439)	(115,656,101)
Tax Exempt Property	<u>(183,600)</u>	<u>(283,700)</u>	<u>(5,266,600)</u>	<u>(1,435,500)</u>	<u>(119,500)</u>	<u>(7,288,900)</u>
Net Assessed Value of Real Estate	<u>36,935,313</u>	<u>71,092,517</u>	<u>51,759,730</u>	<u>42,542,978</u>	<u>34,330,361</u>	<u>236,660,899</u>
Business Personal Property	2,736,600	4,996,150	2,333,820	1,042,850	8,083,440	19,192,860
Less: Deductions	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> 0</u>
Net Assessed Value of Personal Property	<u>2,736,600</u>	<u>4,996,150</u>	<u>2,333,820</u>	<u>1,042,850</u>	<u>8,083,440</u>	<u>19,192,860</u>
Net Assessed Value of Utility Property	<u>709,900</u>	<u>1,477,970</u>	<u>804,250</u>	<u>1,160,790</u>	<u>782,160</u>	<u>4,935,070</u>
Total Net Assessed Value	<u><u>\$40,381,813</u></u>	<u><u>\$77,566,637</u></u>	<u><u>\$54,897,800</u></u>	<u><u>\$44,746,618</u></u>	<u><u>\$43,195,961</u></u>	<u><u>\$260,788,829</u></u>

COMPARATIVE SCHEDULE OF CERTIFIED TAX RATES

Per \$100 of Net Assessed Valuation

	<u>Year Taxes Payable</u>				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Detail of Certified Tax Rate: (1)					
Fountain County					
Debt Service	\$0.3817	\$0.4014	\$0.3826	\$0.3441	\$0.3836
Capital Projects Fund	0.2781	0.2608	0.2611	0.2610	0.2627
Transportation	0.1471	0.1376	0.1418	0.1466	0.1562
Bus Replacement	<u>0.0603</u>	<u>0.0564</u>	<u>0.0582</u>	<u>0.0602</u>	<u>0.0641</u>
Totals	<u><u>\$0.8672</u></u>	<u><u>\$0.8562</u></u>	<u><u>\$0.8437</u></u>	<u><u>\$0.8119</u></u>	<u><u>\$0.8666</u></u>
Warren County					
Debt Service	\$0.3805	\$0.3994	\$0.3786	\$0.3441	\$0.3836
Capital Projects Fund	0.2772	0.2597	0.2582	0.2610	0.2627
Transportation	0.1467	0.1370	0.1403	0.1466	0.1562
Bus Replacement	<u>0.0601</u>	<u>0.0562</u>	<u>0.0575</u>	<u>0.0602</u>	<u>0.0641</u>
Totals	<u><u>\$0.8645</u></u>	<u><u>\$0.8523</u></u>	<u><u>\$0.8346</u></u>	<u><u>\$0.8119</u></u>	<u><u>\$0.8666</u></u>
Total District Certified Tax Rate (2)					
Fulton Township	\$1.4220	\$1.3366	\$1.3709	\$1.3603	\$1.4698
Troy Township	\$1.4927	\$1.4395	\$1.4429	\$1.4348	\$1.5493
Covington City	\$2.5950	\$2.6264	\$2.6827	\$2.6666	\$2.8463
Wabash Township	\$1.4007	\$1.3401	\$1.3525	\$1.3428	\$1.4386
Mound Township	\$1.3988	\$1.3535	\$1.3721	\$1.3766	\$1.4637

(1) Represents the School Corporation's tax rates for Fountain and Warren Counties.

(2) Includes certified tax rates of overlapping taxing units.

Source: DLGF Certified Budget Orders for the School Corporation.

PROPERTY TAXES LEVIED AND COLLECTED

<u>Collection Year</u>	<u>Certified Taxes Levied</u>	<u>Circuit Breaker Tax Credit</u> (1)	<u>Certified Taxes Levied Net of Circuit Breaker Tax Credit</u>	<u>Taxes Collected</u>	<u>Collected as Percent of Gross Levy</u>	<u>Collected as Percent of Net Levy</u>
2013	\$2,128,790	(\$45,663)	\$2,083,127	\$2,065,950	97.05%	99.18%
2014	2,075,844	(45,276)	2,030,568	2,048,807	98.70%	100.90%
2015	2,259,684	(43,245)	2,216,439	2,239,719	99.12%	101.05%
2016	2,214,716	(44,265)	2,170,451	2,239,300	101.11%	103.17%
2017	2,138,728	(41,596)	2,097,132	2,145,202	100.30%	102.29%

Source: The Fountain and Warren County Auditors' Offices and the DLGF Certified Budget Orders for the School Corporation.

(1) Circuit Breaker Tax Credits allocable to the School Corporation per the DLGF.

Indiana Code 6-1.1-20.6 (the "Statute") provides taxpayers with a tax credit for all property taxes in an amount that exceeds the gross assessed value of real and personal property eligible for the credit ("Circuit Breaker Tax Credit").

Property taxes for residential homesteads are limited to 1.0% of the gross assessed value of the homestead; property taxes for agricultural, other residential property and long term care facilities are limited to 2.0% of their gross assessed value; and property taxes for all other real and personal property are limited to 3.0% of gross assessed value. Additional property tax limits have been made available to certain senior citizens. School corporations are authorized to impose a referendum tax levy to replace property tax revenue that the school corporation will not receive due to the Circuit Breaker Tax Credit. Other political subdivisions may not increase their property tax levy or borrow money to make up for any property tax revenue shortfall due to the application of the Circuit Breaker Tax Credit.

The Statute categorizes property taxes levied to pay Debt Service Obligations as "protected taxes," regardless of whether the property taxes were approved at a referendum, and all other property taxes as "unprotected taxes." The total amount of revenue to be distributed to the fund for which the protected taxes were imposed shall be determined without applying the Circuit Breaker Tax Credit. The application of the Circuit Breaker Tax Credit must reduce only the amount of unprotected taxes distributed to a fund. The political subdivision may allocate the reduction by using a combination of unprotected taxes of the political subdivision in those taxing districts in which the Circuit Breaker Tax Credit caused a reduction in protected taxes. The tax revenue and each fund of any other political subdivisions must not be affected by the reduction.

LARGE TAXPAYERS

The following is a list of the ten largest taxpayers located within the School Corporation.

<u>Name</u>	<u>Type of Business</u>	<u>2016/2017 Net Assessed Valuation</u>	<u>Percent of Total Net Assessed Valuation (1)</u>
Master Guard (a division of Flex-N-Gate)	Mfg. of large stamped metal and welded components for auto industry	\$6,221,110	2.32%
L2 Farms, LLC	Agriculture	2,936,360	1.10%
Bio Alternative, LLC	Oil Refinery	2,593,280	0.97%
Coffing Brothers' Orchard, Inc.	Orchard	2,580,292	0.96%
Wright Agriculture Group	Agriculture	2,417,140	0.90%
Glencoe Farms, Inc.	Agriculture	2,325,830	0.87%
CNH Capital America, LLC	Farm equipment dealer	2,032,300	0.76%
Tipmont Rural Electric Membership Cooperative	Electric utility	1,878,400	0.70%
Bisland Family Farm, LLC	Agriculture	1,792,800	0.67%
John Stoup	Agriculture	<u>1,399,034</u>	<u>0.52%</u>
Totals		<u><u>\$26,176,546</u></u>	<u><u>9.77%</u></u>

(1) The total net assessed valuation of the School Corporation is \$267,770,714 for taxes payable in 2017, according to the Fountain and Warren County Auditors' offices.

Source: Fountain and Warren County Auditors' offices and the DLGF. Individual parcel data is submitted by the County Auditors to the DLGF once a year for preparation of the county abstract.

Note: The following financial statements on page A-17 are excerpts from the School Corporation's July 1, 2012 to June 30, 2014 audit report of the Indiana State Board of Accounts. Consequently, these schedules do not include all disclosures required by generally accepted accounting principles. A complete audit will be furnished upon request. Current reports are available at <http://www.in.gov/sboa/resoures/reports/audit/>. As of the date of this Offering Circular, the Indiana State Board of Accounts has not completed its review and report of the School Corporation for July 1, 2014 through June 30, 2016. The School Corporation does not control the timing of such review and report.

COVINGTON COMMUNITY SCHOOL CORPORATION

**STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS**

For the Years Ended June 30, 2013 and 2014

	Cash and Investments <u>07-01-12</u>	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments <u>06-30-13</u>	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments <u>06-30-14</u>
General	\$1,448,173	\$5,535,481	\$5,262,144		\$1,721,510	\$5,518,289	\$5,450,717		\$1,789,082
Debt Service	548,406	1,291,171	1,197,761		641,816	1,114,311	1,193,371		562,756
Capital Projects	478,318	687,233	755,353		410,198	733,972	856,019		288,151
School Transportation	228,967	435,036	381,290	\$19,461	302,174	446,837	393,646		355,365
School Bus Replacement	127,765	157,171	113,900		171,036	161,356	171,000		161,392
Rainy Day	1,079,039				1,079,039				1,079,039
Construction	5,506		5,506		0	45,000	45,000		0
School Lunch	94,131	479,699	451,155		122,675	444,046	462,013		104,708
Textbook Rental	66,816	108,474	53,421	(600)	121,269	106,549	107,283		120,535
Joint Services and Supply - Special Education Cooperative	14,066	14,133	20,966	(6,085)	1,148	88,581	77,124	(\$1,148)	11,457
HS MIMH/MOMH 12-13		73,713	80,215	6,085	(417)	8,334	7,917		0
MS MIMH/MOMH 13-14	7,190	608	7,798		0	104,505	89,722		14,783
MS MIMH/MOMH 12-13		95,478	95,649		(171)	8,372	8,201		0
Speech Service to Preschool 13-14					0	10,163	7,672		2,491
Speech Service to Preschool					0	990	2,138	1,148	0
Joint Services and Supply - Area Vocational School	1,656	10,906	8,147	(4,415)	0	41,390	36,222	4,077	9,245
Law Enforcement 12-13		31,889	27,768	4,565	8,686		4,609	(4,077)	0
TCAM 12-13		97,032	92,845	14,470	18,657		7,683	(10,974)	0
TCAM 13-14	19,347		5,327	(14,020)	0	98,791	88,370	10,974	21,395
Educational License Plates	1,717	94	381		1,430	38			1,468
Miscellaneous Programs	(45)	4,451	4,406		0				0
Instruction Support	6,381		6,381		0				0
G/T High Ability 12-13		28,284	28,238		46		46		0
G/T High Ability 13-14					0	27,820	27,318		502
Step Ahead		1,250	1,184		66		66		0
Drug Free Communities					0	1,000	1,000		0
School Technology	3,531	5,883	7,838		1,576	5,880	5,884		1,572
Technology Planning Grant		30,000	22,834		7,166		7,166		0
Excess PTRC Distributions	16,532	4,830		(19,461)	1,901				1,901
Title I 12-13		125,333	131,653		(6,320)	14,902	8,582		0
Title I 13-14	(4,326)	8,985	4,659		0	104,787	113,280		(8,493)
Special Education Part B 12-13	(8,805)	183,416	184,137		(9,526)	195,646	196,730		(10,610)
Federal Assistance Educational Preschool Handicapped	(5,586)	19,634	14,048		0	6,696	6,696		0
Medicaid Reimbursement - Federal	219		219		0				0
Improving Teaching Quality, No Child Left, Title II, Part A	(2,554)	12,140	9,586		0	36,081	36,081		0
Education Jobs	(8,890)	37,064	28,174		0				0
Payroll Clearing Fund		1,236,829	1,236,829		0	1,297,084	1,297,084		0
Totals	\$4,117,554	\$10,716,217	\$10,239,812	\$0	\$4,593,959	\$10,621,420	\$10,708,640	\$0	\$4,506,739

The following schedules on pages A-18 - A-23 contain limited and unaudited financial information which is presented solely for the purpose of conveying a statement of cash and investment balances for the School Corporation. Consequently, these schedules do not include all disclosures required by generally accepted accounting principles. Current reports are available at <http://www.doe.in.gov/finance/school-financial-reports>.

COVINGTON COMMUNITY SCHOOL CORPORATION
SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

	Calendar Year			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>GENERAL FUND</u>				
Receipts:				
Earnings on Investments	\$1,248	\$1,285	\$1,306	\$1,265
School Corporation Activities	12,525	11,249	9,072	7,850
Other Revenue from Local Sources	284	57		22
Revenue from Intermediate Sources	302	283	264	302
Revenue from State Sources	5,520,044	5,603,601	5,636,640	5,670,977
Other	15,777	11,261	18,471	22,957
Interfund Transfers		25	7,753	
Total Receipts	<u>5,550,180</u>	<u>5,627,760</u>	<u>5,673,505</u>	<u>5,703,373</u>
Expenditures:				
Instruction	3,546,780	3,532,810	3,686,471	3,664,869
Support Services	1,741,859	1,753,018	1,795,830	1,762,656
Community Services	164,973	167,547	168,943	160,149
Interfund Transfers	632,753	25	7,753	
Total Expenditures	<u>6,086,365</u>	<u>5,453,400</u>	<u>5,658,997</u>	<u>5,587,674</u>
Net Increase (Decrease)	(536,186)	174,360	14,508	115,698
Beginning Balance - January 1st	<u>1,690,331</u>	<u>1,154,146</u>	<u>1,328,506</u>	<u>1,343,014</u>
Ending Balance - December 31st	<u><u>\$1,154,146</u></u>	<u><u>\$1,328,506</u></u>	<u><u>\$1,343,014</u></u>	<u><u>\$1,458,712</u></u>

The General Fund is the primary operating fund and is used to budget and account for all receipts and disbursements relative to the basic operation and basic programs of the School Corporation.

(Continued on next page)

COVINGTON COMMUNITY SCHOOL CORPORATION

(Cont'd)

SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

	Calendar Year			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>DEBT SERVICE FUND</u>				
Receipts:				
Local Property Tax	\$920,716	\$1,069,092	\$1,034,661	\$925,707
License Excise Tax	107,700	89,471	84,451	80,483
Commercial Vehicle Excise Tax	6,894	8,246	7,106	6,705
Financial Institutions Tax	11,097	9,223	11,242	9,690
Local Option Property Tax Replacement	41,875	47,518	41,978	
Total Receipts	<u>1,088,281</u>	<u>1,223,549</u>	<u>1,179,438</u>	<u>1,022,585</u>
Expenditures:				
Lease Rental	576,000	573,000	574,000	575,000
Advancements and Obligations	247,341	538,034	547,978	545,018
Other Debt Service Obligations				2,500
Principal on Debt	360,000			
Interest on Debt	13,500			
Nonprogrammed Charges				5,000
Interfund Transfers	8,495			
Total Expenditures	<u>1,205,336</u>	<u>1,111,034</u>	<u>1,121,978</u>	<u>1,127,518</u>
Net Increase (Decrease)	(117,055)	112,515	57,461	(104,933)
Beginning Balance - January 1st	<u>529,127</u>	<u>412,072</u>	<u>524,588</u>	<u>582,048</u>
Ending Balance - December 31st	<u><u>\$412,072</u></u>	<u><u>\$524,588</u></u>	<u><u>\$582,048</u></u>	<u><u>\$477,115</u></u>

The Debt Service Fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

(Continued on next page)

COVINGTON COMMUNITY SCHOOL CORPORATION
SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

(Cont'd)

	Calendar Year			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>CAPITAL PROJECTS FUND</u>				
Receipts:				
Local Property Tax	\$646,171	\$668,630	\$682,152	\$680,398
License Excise Tax	75,613	58,139	57,627	61,046
Commercial Vehicle Excise Tax	5,023	5,358	4,849	4,735
Financial Institutions Tax	6,359	7,122	7,481	6,828
Local Option Property Tax Replacement	30,533	28,180	28,906	94,512
Other Items	8,532	2,500	15,653	11,155
Interfund Transfers		116,423		
Total Receipts	<u>772,231</u>	<u>886,353</u>	<u>796,669</u>	<u>858,675</u>
Expenditures:				
Support Services	570,654	506,973	604,908	480,140
Facilities Acquisition and Construction	202,640	144,958	201,942	169,002
Interfund Transfers		100,000	1,125	15,000
Total Expenditures	<u>773,293</u>	<u>751,931</u>	<u>807,976</u>	<u>664,142</u>
Net Increase (Decrease)	(1,062)	134,422	(11,307)	194,533
Beginning Balance - January 1st	<u>158,468</u>	<u>157,406</u>	<u>291,828</u>	<u>280,521</u>
Ending Balance - December 31st	<u><u>\$157,406</u></u>	<u><u>\$291,828</u></u>	<u><u>\$280,521</u></u>	<u><u>\$475,054</u></u>

The Capital Projects Fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

(Continued on next page)

COVINGTON COMMUNITY SCHOOL CORPORATION
SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

(Cont'd)

	Calendar Year			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>TRANSPORTATION FUND</u>				
Receipts:				
Local Property Tax	\$341,804	\$354,151	\$370,483	\$382,146
License Excise Tax	40,081	30,674	31,299	34,289
Commercial Vehicle Excise Tax	2,657	2,827	2,634	2,659
Financial Institutions Tax	3,413	3,737	4,004	3,835
Local Option Property Tax Replacement	16,128	14,867	15,704	
Transportation Fees	11,374	6,835	4,592	3,773
Revenue from Federal Sources	43,329	31,576	20,593	17,208
	<u>458,786</u>	<u>444,666</u>	<u>449,309</u>	<u>443,910</u>
Expenditures:				
Support Services	380,885	393,926	378,023	424,051
Interfund Transfers		140,000		
	<u>380,885</u>	<u>533,926</u>	<u>378,023</u>	<u>424,051</u>
Net Increase (Decrease)	77,901	(89,260)	71,286	19,859
Beginning Balance - January 1st	<u>250,406</u>	<u>328,307</u>	<u>239,048</u>	<u>310,334</u>
Ending Balance - December 31st	<u><u>\$328,307</u></u>	<u><u>\$239,048</u></u>	<u><u>\$310,334</u></u>	<u><u>\$330,192</u></u>

The Transportation Fund accounts for financial resources for the transportation of school children to and from school.

(Continued on next page)

COVINGTON COMMUNITY SCHOOL CORPORATION
SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

(Cont'd)

	Calendar Year			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>TRANSPORTATION SCHOOL BUS REPLACEMENT FUND</u>				
Receipts:				
Local Property Tax	\$140,116	\$145,181	\$152,003	\$156,950
License Excise Tax	16,564	12,575	12,843	14,080
Commercial Vehicle Excise Tax	1,089	1,159	1,081	1,092
Financial Institutions Tax	1,481	1,491	1,642	1,575
Local Option Property Tax Replacement	6,613	6,093	6,447	
Total Receipts	165,863	166,498	174,017	173,698
Expenditures:				
Support Services	98,645	138,731	284,216	129,121
Total Expenditures	98,645	138,731	284,216	129,121
Net Increase (Decrease)	67,218	27,767	(110,199)	44,577
Beginning Balance - January 1st	118,338	185,556	213,324	103,124
Ending Balance - December 31st	\$185,556	\$213,324	\$103,124	\$147,701

The Transportation School Bus Replacement Fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

	Calendar Year			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>LOCAL RAINY DAY FUND</u>				
Receipts:				
Interfund Transfers		\$240,000		
Local Option Income Tax			\$21,818	
Total Receipts	\$0	240,000	21,818	\$0
Expenditures:				
Facilities Acquisition and Construction				
Interfund Transfers				
Total Expenditures	0	0	0	0
Net Increase	0	240,000	21,818	0
Beginning Balance - January 1st	1,079,039	1,079,039	1,319,039	1,340,857
Ending Balance - December 31st	\$1,079,039	\$1,319,039	\$1,340,857	\$1,340,857

The School Corporation has created a Rainy Day Fund as allowed under IC 36-1-8-5.1 by adopting a resolution. The resolution of the School Corporation designates the purposes of the Rainy Day Fund and restrictions, if any, on the use of funds and allowable sources of funding.

(Continued on next page)

COVINGTON COMMUNITY SCHOOL CORPORATION

(Cont'd)

SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

	Calendar Year			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>OTHER FUNDS</u>				
Receipts:				
Revenues from Local Sources	\$643,142	\$649,462	\$689,858	\$1,383,934
Revenues from State Sources	68,976	105,347	87,986	145,466
Revenues from Federal Sources	583,359	555,208	558,739	626,830
Revenues from Intermediate Sources	38	38	3,978	
Interfund Transfers	668,794	36,082	7,970	38,724
Other Financing Sources	833,919	1,000		500,000
Other	45,850		4,832	13,952
Total Receipts	<u>2,844,078</u>	<u>1,347,136</u>	<u>1,353,363</u>	<u>2,708,906</u>
Expenditures:				
Support Services	122,813	93,917	138,062	299,663
Community Services	445,205	437,864	469,824	462,355
Facilities Acquisition and Construction	363,940	337,035	34,146	45,290
Instruction	674,288	712,288	669,341	1,112,623
Interfund Transfers	27,546	152,505	6,845	23,724
Total Expenditures	<u>1,633,793</u>	<u>1,733,608</u>	<u>1,318,218</u>	<u>1,943,656</u>
Net Increase (Decrease)	1,210,285	(386,472)	35,145	765,250
Beginning Balance - January 1st	<u>248,232</u>	<u>1,458,518</u>	<u>1,072,046</u>	<u>1,107,190</u>
Ending Balance - December 31st	<u>\$1,458,518</u>	<u>\$1,072,046</u>	<u>\$1,107,190</u>	<u>\$1,872,440</u>
 <u>GRAND TOTALS</u>				
Total Receipts	<u>\$10,879,419</u>	<u>\$9,935,963</u>	<u>\$9,648,119</u>	<u>\$10,911,146</u>
Total Expenditures	<u>10,178,317</u>	<u>9,722,630</u>	<u>9,569,408</u>	<u>9,876,162</u>
Net Increase (Decrease)	701,102	213,333	78,711	1,034,984
Beginning Balance - January 1st	<u>4,073,942</u>	<u>4,775,044</u>	<u>4,988,377</u>	<u>5,067,088</u>
Ending Balance - December 31st	<u>\$4,775,044</u>	<u>\$4,988,377</u>	<u>\$5,067,088</u>	<u>\$6,102,072</u>

APPENDIX B

FINAL BOND RESOLUTION

WHEREAS, Covington Community School Corporation (the "Issuer" or "School Corporation") is a school corporation organized and existing under the provisions of I.C. 20-23; and

WHEREAS, the Board of School Trustees (the "Board") finds that the present facilities of the School Corporation are not adequate to provide the proper education of the students now attending or who will attend its schools; and

WHEREAS, the Board finds that there are not sufficient funds available or provided for in existing tax levies with which to pay the total cost of the renovation of and improvements to school facilities throughout the School Corporation, including the construction of an Educational Support Facility and related improvements and the purchase of equipment and technology (the "Projects"), and that the School Corporation should issue bonds in an amount not to exceed Nine Hundred Ninety-Five Thousand Dollars (\$995,000) (the Bonds") for the purpose of providing funds to be applied on the cost of the Projects, and that bonds in such amount should now be authorized; and

WHEREAS, the School Corporation has determined that the total cost of the Projects authorized herein will not exceed the lesser of: (i) \$5,000,000; or (ii) the greater of (a) one percent (1%) of the total gross assessed value of property within the School Corporation on the last assessment date, or (b) \$1,000,000 and, therefore, the bonds will not be issued to fund a controlled project, as defined in IC 6-1.1-20-1.1; and

WHEREAS, the net assessed valuation of taxable property in the School Corporation, as shown in the last final and complete assessment which was made in the year 2017 for state and county taxes collectible in the year 2018 is \$257,223,466 and there is \$660,000 of outstanding indebtedness of the School Corporation for constitutional debt purposes (excluding the Bonds authorized herein); such assessment and outstanding indebtedness amounts shall be verified at the time of the payment for and delivery of the Bonds; now, therefore,

BE IT RESOLVED by the Board of the Issuer that, for the purpose of obtaining funds to be applied on the cost of the Projects, there shall be issued and sold the Bonds of the School Corporation to be designated as "General Obligation Bonds of 2018" (or such other name or series designation as determined by the School Corporation's municipal advisor). The Bonds shall be in a principal amount not to exceed Nine Hundred Ninety-Five Thousand Dollars (\$995,000), bearing interest at a rate or rates not exceeding five percent (5.00%) per annum (the exact rate or rates to be determined by bidding), which interest shall be payable on July 15, 2019, and semi-annually thereafter on January 15 and July 15 in each year. Interest on the Bonds shall be calculated according to a 360-day year containing twelve 30-day months. The Bonds shall be numbered consecutively from R-1 upward, fully registered in the denomination of Five Thousand Dollars (\$5,000) or integral multiples thereof (or other denominations as requested by the winning bidder), and shall mature or be subject to mandatory redemption on January 15 and July 15 beginning no sooner than July 15, 2019 through not later than January 15, 2025.

All or a portion of the Bonds may be issued as one or more term bonds, upon election of the successful bidder. Such term bonds shall have a stated maturity or maturities as determined by the successful bidder or by negotiation with the purchaser, but in no event later than the last serial date of the Bonds as determined in accordance with the above paragraph. The term bonds shall be subject to mandatory sinking fund redemption and final payment(s) at maturity at 100% of the principal amount thereof, plus accrued interest to the redemption date, on dates and in the amounts hereinafter determined in accordance with the above paragraph.

The original date shall be the date of delivery of the Bonds. The authentication certificate shall be dated when executed by Old National Wealth Management, as registrar and paying agent] (the "Paying Agent" or "Registrar").

Interest shall be paid from the interest payment date to which interest has been paid next preceding the date of authentication unless the bond is authenticated on or before the fifteenth day immediately preceding the first interest payment date, in which case interest shall be paid from the original date, or unless the Bond is authenticated after the fifteenth day immediately preceding an interest payment date and on or before such interest payment date, in which case interest shall be paid from such interest payment date.

Interest shall be payable by check mailed one business day prior to the interest payment date to the person in whose name and at the address the Bonds are registered as they appear on the registration and transfer books by the Paying Agent (the "Registration Record") or successor paying agent, as of the fifteenth day immediately preceding such interest payment date or by wire transfer of immediately available funds on the interest payment date to the depositories shown as registered owners. Principal of the Bonds shall be payable upon presentation of the Bonds at the principal corporate trust office of the Paying Agent in lawful money of the United States of America or by wire transfer of immediately available funds to depositories who present the Bonds to the Paying Agent at least two business days prior to the payment date.

The Bonds are transferable by the registered owner at the principal corporate trust office of the Paying Agent upon surrender and cancellation of a Bond and on presentation of a duly executed written instrument of transfer, and thereupon a new Bond or Bonds of the same aggregate principal amount and maturity and in authorized denominations will be issued to the transferee or transferees in exchange therefor. The Bonds may be exchanged upon surrender at the principal corporate trust office of the Registrar and Paying Agent, duly endorsed by the registered owner for the same aggregate principal amount of bonds of the same maturity in authorized denominations as the owner may request. The cost of such transfer or exchange shall be paid by the Issuer.

In the event any Bond is mutilated, lost, stolen, or destroyed, the School Corporation may execute and the Paying Agent may authenticate a new Bond of like date, maturity, and denomination as that mutilated, lost, stolen, or destroyed, which new Bond shall be marked in a manner to distinguish it from the Bond for which it was issued, provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Paying Agent, and in the case of any lost, stolen, or destroyed Bond there shall be first furnished to the Paying Agent evidence of such loss, theft, or destruction satisfactory to the School Corporation and the Paying Agent, together with indemnity satisfactory to them. In the event any such Bond shall have

matured, instead of issuing a duplicate Bond, the School Corporation and the Paying Agent may, upon receiving indemnity satisfactory to them, pay the same without surrender thereof. The School Corporation and the Paying Agent may charge the owner of such Bond with their reasonable fees and expenses in connection with delivering the new Bond. Any Bond issued pursuant to this paragraph shall be deemed an original, substitute contractual obligation of the School Corporation, whether or not the lost, stolen, or destroyed Bond shall be found at any time, and shall be entitled to all the benefits of this resolution, equally and proportionately with any and all other Bonds issued hereunder.

The Issuer agrees that on or before the fifth business day immediately preceding any payment date, it will deposit with the Paying Agent funds in an amount equal to the principal of, premium, if any, and interest on the Bonds which shall become due on the next payment date.

The form of the Registrar and Paying Agent Agreement (the "Paying Agent Agreement") presented to the Board is hereby approved and any officers of the Board of the School Corporation are authorized and directed to execute the Paying Agent Agreement after the sale of the Bonds.

Notwithstanding any other provision of this Resolution, the Issuer will enter into the Paying Agent Agreement with the Paying Agent in which the Paying Agent agrees that upon any default or insufficiency in the payment of principal and interest as provided herein, the Paying Agent will immediately, without any direction, security or indemnity file a claim with the Treasurer of the State of Indiana for an amount equal to such principal and interest in default and consents to the filing of any such claim by a Bondholder in the name of the Paying Agent for deposit with the Paying Agent. Filing of the claim with the Treasurer of the State of Indiana, as described above, shall occur on or before the fifth business day prior to the payment date.

If required by the successful bidder, the Issuer has hereby authorized the Bonds may be held by a central depository system pursuant to an agreement between the Issuer and The Depository Trust Company, and have transfers of the Bonds effected by book-entry on the books of the central depository system (unless otherwise requested by the winning bidder). Upon initial issuance, the ownership of such Bonds is expected to be registered in the register kept by the Registrar in the name of CEDE & CO., as nominee (the "Nominee") of The Depository Trust Company ("DTC"). However, upon the successful bidder's request, the Bonds may be delivered and held by physical delivery as an alternative to DTC.

With respect to the Bonds registered in the register kept by the Paying Agent in the name of the Nominee, the Issuer and the Paying Agent shall have no responsibility or obligation to any other holders or owners (including any beneficial owner ("Beneficial Owner") of the Bonds with respect to (i) the accuracy of the records of DTC, the Nominee., or any Beneficial Owner with respect to ownership questions, (ii) the delivery to any Bondholder (including any Beneficial Owner) or any other person, other than DTC, of any notice with respect to the Bonds including any notice of redemption, or (iii) the payment to any Bondholder (including any Beneficial Owner) or any other person, other than DTC, of any amount with respect to the principal of, or premium, if any, or interest on the Bonds except as otherwise provided herein.

No person other than DTC shall receive an authenticated Bond evidencing an obligation of the Issuer to make payments of the principal of and premium, if any, and interest on the Bonds pursuant to this Resolution. The Issuer and the Paying Agent may treat as and deem DTC or the Nominee to be the absolute Bondholder of each of the Bonds for the purpose of (i) payment of the principal of and premium, if any, and interest on such Bonds; (ii) giving notices of redemption and other notices permitted to be given to Bondholders with respect to such Bonds; (iii) registering transfers with respect to such Bonds; (iv) obtaining any consent or other action required or permitted to be taken of or by Bondholders; (v) voting; and (vi) for all other purposes whatsoever. The Paying Agent shall pay all principal of and premium, if any, and interest on the Bonds only to or upon the order of DTC, and all such payments shall be valid and effective fully to satisfy and discharge the Issuer's and the Paying Agent's obligations with respect to principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Issuer of written notice to the effect that DTC has determined to substitute a new Nominee in place of the Nominee, and subject to the provisions herein with respect to consents, the words "CEDE & CO." in this resolution shall refer to such new Nominee of DTC. Notwithstanding any other provision hereof to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to the principal of and premium, if any, and interest on such Bonds and all notices with respect to such Bonds shall be made and given, respectively, to DTC as provided in a representation letter from the Issuer to DTC.

Upon receipt by the Issuer of written notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of DTC hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, then the Bonds shall no longer be restricted to being registered in the register of the Issuer kept by the Paying Agent in the name of the Nominee, but may be registered in whatever name or names the Bondholders transferring or exchanging Bonds shall designate, in accordance with the provisions of this resolution.

If the Issuer determines that it is in the best interest of the Bondholders that they be able to obtain certificates for the fully registered Bonds, the Issuer may notify DTC and the Paying Agent, whereupon DTC will notify the Beneficial Owners of the availability through DTC of certificates for the Bonds. In such event, the Paying Agent shall prepare, authenticate, transfer and exchange certificates for the Bonds as requested by DTC and any Beneficial Owners in appropriate amounts, and whenever DTC requests the Issuer and the Paying Agent to do so, the Paying Agent and the Issuer will cooperate with DTC by taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the fully registered Bonds of any Beneficial Owner's DTC account or (ii) to arrange for another securities depository to maintain custody of certificates for and evidencing the Bonds.

If the Bonds shall no longer be restricted to being registered in the name of a depository trust company, the Paying Agent shall cause the Bonds to be printed in blank in such number as the Paying Agent shall determine to be necessary or customary; provided, however, that the Paying Agent shall not be required to have such Bonds printed until it shall have received from the Issuer indemnification for all costs and expenses associated with such printing.

In connection with any notice or other communication to be provided to Bondholders by the Issuer or the Paying Agent with respect to any consent or other action to be taken by Bondholders, the Issuer or the Paying Agent, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

So long as the Bonds are registered in the name of DTC or the Nominee, or any substitute nominee, the Issuer and the Paying Agent shall be entitled to request and to rely upon a certificate or other written representation from the Beneficial Owners of the Bonds or from DTC on behalf of such Beneficial Owners stating the amount of their respective beneficial ownership interests in the Bonds and setting forth the consent, advice, direction, demand or vote of the Beneficial Owners as of a record date selected by the Paying Agent and DTC, to the same extent as if such consent, advice, direction, demand or vote were made by the Bondholders for purposes of this resolution and the Issuer and the Paying Agent shall for such purposes treat the Beneficial Owners as the Bondholders. Along with any such certificate or representation, the Paying Agent may request DTC to deliver, or cause to be delivered, to the Paying Agent a list of all Beneficial Owners of the Bonds, together with the dollar amount of each Beneficial Owner's interest in the Bonds and the current addresses of such Beneficial Owners.

The Paying Agent may at any time resign as Paying Agent by giving thirty (30) days written notice to the Issuer and to each registered owner of the Bonds then outstanding, and such resignation will take effect at the end of such thirty (30) days or upon the earlier appointment of a successor Paying Agent by the School Corporation. Such notice to the Issuer may be served personally or be sent by first-class or registered mail. The Paying Agent may be removed at any time as Paying Agent by the Issuer, in which event the Issuer may appoint a successor Paying Agent. The Paying Agent shall notify each registered owner of the Bonds then outstanding of the removal of the Paying Agent. Notices to registered owners of the Bonds shall be deemed to be given when mailed by first-class mail to the addresses of such registered owners as they appear on the Registration Record. Any predecessor Paying Agent shall deliver all the Bonds, cash and investments related thereto in its possession and the Registration Record to the successor Paying Agent. At all times, the same entity shall serve as registrar and paying agent.

In order to provide for the payment of the principal of and interest on the Bonds, there shall be levied in each year upon all taxable property in the School Corporation, real and personal, and collected a tax in an amount and in such manner sufficient to meet and pay the principal of and interest on the Bonds as they become due, and the proceeds of this tax are hereby pledged solely to the payment of the Bonds. Such tax shall be deposited into the School Corporation's Debt Service Fund and used to pay the principal of and interest on the Bonds, when due, together with any fiscal agency charges. If the funds deposited into the Debt Service Fund are then insufficient to meet and pay the principal of and interest on the Bonds as they become due, then the School Corporation covenants to transfer other available funds of the School Corporation to meet and pay the principal and interest then due on the Bonds.

The School Corporation represents and covenants that the Bonds herein authorized, when combined with other outstanding indebtedness of the School Corporation at the time of issuance of the Bonds, will not exceed any applicable constitutional or statutory limitation on the School Corporation's indebtedness.

The Bonds are not subject to optional redemption prior to maturity.

If any Bond is issued as a term bond, the Paying Agent shall credit against the mandatory sinking fund requirement for any term bonds, and corresponding mandatory redemption obligation, in the order determined by the School Corporation, any term bonds maturing on the same date which have previously been redeemed (other than as a result of a previous mandatory redemption requirement) or delivered to the Registrar for cancellation or purchased for cancellation by the Paying Agent and not theretofore applied as a credit against any redemption obligation. Each term bond so delivered or canceled shall be credited by the Paying Agent at 100% of the principal amount thereof against the mandatory sinking fund obligation on such mandatory sinking fund date, and any excess of such amount shall be credited on future redemption obligations, and the principal amount of the Bonds to be redeemed by operation of the mandatory sinking fund requirement shall be accordingly reduced; provided, however, the Paying Agent shall credit only such Bonds maturing as term bonds to the extent received on or before forty-five (45) days preceding the applicable mandatory redemption date as stated above.

Each Five Thousand Dollars (\$5,000) (or other denominations as requested by the successful bidder, as permitted by law) principal amount shall be considered a separate Bond for purposes of redemption. If less than an entire maturity is called for redemption, the Bonds to be called shall be selected by lot by the Registrar.

Notice of redemption shall be mailed to the address of the registered owner as shown on the Registration Records of the Paying Agent, as of the date which is forty-five (45) days prior to the date fixed for redemption, not less than thirty (30) days prior to such redemption date, unless notice is waived by the owner of the Bond or Bonds redeemed. The notice shall specify the date and place of redemption and sufficient identification of the Bonds called for redemption. The place of redemption may be determined by the School Corporation. Interest on the Bonds so called for redemption shall cease and the Bonds will no longer be deemed outstanding under this resolution on the redemption date fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price, including accrued interest and redemption premium, if any, to the redemption date, on the date so named. Failure to give such notice by mailing, or any defect in such notice, with respect to any Bond shall not affect the validity of any proceedings for redemption of other Bonds.

If the Bonds are not presented for payment or redemption on the date fixed therefor, the School Corporation may deposit in trust with the Paying Agent, an amount sufficient to pay such Bond or the redemption price, as the case may be, including accrued interest to the date of such payment or redemption, and thereafter the registered owner shall look only to the funds so deposited in trust with the Paying Agent for payment, and the School Corporation shall have no further obligation or liability in respect thereto.

If, when the Bonds or any portion thereof shall have become due and payable in accordance with their terms, and the whole amount of the principal and the interest so due and payable upon such Bonds or any portion thereof then outstanding shall be paid, or (i) cash, or (ii) direct non-callable obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America, and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United

States of America, the principal of and the interest on which when due without reinvestment will provide sufficient money, or (iii) any combination of the foregoing, shall be held irrevocably in trust for such purpose, and provision shall also be made for paying all fees and expenses for the payment, then and in that case the Bonds or such designated portion thereof shall no longer be deemed outstanding or secured by this resolution.

The Bonds shall be executed in the name of Issuer by the manual or facsimile signature of any member of the Board of the School Corporation, and attested by the manual or facsimile signature of any member of the Board. In case any official whose signature or facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the issuance, authentication or delivery of such Bonds, such signature or such facsimile shall, nevertheless, be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

No Bond shall be valid or obligatory for any purpose, unless and until authenticated by the Paying Agent. Such authentication may be executed by an authorized representative of the Paying Agent, but it shall not be necessary that the same person authenticate all of the Bonds issued. The Issuer and the Paying Agent may deem and treat the person in whose name a bond is registered on the Bond Registration as the absolute owner thereof for all purposes, notwithstanding any notice to the contrary.

In order to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes and as an inducement to purchasers of the Bonds, the Issuer represents, covenants and agrees that:

(a) No person or entity, other than the Issuer or another governmental unit, will use proceeds of the Bonds or property financed by the bond proceeds other than as a member of the general public. No person or entity, other than the Issuer or another governmental unit, will own property financed by bond proceeds or will have actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract or any other type of arrangement that differentiates that person's or entity's use of such property from the use by the public at large.

(b) No Bond proceeds will be loaned to any entity or person. No bond proceeds will be transferred, directly or indirectly, or deemed transferred to a nongovernmental person in any manner that would in substance constitute a loan of the bond proceeds.

(c) The Issuer will, to the extent necessary to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes, rebate all required arbitrage profits on Bond proceeds or other moneys treated as Bond proceeds to the federal government as provided in Section 148 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code") and will set aside such moneys in a Rebate Account to be held by the Treasurer in trust for such purpose.

(d) The Issuer will file an information report form 8038-G with the Internal Revenue Service as required by Section 149 of the Code.

(e) The Issuer will not take any action nor fail to take any action with respect to the Bonds that would result in the loss of exclusion from gross income for federal income tax purposes of interest on the Bonds pursuant to Section 103 of the Code, as existing on the date of issuance of the Bonds, nor will the Issuer act in any other manner which would adversely affect such exclusion.

The Issuer represents that it reasonably expects that tax-exempt bonds, warrants and other evidences of indebtedness issued by or on behalf of it or any subordinate entity, during the calendar year in which the bonds will be issued will be less than \$10,000,000 principal amount. This amount includes all obligations issued by, or on behalf of the Issuer and subordinate entities, including building corporation bonds. At least 95% of the net proceeds of the Bonds shall be used for governmental activities of Issuer. The Issuer hereby designates the Bonds as qualified tax exempt obligations for purposes of Section 265(b)(3) of the Code, relating to the disallowance of 100% of the deduction for interest expense allocable to tax-exempt obligations acquired after August 7, 1986.

The Bonds shall be issued in substantially the following form, all blanks to be filled in properly prior to delivery:

Registered
No. R-_____

Registered
\$_____

UNITED STATES OF AMERICA
State of Indiana Counties of Fountain and Warren

COVINGTON COMMUNITY SCHOOL CORPORATION
GENERAL OBLIGATION BOND OF 2018

<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Original</u> <u>Date</u>	<u>Authentication</u> <u>Date</u>	<u>CUSIP</u>
		_____, 2018	_____, 2018	

Registered Owner: CEDE & CO.

Principal Sum:

Covington Community School Corporation (the "Issuer" or "School Corporation"), a school corporation organized and existing under the laws of the State of Indiana, in Fountain and Warren Counties, Indiana, for value received, hereby acknowledges itself indebted and promises to pay to the Registered Owner (named above) or to registered assigns, the Principal Sum set forth above on the Maturity Date set forth above and to pay interest thereon at the Interest Rate per annum as set forth above from the interest payment date to which interest has been paid next preceding the date of authentication hereof unless this Bond is authenticated on or before June 30, 2019 in which case interest shall be paid from

the Original Date, or unless this Bond is authenticated after the fifteenth day immediately preceding an interest payment date and on or before such interest payment date, in which case interest shall be paid from such interest payment date, which interest is payable on July 15, 2019 and each January 15 and July 15 thereafter until the principal has been paid. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Interest shall be payable by check mailed one business day prior to the interest payment date to registered owners or by wire transfer of immediately available funds on the interest payment date to depositories shown as registered owners. Payment shall be made to the person or depository in whose name this Bond is registered as of the fifteenth day immediately preceding such interest payment date. Principal of this Bond shall be payable upon presentation of this Bond at the principal corporate trust office of the Old National Wealth Management, Evansville, Indiana (the "Registrar and Paying Agent") or by wire transfer of immediately available funds to depositories who present the Bonds to the Registrar and Paying Agent at least two business days prior to the payment date in lawful money of the United States of America. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Registrar and Paying Agent shall wire transfer payments by 1:00 p.m. (New York City time) so such payments are received at the depository by 2:30 p.m. (New York City time).

This Bond is one of an issue of bonds aggregating Nine Hundred Ninety-Five Thousand Dollars (\$995,000), of like tenor and effect, except as to numbering, authentication date, denomination, interest rate, and date of maturity, issued by Issuer pursuant to a resolution adopted by the Board of School Trustees of the Issuer on March 12, 2018, as supplemented on April 9, 2018 (as supplemented, the "Resolution"), and in strict accordance with the governing statutes of the State of Indiana, particularly Indiana Code 20-48-1 (the "Act"), for the purpose of providing funds to be applied on the cost of the renovation of and improvements to school facilities throughout the School Corporation, including the construction of an Educational Support Facility and related improvements and the purchase of equipment and technology. The owner of this Bond, by the acceptance thereof, agrees to all the terms and provisions contained in the Resolution and the Act.

This Bond is not subject to optional redemption prior to maturity.

The Bonds are subject to mandatory sinking fund redemption at a price equal to the principal amount thereof plus accrued interest to the date of redemption on January 15 and July 15 in accordance with the following schedules:

<u>Bonds Maturing</u>		<u>Bonds Maturing</u>	
<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
*		*	

*denotes final maturity

Notice of redemption identifying the Bonds to be redeemed will be mailed to the registered owners of bonds to be redeemed.

If this Bond is called for redemption, and payment is made to the Registrar and Paying Agent in accordance with the terms of the Resolution, this Bond shall cease to bear interest from and after the date fixed for the redemption in the call.

This Bond shall be initially issued in a Book Entry System (as defined in the Resolution). The provisions of this Bond and of the Resolution are subject in all respects to the provisions of the Letter of Representations between the Issuer and the Depository Trust Company, or any substitute agreement, effecting such Book Entry System.

This Bond is transferable in accordance with the Book Entry System or, if no such system is in effect, by the Registered Owner hereof at the principal corporate trust office of the Registrar and Paying Agent, upon surrender and cancellation of this Bond and on presentation of a duly executed written instrument of transfer and thereupon a new Bond or Bonds of the same aggregate principal amount and maturity and in authorized denominations will be issued to the transferee or transferees in exchange therefor. This Bond may be exchanged upon surrender hereof at the principal corporate trust office of the Registrar and Paying Agent, duly endorsed by the Registered Owner for the same aggregate principal amount of Bonds of the same maturity in authorized denominations as the owner may request.

The Issuer and the Registrar and Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof.

PURSUANT TO THE PROVISIONS OF THE ACT AND THE RESOLUTION, THE PRINCIPAL OF THIS BOND AND ALL OTHER BONDS OF THE BOND ISSUE AND THE INTEREST DUE THEREON ARE PAYABLE AS A LIMITED GENERAL OBLIGATION OF THE SCHOOL CORPORATION, FROM AD VALOREM PROPERTY TAXES TO BE LEVIED ON ALL TAXABLE PROPERTY WITHIN THE SCHOOL CORPORATION; HOWEVER, THE ISSUER'S COLLECTION OF THE LEVY MAY BE LIMITED BY OPERATION OF INDIANA CODE 6-1.1-20.6 WHICH PROVIDES TAXPAYERS WITH TAX CREDITS FOR PROPERTY TAXES ATTRIBUTABLE TO DIFFERENT CLASSES OF PROPERTY IN AN AMOUNT THAT EXCEEDS CERTAIN PERCENTAGES OF THE GROSS ASSESSED VALUE OF THAT PROPERTY. UPON THE FAILURE OF THE ISSUER TO MAKE DEBT SERVICE WHEN DUE AND UPON NOTICE AND CLAIM, THE INTERCEPT PROVISIONS OF INDIANA CODE 20-48-1-11 WILL APPLY.

This bond shall not be valid or become obligatory for any purpose until authenticated by the Registrar and Paying Agent.

The Issuer has designated this Bond a qualified tax exempt obligation for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended to the Original Date of the Bonds.

IN WITNESS WHEREOF, Issuer has caused this Bond to be executed in its name by the manual or facsimile signature of the President of its Board of School Trustees attested by the manual or facsimile signature of the Secretary of the Board.

COVINGTON COMMUNITY SCHOOL CORPORATION

By: _____
President, Board of School Trustees

Attest:

Secretary, Board of School Trustees

CERTIFICATE OF AUTHENTICATION

This Bond is one of the bonds referred to in the within mentioned Resolution.

OLD NATIONAL WEALTH
MANAGEMENT, as Registrar and Paying
Agent

By: _____
Authorized Representative

[END OF BOND FORM]

BE IT FURTHER RESOLVED that prior to the sale of the Bonds at public sale, notice of such sale shall be published once each week for two (2) weeks in the *Fountain County Neighbor* and in *The Review-Republican*, the first of said publications to be at least fifteen (15) days prior to the date fixed for the sale of the Bonds and the last at least three (3) days prior, and in the *Court and Commercial Record*. At the time fixed for the opening of bids, the Board or its designated committee shall meet, all bids shall be opened in the presence of the Board or such committee, and the award shall be made by the Board or the Committee.

The bond sale notice, when published, shall provide that each bid shall be in a sealed envelope marked "Bid for General Obligation Bonds of 2018," and the successful bidder shall

provide a certified or cashier's check in the amount of Nine Thousand Nine Hundred Fifty Dollars (\$9,950), payable to Issuer, to insure the good faith of the bidder. In the event the successful bidder shall fail or refuse to accept delivery of the Bonds when ready for delivery, said check and the proceeds thereof shall be retained by the School Corporation as its liquidated damages. Said notice shall also provide that bidders for the Bonds shall name the purchase price for the Bonds, not less than 99.30% of par and the rate or rates of interest which the Bonds are to bear, not exceeding five percent (5.00%) per annum; that said interest rate or rates shall be in multiples of 1/8th or 1/100th of one percent (1%); that the interest rate named for any maturity shall be equal to or greater than the immediately preceding maturity; and that the highest bidder shall be the one who offers the lowest net interest cost to the Issuer, to be determined by computing the total interest on all of the Bonds to their maturities and deducting therefrom the premium bid, if any, or adding the discount bid, if any. The bond sale notice shall state that the opinion of Ice Miller LLP, bond counsel, approving the legality of the Bonds, will be furnished to the purchaser at the expense of the School Corporation, so that the School Corporation will receive due credit therefor in the bidding. The notice may contain such other terms and conditions as the attorney for the Issuer shall deem advisable.

The Superintendent, Treasurer and a representative of Umbaugh are appointed as a bid committee and are authorized to award the Bonds to the buyer consistent with this resolution.

Subject to the terms and provisions contained in this paragraph and not otherwise, the owners of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the adoption by the School Corporation of such resolution or resolutions supplemental hereto as shall be deemed necessary or desirable by the School Corporation for the purpose of amending in any particular any of the terms or provisions contained in this Resolution, or in any supplemental resolution; provided, however, that nothing herein contained shall permit or be construed as permitting without the consent of all affected owners of the Bonds:

(a) An extension of the maturity of the principal of or interest on any Bond without the consent of the holder of each Bond so affected; or

(b) A reduction in the principal amount of any Bond or the rate of interest thereon or a change in the monetary medium in which such amounts are payable, without the consent of the holder of each Bond so affected; or

(c) A preference or priority of any Bond over any other Bond, without the consent of the holders of all Bonds then outstanding; or

(d) A reduction in the aggregate principal amount of the Bonds required for consent to such supplemental resolution, without the consent of the holders of all Bonds then outstanding.

If the School Corporation shall desire to obtain any such consent, it shall cause the Registrar to mail a notice, postage prepaid, to the addresses appearing on the Registration Record. Such notice shall briefly set forth the nature of the proposed supplemental resolution

and shall state that a copy thereof is on file at the office of the Registrar for inspection by all owners of the Bonds. The Registrar shall not, however, be subject to any liability to any owners of the Bonds by reason of its failure to mail such notice, and any such failure shall not affect the validity of such supplemental resolution when consented to and approved as herein provided.

Whenever at any time within one year after the date of the mailing of such notice, the School Corporation shall receive any instrument or instruments purporting to be executed by the owners of the Bonds of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Bonds then outstanding, which instrument or instruments shall refer to the proposed supplemental resolution described in such notice, and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice as on file with the Registrar, thereupon, but not otherwise, the School Corporation may adopt such supplemental resolution in substantially such form, without liability or responsibility to any owners of the Bonds, whether or not such owners shall have consented thereto.

No owner of any Bond shall have any right to object to the adoption of such supplemental resolution or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the School Corporation or its officers from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental resolution pursuant to the provisions of this section, this Resolution shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the School Corporation and all owners of Bonds then outstanding shall thereafter be determined, exercised and enforced in accordance with this Resolution, subject in all respects to such modifications and amendments.

Notwithstanding anything contained in the foregoing provisions of this Resolution, the rights, duties and obligations of the School Corporation and of the owners of the Bonds, and the terms and provisions of the Bonds and this Resolution, or any supplemental resolution, may be modified or amended in any respect with the consent of the School Corporation and the consent of the owners of all the Bonds then outstanding.

Without notice to or consent of the owners of the Bonds, the School Corporation may, from time to time and at any time, adopt such resolutions supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental resolutions shall thereafter form a part hereof),

(a) to cure any ambiguity or formal defect or omission in this Resolution or in any supplemental resolution; or

(b) to grant to or confer upon the owners of the Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the owners of the Bonds; or

(c) to procure a rating on the Bonds from a nationally recognized securities rating agency designated in such supplemental resolution, if such supplemental resolution will not adversely affect the owners of the Bonds; or

(d) to provide for the refunding or advance refunding of the Bonds; or

(e) to make any other change which, in the determination of the Board in its sole discretion, is not to the prejudice of the owners of the Bonds.

If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

All resolutions, or parts thereof, in conflict with the provisions of this resolution, are, to the extent of such conflict, hereby repealed or amended.

This resolution shall be in full force and effect immediately upon its passage and signing by any officers of the Board.

BE IT FURTHER RESOLVED, that the officers of the Board have full authority to execute any and all documents necessary to issue the Bonds.

Passed and Adopted this 9th day of April, 2018.

President, Board of School Trustees

ATTEST:

Secretary, Board of School Trustees

APPENDIX C

May ____, 2018

_____, _____

Re: Covington Community School Corporation
General Obligation Bonds of 2018
Total Issue: \$995,000
Original Date: May ____, 2018

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Covington Community School Corporation, Covington, Indiana (the "School Corporation" or "Issuer"), of \$995,000 of its General Obligation Bonds of 2018 dated May ____, 2018 (the "Bonds"). We have examined the law and the certified transcript of proceedings of the Issuer relative to the authorization, issuance and sale of the Bonds and such other papers as we deem necessary to render this opinion. We have relied upon the certified transcript of proceedings and certificates of public officials, including the Issuer's tax covenants and representations ("Tax Representations"), and we have not undertaken to verify any facts by independent investigation.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Offering Circular dated _____, 2018 or any other offering material relating to the Bonds, and we express no opinion relating thereto.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds are valid and binding general obligations of the School Corporation.
2. All taxable property in the School Corporation is subject to ad valorem taxation to pay the debt service; however, the School Corporation's collection of the levy may be limited by operation of Indiana Code § 6-1.1-20.6, which provides taxpayers with tax credits for property taxes attributable to different classes of property in an amount that exceeds certain percentages of the gross assessed value of that property. The School Corporation is required by law to fully fund the payment of debt service on the Bonds in an amount sufficient to pay the debt service, regardless of any reduction in property tax collections due to the application of such tax credits.
3. Under statutes, decisions, regulations and rulings existing on this date, the interest on the Bonds is exempt from income taxation in the State of Indiana (the "State"). This opinion relates only to the exemption of interest on the Bonds from State income taxation.

May ____, 2018

4. Under federal statutes, decisions, regulations and rulings existing on this date, the interest on the Bonds is excludable from gross income of the owners for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. This opinion is conditioned upon compliance by the School Corporation subsequent to the date hereof with its Tax Representations. Failure to comply with the Tax Representations could cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to their date of issue.

It is to be understood that the rights of the registered owners of the Bonds and the enforceability thereof may be subject to (i) bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of law and equity; and (ii) the valid exercise of the constitutional powers of the State and the United States of America.

Very truly yours,

APPENDIX D

APPENDIX D

This Appendix D assumes that (a) the winning bidder (the “Purchaser”) is purchasing the Bonds as an Underwriter (as hereinafter defined) and is not purchasing the Bonds with the intent to hold the Bonds for its own account, and (b) Covington Community School Corporation (the “Issuer”) the Purchaser shall agree to the process by which issue price will be established on the date of sale of the Bonds in the event that the Competitive Sale Requirements (as hereinafter defined) are not met. The Purchaser must agree to execute the applicable schedules depending on the sale results.

(a) By submitting a bid, the Purchaser agrees to assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer at the Closing (as hereinafter defined) for the Bonds written evidence identifying the “Issue Price” as defined in the provisions of Treasury Regulation Section 1.148-1 (“Issue Price Rules”) for the Bonds or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Purchaser, the Issuer and Bond Counsel. All actions to be taken by the Issuer to establish the Issue Price of the Bonds may be taken on behalf of the Issuer by the Issuer’s municipal advisor identified in the Official Statement (H.J. Umbaugh & Associates, Certified Public Accountants, LLP) and any notice or report to be provided to the Issuer may be provided to the Issuer’s municipal advisor.

(b) For purposes of this Appendix D, the Competitive Sale Requirements will be satisfied in accordance with the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (the “Competitive Sale Requirements”) for purposes of establishing the Issue Price of the Bonds and will apply to the initial sale of the Bonds if the Issuer receive bids for the Bonds from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds because:

- (1) the Issuer shall disseminate the Notice of Intent to Sell Bonds (the "Notice") to potential Underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid; and
- (3) the Issuer anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost) as set forth in the Notice (the requirements set forth in this paragraph (b), collectively, the “Competitive Sale Requirements”).

Any bid submitted pursuant to the Notice shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. If all of the Competitive Sale Requirements are satisfied, the Purchaser shall execute Schedule I if the Purchaser is purchasing the Bonds as an Underwriter.

(c) In the event that the Competitive Sale Requirements are not satisfied, the Issuer shall so advise the Purchaser and the Issuer and the Purchaser (the “Parties”) agree to execute an agreement which will establish which method to determine Issue Price will be employed, a form of which is attached as Schedule II. The methods are as follows:

(1) General Rule

Issue Price will be established by the first price at which 10% of a maturity of the Bonds is sold to the Public (as hereinafter defined) (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity)(the “10% test”).

Until the 10% test has been satisfied as to each maturity of the Bonds, the Purchaser agrees to promptly report to the Issuer the prices at which the unsold Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the Closing Date (as hereinafter defined) has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold;

- OR -

(2) Hold the Price

Issue Price shall be established by applying the Hold the Price Rule (as defined below), which will allow the Issuer to treat the Initial Offering Price (as defined below) to the Public of each such maturity as of the Sale Date as the Issue Price of that maturity, provided the Purchaser agrees that it will neither offer nor sell these maturities to any person at a price that is higher than the Initial Offering Price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the Sale Date; or

(2) the date on which the Purchaser has sold at least 10% of that maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price to the Public.

(the “Hold the Price Rule”). The Purchaser shall promptly advise the Issuer when it has sold 10% of a maturity to the Public at a price that is no higher than the Initial Offering Price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

(d) The Purchaser will be required to execute a certificate in the form of Schedule III if the Competitive Sale Requirements are not satisfied indicating that all of the requirements set forth in such certificate have been satisfied such as a certification to that the Purchaser has offered or will offer the Bonds to the Public on or before the date of the award at the Initial Offering Price set forth in the bid submitted by the Purchaser. The Purchaser will also be required to provide a copy of the pricing wire or equivalent communication.

(e) By submitting a bid, each bidder acting as an Underwriter confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the Purchaser that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold, if and for so long as directed by the Purchaser and as set forth in the related pricing wires, and (ii) any agreement among Underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the Purchaser or such Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold, if and for so long as directed by the Purchaser or such Underwriter and as set forth in the related pricing wires.

(f) Sales of any Bonds to any person that is a related party to an Underwriter shall not constitute sales to the Public for purposes of this Appendix D. Further, for purposes of this Appendix:

- (i) “Public” means any person other than an Underwriter or a related party,
- (ii) “Underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),
- (iii) a purchaser of any of the Bonds is a “related party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other),

- (iv) “Sale Date” means the date that the Bonds are awarded by the Issuer to the winning bidder,
- (v) “Closing” and “Closing Date” mean the day the Bonds are delivered to the Purchaser and payment is made thereon to the Issuer, and
- (vi) “Initial Offering Prices” means the respective initial offering prices of the Bonds offered by the Purchaser to the Public on or before the Sale Date as set forth in the pricing wire or equivalent communication for the Bonds provided to the Issuer by the Purchaser.

Schedule I
\$995,000
General Obligation Bonds of 2018
ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligation (the “Bonds”).

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. ***Defined Terms.***

(a) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(b) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale or exchange the Bonds. The Sale Date of the Bonds is May 2, 2018.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]’s interpretation of any laws, including specifically Section 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the [Tax Certificate] and with respect to compliance with the federal income tax rules affecting the Bonds, and by Ice Miller LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER], as [Underwriter]

By: _____

Name: _____

Dated: [ISSUE DATE]

SCHEDULE A
EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
COPY OF UNDERWRITER'S BID
(Attached)

Schedule II

AGREEMENT TO ESTABLISH ISSUE PRICE

The Covington Community School Corporation (the “Issuer”) offered its General Obligation Bonds of 2018 (the Bonds”) through a competitive offering in compliance with state law. For federal tax law purposes, Issue Price as defined in Treasury Regulations Section 1.148-1(f) (the “Issue Price Regulations”) must be established by one of the methods set forth in Issue Price Regulations. One of the methods to establish Issue Price is to offer the Bonds to achieve a Competitive Sale as defined by the Issue Price Regulations by meeting specific requirements under the Issue Price Regulation. Although the Issuer achieved a competitive sale to comply with state law, one or more of the requirements for a Competitive Sale, for federal tax law purposes, was not achieved. The Issue Price Regulations provide if more than one rule for determining the Issue Price of the Bonds is available, the Issuer may select the rule it will use to determine the Issue Price of the Bonds.

On the date hereof, the Purchaser represents that the first price at which at least 10% of each maturity of the Bonds listed on Exhibit I was sold to the Public (as defined in Schedule A) is the respective price listed on Exhibit I. For the remaining maturities of the Bonds (the “Unsold Maturities”) the Issuer has determined and the Purchaser agrees that Issue Price will be established as set forth in Schedule A as attached.

[PURCHASER]

By: _____
Authorized Representative

Covington Community School Corporation

By: _____

SCHEDULE A

This Schedule A sets forth as of the date hereof, the agreement between Covington Community School Corporation (the “Issuer”) and _____ (the “Purchaser”) on the method by which Issue Price, as defined in Treasury Regulations Section 1.148-1(f) (the “Issue Price Regulations”) for the Unsold Bonds (as defined in Schedule II) must be established (the “Agreement”).

Based on the Agreement, the Issuer and the Purchaser have determined that Issue Price for the Unsold Bonds will be established by:

Check one, as applicable:

- _____ (1) General Rule (the “10% test”) set forth below in (1); or
_____ (2) “Hold the Price Rule” set forth below in (2).

SELECTION OF METHOD OF ISSUE PRICE ESTABLISHMENT

The methods are as follows:

(1) General Rule

Issue Price will be established by the first price at which 10% of a maturity of the Bonds is sold to the Public (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity).

Until the 10% test has been satisfied as to each maturity of the Bonds, the Purchaser agrees to promptly report to the Issuer the prices at which the unsold Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold.

- OR -

(2) Hold the Price

Issue Price shall be established by applying the Hold the Price Rule (as defined below), which will allow the Issuer to treat the Initial Offering Price to the Public of each such maturity of the Bonds as of the Sale Date as the issue price of that maturity, provided the Purchaser agrees that it will neither offer nor sell these maturities to any person at a price that is higher than the Initial Offering Price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or

(2) the date on which the Purchaser has sold at least 10% of that maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price to the Public.

(the “Hold the Price Rule”). The Purchaser shall promptly advise the Issuer when it has sold 10% of a maturity to the Public at a price that is no higher than the Initial Offering Price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

DEFINITIONS OF GENERAL APPLICABILITY

“Public” shall mean any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (as defined below) or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly

"Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

A purchaser of any of the Bonds is a “related party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

“Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is May 2, 2018.

“Closing” and “Closing Date” mean the day the Bonds are delivered to the Purchaser and payment is made thereon to the Issuer.

**[FORM TO USE WHEN GENERAL RULE OR SPECIAL RULE OF COMBINATION OF BOTH
RULES APPLIES]**

Schedule III

\$995,000

General Obligation Bonds of 2018

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] (["[SHORT NAME OF UNDERWRITER]"] [the "Representative"]), on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the "Underwriting Group"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

Select appropriate provisions below:

1. [Alternative 1¹ – All Maturities Use General Rule: *Sale of the Bonds*. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.] [Alternative 2² – Select Maturities Use General Rule: *Sale of the General Rule Maturities*. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.] [Alternative 3³-Issue Price not required on Closing Date and Select Maturities Use General Rule]: As of the date of this certificate, the General Rule Maturities and their respective issue prices (the first price at which 10% of such Maturity was sold to the Public) are listed in Schedule A. [SHORT NAME OF UNDERWRITER] certifies that it agreed in its [bid form][bond purchase agreement] to report to the Issuer the prices at which the Unsold Bonds have been sold to the Public within 5 business days of such sale until [SHORT NAME OF UNDERWRITER] can establish the first price at which at least 10% test of each Maturity of the Unsold Bonds has been sold to the Public.]

2. *Initial Offering Price of the [Bonds][Hold-the-Offering-Price Maturities]*.

(a) [Alternative 1⁴ – All Maturities Use Hold-the-Offering-Price Rule: [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.] [Alternative 2⁵ – Select Maturities Use Hold-the-Offering-Price Rule: [SHORT NAME OF

¹ If Alternative 1 is used, delete the remainder of paragraph 1 and all of paragraph 2 and renumber paragraphs accordingly.

² If Alternative 2 is used, delete Alternative 1 of paragraph 1 and use each Alternative 2 in paragraphs 2(a) and (b).

³ If Alternative 3 is used, delete the remainder of paragraph 1 and all of paragraph 2 and renumber paragraphs accordingly.

⁴ If Alternative 1 is used, delete all of paragraph 1 and renumber paragraphs accordingly.

⁵ Alternative 2(a) of paragraph 2 should be used in conjunction with Alternative 2 in paragraphs 1 and 2(b).

UNDERWRITER][The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.]

(b) [Alternative 1 – All Maturities use Hold-the-Offering-Price Rule: As set forth in the [Bond Purchase Agreement][Notice of Sale and bid award], [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Bonds, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period. [Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule: As set forth in the [Bond Purchase Agreement][Notice of Sale and bid award], [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

(c) [To be used when the Bonds were subject to a failed competitive bidding process and the Issuer elected to apply the hold the price rule and the bidder confirmed its bid and agreed to comply with hold the price]. The Bonds were originally subject to a competitive bidding process. Attached as Schedule C hereto is the notification received by [SHORT NAME OF UNDERWRITER] that the Issuer elected to invoke the hold-the-offering-price rule and the [SHORT NAME OF UNDERWRITER]’s confirmation of its bid and its agreement to comply with the hold the offering price rule.

3. ***Defined Terms.***

[(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”]

[(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]

[(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (May 2, 2018), or (ii) the date on which the [SHORT NAME OF UNDERWRITER][the Underwriters] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d) *Issuer* means the Covington Community School Corporation.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is May 2, 2018.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDEWRITING FIRM][the Representative’s] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer[and the Borrower] with respect to certain of the representations set forth in the [Tax Certificate] and with respect to compliance with the federal income tax rules affecting the Bonds, and by Ice Miller LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice it may give to the Issuer [and the Borrower] from time to time relating to the Bonds.

[UNDERWRITER][REPRESENTATIVE]

By: _____
Name: _____

Dated: [ISSUE DATE]

SCHEDULE A
SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES
(Attached)

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

SCHEDULE C
CERTIFICATE OF INVOCATION OF HOLD THE PRICE RULE AND CONFIRMATION OF
BID

[Defined terms should correspond to those in the Bid Form]

The Issuer hereby notifies _____, as the winning bidder (the "Purchaser") for the [Insert Caption of Bonds] (the "Bonds") that the Issuer has determined to apply the hold the price rule (as described in the Bid Form dated _____, 20__) to the Bonds maturing _____, _____ and _____.(the "Hold the Price Maturities"). The Purchaser's bid will be cancelled and deemed withdrawn unless the Purchaser affirmatively confirms its bid and agrees to comply with the hold the price rule by executing and **[faxing/e-mailing]** the confirmation below by ____:00 **[a.m./p.m.]**.

Covington Community School Corporation

By: _____

The Purchaser hereby acknowledges the Issuer's intention to apply the hold the price rule to the "Hold the Price Maturities". The Purchaser confirms its bid with respect to the Bonds and agrees to comply with the hold the price rule with respect to the Hold the Price Maturities.

[PURCHASER]

By: _____

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