

FINANCING AGREEMENT

Kentucky Bond Development Corporation,

Lexington-Fayette Urban County Government Department of Finance and Administration

and

Lexington Center Corporation

Dated as of July 1, 2018

Relating to

\$35,000,000 Kentucky Bond Development Corporation
Transient Room Tax Bond Anticipation Notes, Series 2018
(Lexington Center Corporation Project),

\$90,000,000 Kentucky Bond Development Corporation
Transient Room Tax Bonds, Series 2018A
(Lexington Center Corporation Project)

and

\$14,000,000 Kentucky Bond Development Corporation
Transient Room Tax Bonds, Subordinate Series 2018B
(Lexington Center Corporation Project)

THE INTEREST OF KENTUCKY BOND DEVELOPMENT CORPORATION IN THIS FINANCING AGREEMENT AND THE REVENUES AND RECEIPTS DERIVED THEREFROM, EXCEPT FOR ITS UNASSIGNED RIGHTS, AS DEFINED HEREIN, HAVE BEEN ASSIGNED AND ARE THE SUBJECT OF A GRANT OF A SECURITY INTEREST TO THE HUNTINGTON NATIONAL BANK, AS TRUSTEE, UNDER A TRUST INDENTURE DATED AS OF JULY 1, 2018.

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FINANCING AGREEMENT

THIS FINANCING AGREEMENT, dated as of July 1, 2018, by and between the Kentucky Bond Development Corporation (hereinafter sometimes referred to as the “Issuer”), a Kentucky nonprofit corporation acting on behalf of certain local governments in the Commonwealth of Kentucky, Lexington-Fayette Urban County Government (hereinafter sometimes referred to as “LFUCG”) and Lexington Center Corporation (hereinafter sometimes referred to as the “Corporation”);

WITNESSETH:

IN CONSIDERATION OF the respective representations and agreements hereinafter contained, the parties hereto agree as follows, provided, that in the performance of the agreements of the Issuer herein contained, any obligation it may thereby incur for the payment of money shall not constitute a general obligation of the Issuer but shall be payable solely out of the Revenues, receipts, and other payments derived from this Agreement, the Indenture, and the sale of the Notes and Series 2018 Bonds referred to in Section 4.01 hereof, and the Notes and Series 2018 Bonds and any interest and premium thereon shall not constitute a general obligation of the Issuer or LFUCG nor constitute an indebtedness or general obligation of the Commonwealth of Kentucky, LFUCG or any other agency or political subdivision of the Commonwealth of Kentucky, within the meaning of any constitutional or statutory provision whatsoever:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.01 Definitions. Certain words and terms used in this Financing Agreement have the meaning given them in Section 101 of the Indenture which by this reference is incorporated herein. When used herein, such words and terms will have the meanings given to them by the language employed in Section 101 of the Indenture defining such words and terms, unless the context or use clearly indicates otherwise.

Section 1.02. Construction of Certain Terms. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction shall apply:

(1) The use of the masculine, feminine, or neuter gender is for convenience only and shall be deemed and construed to include correlative words of the masculine, feminine, or neuter gender, as appropriate.

(2) “This Agreement” means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more agreements supplemental hereto entered into pursuant to the applicable provisions hereof.

(3) All references in this instrument to designated “Articles,” “Sections,” and other subdivisions are to the designated Articles, Sections, and other subdivisions of this instrument. The words “herein,” “hereof,” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, or other subdivision.

(4) The terms defined in this Article shall have the meanings assigned to them in [the Indenture] and include the plural as well as the singular.

Section 1.03. Table of Contents; Titles and Headings. The table of contents, the titles of the articles, and the headings of the sections of this Agreement are solely for convenience of reference, are not a part of this Agreement, and shall not be deemed to affect the meaning, construction, or effect of any of its provisions.

Section 1.04. Contents of Certificates or Opinions. Every certificate or opinion with respect to the compliance with a condition or covenant provided for in this Agreement shall include: (i) a statement that the person or persons making or giving such certificate or opinion have read such covenant or condition and the definitions herein relating thereto, (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based, (iii) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with, and (iv) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate or opinion made or given by an officer of the Issuer or an officer of the Corporation may be based, insofar as it relates to legal or accounting matters, upon a certificate or an opinion of Independent Counsel or an Accountant, which certificate or opinion has been given only after due inquiry of the relevant facts and circumstances, unless such officer

knows that the certificate or opinion with respect to the matters upon which his certificate or opinion may be based as aforesaid is erroneous or in the exercise of reasonable care should have known that the same was erroneous. Any such certificate or opinion made or given by Independent Counsel or an Accountant may be based (insofar as it relates to factual matters with respect to information which is in the possession of an officer of the Issuer or an officer of the Corporation or any third party) upon the certificate or opinion of or representations by an officer of the Issuer or an officer of the Corporation or any third party on whom Independent Counsel or an Accountant could reasonably rely unless such Independent Counsel or such Accountant knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion may be based as aforesaid are erroneous or in the exercise of reasonable care should have known that the same were erroneous. The same officer of the Issuer or officer of the Corporation or the same Independent Counsel or Accountant, as the case may be, need not certify or opine to all of the matters required to be certified or opined under any provision of this Agreement, but different officers, Independent Counsel, or Accountants may certify or opine to different matters, respectively.

[End of Article I]

ARTICLE II

REPRESENTATIONS AND UNDERTAKINGS

Section 2.01. Representations by the Issuer. The Issuer makes the following representations and findings as the basis for the undertakings on its part herein contained:

(a) Organization and Authority. The Issuer is a Kentucky nonprofit corporation acting on behalf of certain local governments in the Commonwealth of Kentucky (the “Commonwealth”) under an Interlocal Cooperation Agreement dated September 19, 2014 (the “Interlocal Agreement”). The Issuer has all requisite power and authority under the Act to (i) issue the Notes and Series 2018 Bonds, (ii) provide the proceeds of the Notes and Series 2018 Bonds to the Corporation, and (iii) enter into, perform its obligations under, and exercise its rights under the Bond Documents. The Act authorizes the Issuer to issue its bonds for the purpose of providing funds for convention or trade show facilities, within the meaning of the Act, and the Issuer has determined that the Costs of the Project constitute such convention or trade show facilities.

(b) Pending Litigation. To the knowledge of the Issuer, there are no actions, suits, proceedings, inquiries, or investigations pending or threatened against or affecting the Issuer in any court or by or before any governmental authority or arbitration board or tribunal, which would materially and adversely affect the transactions contemplated by this Agreement or which would adversely affect the validity or enforceability of the Notes or Series 2018 Bonds, the Bond Documents, or any agreement or instrument to which the Issuer is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or thereby, nor is the Issuer aware of any facts or circumstances presently existing which would form the basis for any such actions, suits, or proceedings.

(c) Issue, Sale, and Other Transactions Are Legal and Authorized. The issue and sale of the Notes and Series 2018 Bonds and the execution and delivery by the Issuer of the applicable Bond Documents to which it is a party, and the compliance by the Issuer with the provisions of each thereof and of the Notes and Series 2018 Bonds (i) are within the purposes, powers, and authority of the Issuer, (ii) have been done in compliance with the provisions of the Act and have been approved by the Governing Body of the Issuer and are legal and will not conflict in any material respect with or constitute on the part of the Issuer a material violation of or a material breach of or a material default under, or, except as specifically provided in the Bond Documents, result in the creation or imposition of any material lien, charge, restriction, or encumbrance upon property of the Issuer under the provisions of, any charter instrument, bylaw, indenture, mortgage, deed of trust, pledge, note, lease, loan, or installment sale agreement, contract, or other agreement or instrument to which the Issuer is a party or by which the Issuer or its properties are otherwise subject or bound, or any license, judgment, decree, law, statute, order, writ, injunction, demand, rule, or regulation of any court or governmental agency or body having jurisdiction over the Issuer or its activities or properties, and (iii) have been duly authorized by all necessary action on the part of the Issuer.

(d) Governmental Consents. Neither the nature of the Issuer nor any of its activities or properties, nor any relationship between the Issuer and any other Person, nor any circumstance in connection with the offer, issue, sale, or delivery of the Notes and Series 2018 Bonds is such as to require the consent, approval, permission, order, license, or authorization of, or the filing, registration, or qualification with, any governmental authority on the part of the Issuer in connection with the execution, delivery, and performance of the Bond Documents, the consummation of any transaction therein contemplated, or the offer, issue, sale, or delivery of the Notes and Series 2018 Bonds, except as shall have been obtained or made and are capable of being obtained or made and as are in full force and effect, with the exception of the filing of the Form 8038G with the Internal Revenue Service.

(e) No Defaults. To the knowledge of the Issuer, no event has occurred and no condition exists which would constitute an Event of Default or which, with the lapse of time or with the giving of notice or both, would become an Event of Default. To the knowledge of the Issuer, the Issuer is not in default or violation in any material respect under the Act or under any charter instrument, bylaw, or other material agreement or instrument to which it is a party or by which it may be bound.

(f) No Prior Pledge. Neither the Bond Documents, nor any payments to be received by the Issuer under the Bond Documents has been pledged or hypothecated for any purpose or has been the subject of a grant of a security interest by the Issuer other than as provided in the Indenture as security for the payment of the Notes and Series 2018 Bonds.

(g) Disclosure. The representations of the Issuer contained in this Agreement and any certificate, document, written statement, or other instrument furnished to the Trustee or the Underwriter by or on behalf of the Issuer in connection with the transactions contemplated hereby do not contain any untrue statement of a material fact relating to the Issuer and do not omit to state a material fact relating to the Issuer necessary in order to make the statements contained herein and therein relating to the Issuer not misleading.

(h) Authorized Project. The Project constitutes convention or trade show facilities.

(i) Compliance with Conditions Precedent to the Issuance of the Notes and Series 2018 Bonds. All acts, conditions, and things required to exist, happen, and be performed by the Issuer precedent to and in the execution and delivery by the Issuer of the Notes and Series 2018 Bonds and that are capable of existing, happening and being performed do exist, have happened, and have been performed in due time, form, and manner as required by law; the issuance of the Notes and Series 2018 Bonds, together with all other obligations of the Issuer, do not exceed or violate any constitutional or statutory limitation.

(j) Tax Compliance. The Issuer hereby covenants and agrees to comply in all material respects with the Code at the sole cost and expense of the Corporation, compliance with which subsequent to the issuance of the Notes and Series 2018 Bonds is necessary for the interest on the Notes and Series 2018 Bonds to be, in all material

respects to remain, excluded from the gross income of the owners thereof for federal income tax purposes and not to take any actions that would materially adversely affect such exclusion under the provisions of the Code.

Section 2.02. Representations by LFUCG. LFUCG makes the following representations and findings as the basis for the undertakings on its part herein contained:

(a) Organization and Authority. LFUCG is an urban county government and a party to the Interlocal Agreement. LFUCG has all requisite power and authority under enter into, perform its obligations under, and exercise its rights under the Bond Documents. KRS 91A.390(1)(c)2 and KRS 153.450 authorize LFUCG to levy a transient room tax for the purpose of providing funds for convention or trade show facilities, LFUCG has levied such taxes to the fullest extent permitted by law, and LFUCG has determined that the Costs of the Project constitute such convention or trade show facilities.

(b) Pending Litigation. To the knowledge of LFUCG, there are no actions, suits, proceedings, inquiries, or investigations pending or threatened against or affecting LFUCG in any court or by or before any governmental authority or arbitration board or tribunal, which would materially and adversely affect the transactions contemplated by this Agreement or which would adversely affect the validity or enforceability of the Bond Documents, or any agreement or instrument to which LFUCG is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or thereby, nor is LFUCG aware of any facts or circumstances presently existing which would form the basis for any such actions, suits, or proceedings.

(c) Issue, Sale, and Other Transactions are Legal and Authorized. The execution and delivery by LFUCG of the applicable Bond Documents, and the compliance by LFUCG with the provisions of each thereof (i) are within the purposes, powers, and authority of LFUCG, (ii) have been done in compliance with the provisions of applicable law and have been approved by the Governing Body of LFUCG and are legal and will not conflict in any material respect with or constitute on the part of LFUCG a material violation of or a material breach of any judgment, decree, law, statute, order, writ, injunction, demand, rule, or regulation of any court or governmental agency or body having jurisdiction over LFUCG or its activities or properties, and (iii) have been duly authorized by all necessary action on the part of LFUCG.

(d) Governmental Consents. Neither the nature of LFUCG nor any of its activities or properties, nor any relationship between LFUCG and any other Person, nor any circumstance in connection with the offer, issue, sale, or delivery of the Notes and Series 2018 Bonds is such as to require the consent, approval, permission, order, license, or authorization of, or the filing, registration, or qualification with, any governmental authority on the part of LFUCG in connection with the execution, delivery, and performance of the applicable Bond Documents, the consummation of any transaction therein contemplated, or the offer, issue, sale, or delivery of the Notes and Series 2018 Bonds, except as shall have been obtained or made and are capable of being obtained or made and as are in full force and effect.

(e) No Defaults. To the knowledge of LFUCG, no event has occurred and no condition exists which would constitute an Event of Default or which, with the lapse of time or with the giving of notice or both, would become an Event of Default. To its knowledge, LFUCG is not in default or violation in any material respect under the Act or under any charter instrument, bylaw, or other material agreement or instrument to which it is a party or by which it may be bound.

(f) No Prior Pledge. Neither the Bond Documents, nor any payments to be received by LFUCG under the Bond Documents has been pledged or hypothecated for any purpose or has been the subject of a grant of a security interest by LFUCG other than as provided in the Indenture as security for the payment of the Notes and Series 2018 Bonds.

(g) Disclosure. The representations of LFUCG contained in this Agreement and any certificate, document, written statement, or other instrument furnished to the Trustee or the Underwriter by or on behalf of LFUCG in connection with the transactions contemplated hereby do not contain any untrue statement of a material fact relating to LFUCG and do not omit to state a material fact relating to LFUCG necessary in order to make the statements contained herein and therein relating to LFUCG not misleading.

(h) Authorized Project. The Project constitutes convention or trade show facilities.

(i) Compliance with Conditions Precedent to the Issuance of the Notes and Series 2018 Bonds. All acts, conditions, and things required to exist, happen, and be performed by LFUCG precedent to and in the execution and delivery by the Issuer of the Notes and Series 2018 Bonds and that are capable of existing, happening and being performed do exist, have happened, and have been performed in due time, form, and manner as required by law.

(j) Tax Compliance. LFUCG hereby covenants and agrees to comply in all material respects with the Code at the sole cost and expense of the Corporation, compliance with which subsequent to the issuance of the Notes and Series 2018 Bonds is necessary for the interest on the Notes and Notes and Series 2018 Bonds to be, in all material respects to remain, excluded from the gross income of the owners thereof for federal income tax purposes and not to take any actions that would materially adversely affect such exclusion under the provisions of the Code.

Section 2.03. Representations by the Corporation. The Corporation makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(a) Organization and Power. The Corporation represents that, as of the date of the Agreement: (a) it is a nonprofit corporation under the laws of the Commonwealth that is an agency and instrumentality of LFUCG and (b) it is exempt from federal income taxes.

(b) Pending Litigation and Taxes. There are no actions, suits, proceedings, inquiries, or investigations pending or, to the knowledge of the Corporation, after making due inquiry with respect thereto, threatened against or affecting the Corporation in any court or by or before any governmental authority or arbitration board or tribunal, which

involve the possibility of materially and adversely affecting the properties, business, prospects, profits, operations, or condition (financial or otherwise) of the Corporation, or the ability of the Corporation to perform its obligations under the this Agreement or which, in any way, would adversely affect the validity or enforceability of any agreement or instrument to which the Corporation is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or thereby, nor is the Corporation aware of any facts or circumstances presently existing which would form the basis for any such actions, suits, or proceedings. The Corporation is not in default with respect to any judgment, order, writ, injunction, decree, demand, rule, or regulation of any court, governmental authority, or arbitration board or tribunal.

(c) Agreements are Authorized. The execution and delivery by the Corporation of this Agreement and the consummation of the transactions herein contemplated, and the fulfillment of or the compliance with all of the provisions hereof (i) are within the power, legal right, and authority of the Corporation, (ii) do not conflict with or constitute on the part of the Corporation a violation of or a breach of or a default under, or, except as specifically provided in the Bond Documents, result in the creation or imposition of any lien, charge, restriction, or encumbrance upon any property of the Corporation under the provisions of, any charter instrument, bylaw, operating agreement, indenture, mortgage, deed of trust, pledge, note, lease, loan, or installment sale agreement, contract, or other agreement or instrument to which the Corporation is a party or by which the Corporation or its properties are otherwise subject or bound, or any license, law, statute, rule, regulation, judgment, order, writ, injunction, decree, or demand of any court or governmental agency or body having jurisdiction over the Corporation or any of its activities or properties, and (iii) have been duly authorized by all necessary and appropriate corporate action on the part of the Corporation. This Agreement is a valid, legal, binding, and enforceable obligations of the Corporation. The officers of the Corporation executing this Agreement are duly and properly in office and are fully authorized and empowered to execute the same for and on behalf of the Corporation.

(d) Governmental Consents. Neither the Corporation nor any of its business or properties, nor any relationship between the Corporation and any other Person, nor any circumstance in connection with the execution, delivery, and performance by the Corporation of its obligations under the Agreement, or offer, issue, sale, or delivery by the Issuer of the Notes and Series 2018 Bonds, is such as to require the consent, approval, permission, order, license, or authorization of, or the filing, registration, or qualification with, any governmental authority on the part of the Corporation in connection with the execution, delivery, and performance of the Agreement, the consummation of any transaction therein contemplated, or offer, issue, sale, or delivery of the Notes and Series 2018 Bonds, except as shall have been or will be obtained or made and as are in full force and effect and except as are not presently obtainable. To the knowledge of the Corporation, after making due inquiry with respect thereto, the Corporation will be able to obtain all such additional consents, approvals, permissions, orders, licenses, or authorizations of governmental authorities as may be required on or prior to the date the Corporation is legally required to obtain the same.

(e) No Defaults. No event has occurred and no condition exists that would constitute an Event of Default or which, with the lapse of time or with the giving of notice or both, would become an Event of Default. To the knowledge of the Corporation,

after making due inquiry with respect thereto, the Corporation is not in default or violation in any material respect under any charter instrument, bylaw, or other material agreement or instrument to which it is a party or by which it may be bound.

(f) Compliance with Law. To the knowledge of the Corporation, after making due inquiry with respect thereto, the Corporation is not in violation of any laws, ordinances, or governmental rules or regulations to which it is subject and has not failed to obtain any licenses, permits, franchises, or other governmental authorizations (which are presently obtainable and presently required) necessary to the ownership of its properties or to the conduct of its business, which violation or failure to obtain might materially and adversely affect the properties, business, prospects, profits, and conditions (financial or otherwise) of the Corporation.

(g) Restrictions on the Corporation. The Corporation is not a party to or bound by any contract, instrument, or agreement, or subject to any other restriction, that materially and adversely affects its business, properties, assets, operations, or condition (financial or otherwise) that has not been disclosed to the Issuer.

(h) Disclosure. The representations of the Corporation contained in this Agreement and any certificate, document, written statement, or other instrument furnished by or on behalf of the Corporation to the Issuer, LFUCG or the Underwriter in connection with the transactions contemplated hereby, do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained herein or therein not misleading. There is no fact that the Corporation has not disclosed to the Issuer or the Underwriter in writing that materially and adversely affects or in the future may materially and adversely affect the ownership or operation of the Project or the properties, business, operations, prospects, profits, or condition (financial or otherwise) of the Corporation, or the ability of the Corporation to perform its obligations under this Agreement, or any of the documents or transactions contemplated hereby or thereby or any other transactions contemplated by the Bond Documents which has not been set forth in the certificates, documents, and instruments furnished to the Underwriter by or on behalf of the Corporation prior to the date of delivery of any offering document relating to the Notes or Series 2018 Bonds used in connection with the transactions contemplated hereby.

[End of Article II]

ARTICLE III

FUNDS TO THE CORPORATION; SECURITY; TITLE

Section 3.01. Funding of the Project. (a) The Issuer and LFUCG hereby direct that the proceeds of the sale of the Notes and Series 2018 Bonds be applied as provided in Article VI of the Indenture, for the purposes of (i) refunding the Corporation's outstanding Lexington Center Corporation Mortgage Revenue Refunding Bonds, Series 2008A, (ii) refunding the Issuer's outstanding Industrial Building Revenue Bonds, Series 2015 (Lexington Center Corporation Project) and Industrial Building Revenue Bonds, Series 2016 (Lexington Center Corporation Project), (iii) financing the Costs of the Project, (iv) funding the Debt Service Reserve Fund, and (v) paying Issuance Costs. This Agreement is executed and delivered for the purpose of providing for the funding by the Issuer and LFUCG of the Costs of the Project. The Issuer and the Corporation hereby agree that the Corporation shall be solely responsible for awarding and administering all contracts for the completion of the Project.

(b) LFUCG hereby agrees that the Revenues will be applied as provided in the Indenture, and, so long as any amounts are unpaid under the Indenture, such Revenues shall be paid by LFUCG to the Trustee, for deposit in the applicable funds and accounts created by the Indenture. LFUCG SHALL ONLY BE REQUIRED TO DEPOSIT REVENUES AND SUCH REVENUES WILL BE APPLIED AS PROVIDED IN THE INDENTURE. NO OTHER FUNDS OF THE LFUCG SHALL BE PLEDGED TO PAY THE PRINCIPAL OF, OR INTEREST ON ANY NOTES OR BONDS.

Section 3.02. Security for Payments Under the Notes and Series 2018 Bonds. Contemporaneously with the issuance of the Notes, as security for the payment of the Notes and Series 2018 Bonds, the Issuer shall execute and deliver the Indenture, under the terms of which all of the right, title, interest, and remedies of the Issuer in this Agreement (except the Unassigned Rights) and the applicable Bond Documents, together with all Revenues, shall be assigned and shall be the subject of a grant of a security interest to the Trustee and shall be pledged as security for, among other things, the payment of the Notes and Series 2018 Bonds. LFUCG and the Corporation hereby consent to such assignment and grant of a security interest and LFUCG hereby agrees that its obligation to make all payments under this Agreement, including but not limited to payments of Revenues shall be absolute and shall not be subject to any defense, except payment, or to any right of setoff, counterclaim, or recoupment arising out of any breach (i) by the Issuer or the Corporation of any obligation to LFUCG, whether hereunder or otherwise, or arising out of any indebtedness or liability at any time owing to LFUCG by the Issuer or the Corporation or (ii) by the Issuer or LFUCG of any obligation to the Corporation, whether hereunder or otherwise, or arising out of any indebtedness or liability at any time owing to the Corporation by the Issuer or LFUCG.

LFUCG agrees that all payments required to be made by LFUCG under this Agreement shall be paid by transfers by LFUCG directly to the Trustee for deposit in the Revenue Fund. The Trustee shall have all rights and remedies herein accorded to the Issuer (except for Unassigned Rights), and any reference herein to the Issuer shall be deemed, with the necessary changes in detail, to include the Trustee, and the Trustee, and the Holders are deemed to be and are third party beneficiaries of the representations, covenants, and agreements of LFUCG and the Corporation herein contained.

LFUCG SHALL ONLY BE REQUIRED TO DEPOSIT REVENUES AND SUCH REVENUES WILL BE APPLIED AS PROVIDED IN THE INDENTURE. NO OTHER FUNDS OF THE LFUCG SHALL BE PLEDGED TO PAY THE PRINCIPAL OF, OR INTEREST ON ANY NOTES OR BONDS.

[End of Article III]

ARTICLE IV

ISSUANCE OF BONDS AND NOTES; CONSTRUCTION AND ACQUISITION OF THE PROJECT; INVESTMENT OF FUNDS

Section 4.01. Agreement to Issue Bonds and Notes; Application of Proceeds. In order to provide funding for the purposes described in Section 3.01(a) hereof, the Issuer agrees that it shall issue, sell, and deliver to the purchasers, the (i) Notes in the aggregate principal amount of \$35,000,000, (ii) Senior Bonds in the aggregate principal amount of \$90,000,000 and (iii) Subordinate Bonds in the aggregate principal amount of \$14,000,000 and in each case, upon issuance, deposit the proceeds of the sale thereof in accordance with the provisions of Article V of the Indenture.

Section 4.02. Acquisition, Construction, and Equipping of the Project. The Corporation agrees that promptly, following the issuance and sale of the Notes, it will commence the acquisition and construction of the Project and will complete such construction and acquisition in a timely manner. The Issuer and LFUCG hereby authorize the Corporation to use the proceeds of the Notes and Series 2018 Bonds deposited in the Construction Fund to acquire, construct, furnish, and equip the Project.

Section 4.03 Construction Fund. The Corporation and LFUCG hereby direct that the Issuer, under the Indenture, authorize and direct the Trustee to use the moneys in the Construction Fund to pay Costs of the Project and otherwise applied in accordance with the terms of the Indenture.

Section 4.04 Establishment of Completion Date. When in his or her determination the Project shall be substantially completed and is ready for use and occupancy, the Authorized Corporation Representative shall submit to the Trustee a certificate certifying that the Project is substantially completed and is ready for use and occupancy. When the construction of the Project shall have been completed, which fact shall be evidenced to the Trustee by the Authorized Corporation Representative's final certificate of payment, the date of which shall be the Completion Date, and accompanied by a certification by an Authorized Corporation Representative stating that the balance in the Construction Fund (not reserved by the Issuer for the payment of any remaining part of the cost of the Project) shall be applied as provided in the Indenture.

Section 4.05. Authorized Issuer Representative and Authorized Corporation Representative and Successors. The Issuer and the Corporation, respectively, shall designate, in the manner prescribed in Section 101 of the Indenture, an Authorized Issuer Representative and an Authorized Corporation Representative. Should any person so designated and his alternate or alternates, if any, should become unavailable or unable to take any action or make any certificate provided for or required in this Agreement, a successor shall be appointed in the same manner.

[End of Article IV]

ARTICLE V

AGREEMENT TERM; FINANCING PAYMENTS; REDEMPTION OF BONDS

Section 5.01. Agreement Term. This Agreement shall become effective upon its delivery and shall be in full force and effect until such date as such payment or provision shall have been made so that Bonds will no longer be Outstanding under the Indenture; provided, however, that the covenants and obligations expressed herein to so survive shall survive the termination of this Agreement.

Section 5.02. Financing Payments. The Corporation hereby directs LFUCG and LFUCG agrees that it will deliver and cause all Revenues, promptly upon receipt of the Revenues to the Trustee for deposit in the Revenue Fund. If the amount held by the Trustee in the Bond Fund should be sufficient to pay at the times required the principal of and premium, if any, and interest on all Outstanding Notes and Bonds then remaining unpaid, LFUCG shall not be obligated to make any further payments of Financing Payments under the provisions of this Section.

LFUCG SHALL ONLY BE REQUIRED TO DEPOSIT REVENUES AND SUCH REVENUES WILL BE APPLIED AS PROVIDED IN THE INDENTURE. NO OTHER FUNDS OF THE LFUCG SHALL BE PLEDGED TO PAY THE PRINCIPAL OF, OR INTEREST ON ANY NOTES OR BONDS.

Section 5.03. Redemption of Notes and Bonds. The Corporation may cause the redemption of Notes and Bonds in accordance with Section 302(a), (b) or (c) of the Indenture by giving notice not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption to the Trustee requesting that notice of redemption be given to the Holders in accordance with Section 303 of the Indenture, which notice may state that such redemption is subject to the satisfaction of certain conditions and is revocable.

[End of Article V]

ARTICLE VI

ADDITIONAL COVENANTS

Section 6.01. No Warranty of Condition or Suitability. THE ISSUER MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE HABITABILITY, MERCHANTABILITY, CONDITION, OR WORKMANSHIP OF ANY PART OF THE PROJECT OR THAT IT WILL BE SUITABLE FOR THE CORPORATION'S PURPOSES OR NEEDS.

Section 6.02. Access to Records. The Issuer, the Trustee, the Underwriter and their duly authorized representatives, agents, experts, engineers, accountants, and representatives, reserve the right, upon reasonable prior notice, to enter the Project at all reasonable times so long as any Notes or Series 2018 Bonds are Outstanding, for the purpose of examining and inspecting the same, including any reconstruction thereof. The Trustee, the Issuer and the Underwriter shall also have the right at all reasonable times to examine the books and records of the Corporation insofar as such books and records relate to the operations, maintenance, and repair of the Project or insofar as necessary to ascertain compliance with this Agreement.

Section 6.03. Indemnity. (a) To the extent permitted by law, the Corporation shall and agrees to indemnify and save the Issuer, the Trustee, and their respective directors, officers, members, employees and agents harmless against and from all claims by or on behalf of any Person arising from the conduct or management of or from any work or thing done on the Project and against and from all claims arising from (i) any condition of or operation of the Project, (ii) any breach or default on the part of the Corporation in the performance of any of its obligations under any of the Bond Documents, (iii) any act or negligence of the Corporation or of any of its agents, contractors, servants, employees, or licensees, or (iv) any act or negligence of any assignee or lessee of the Corporation or of any agents, contractors, servants, employees, or licensees of any assignee or lessee of the Corporation. The Corporation shall indemnify and save the Issuer and the Trustee harmless from and against all costs and expenses incurred in or in connection with any such claim arising as described in the preceding sentence, or in connection with any action or proceeding brought thereon, including reasonable attorneys' fees as provided in Section 7.04 hereof, and upon notice from the Issuer or the Trustee, the Corporation shall defend them or any of them in any such action or proceeding.

(b) The Corporation agrees that it will indemnify and hold the Trustee and its directors, officers, and employees harmless from any and all liability, cost, or expense incurred without negligence or bad faith in the course of its duties, including any act, omission, delay, or refusal of the Trustee in reliance upon any signature, certificate, order, demand, instruction, request, notice, or other instrument or document believed by it to be valid, genuine, and sufficient.

(c) Notwithstanding the fact that it is the intention of the parties that the Issuer, the Trustee, and their respective directors, officers, members, employees and agents shall not incur pecuniary liability by reason of the terms of the Indenture or the Agreement or the undertakings required thereunder or by reason of (i) the issuance of the Notes and the Series 2018 Bonds, (ii) the execution of the Indenture and the Agreement, (iii) the performance of any act required by the Indenture or the Agreement, (iv) the performance of any act requested by the Corporation, or (v) any other costs, fees, or expenses incurred by the Issuer or the Trustee with respect to the

Project or the financing thereof, including all claims, liabilities, or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing, nevertheless, if the Issuer or the Trustee should incur any such pecuniary liability, then in such event the Corporation shall indemnify and hold harmless the Issuer and the Trustee against all claims by or on behalf of any Person arising out of the same and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, including reasonable attorneys' fees as provided in Section 7.04 hereof, and upon notice from the Issuer or the Trustee, the Corporation shall defend the Issuer and the Trustee in any such action or proceeding. The indemnity contained in this Section 6.03(c) shall not apply to any loss or damage attributable to (1) acts of negligence or willful misconduct or intentional misconduct of the party seeking indemnification; (2) breach by the party seeking indemnification of its obligations under the Indenture or the Agreement; or (3) with respect to the Issuer, liability or claim arising out of or relating to any information furnished by the Issuer and included in the offering statement relating to the Series 2018 Bonds or any failure by the Issuer to disclose information required to make the statements in the offering statement relating to the Issuer not misleading.

(d) A party seeking indemnification under this Section 6.03 shall notify the Corporation in writing promptly of any claim or action brought against such party in which indemnity may be sought against the Corporation under this Section; and such notice shall be given in sufficient time to allow the Corporation to defend such claim or action. However, the failure to give such notice in sufficient time shall not constitute a defense hereunder nor in any way impair the obligations of the Corporation under this Section.

Section 6.04. Pledge of Revenues; Security Interest. To secure the prompt payment of the principal of, redemption premium, if any, and the interest on the Notes and Series 2018 Bonds and the performance by the Corporation of their respective obligations hereunder, each of the Corporation and LFUCG hereby pledges and assigns to the Trustee for the benefit of the Holders of the Notes and the Series 2018 Bonds in accordance with this Agreement, all of its right, title and interest in and to the Revenues and all of the proceeds thereof. To the extent required by law for the perfection thereof, there shall be delivered to the Trustee duly executed financing statements evidencing the security interests of the Trustee in form required by the Kentucky Uniform Commercial Code with copies sufficient in number for filing by the Corporation in all locations required to perfect such security interests.

The Corporation shall also execute and deliver to the Trustee from time to time such amendments or supplements to this Agreement as may be necessary or appropriate to include as security hereunder any rights or assets of the nature described in this Section. In addition, the Corporation covenants that it will file or cause to be filed such financing statements or amendments to, continuations of, or terminations of existing financing statements which shall, in the Opinion of Counsel, be necessary to comply with Kentucky law or as required due to changes in the Corporation, including without limitation, to reflect any such provisions of any such amendment or supplement to this Financing Agreement.

LFUCG SHALL ONLY BE REQUIRED TO DEPOSIT REVENUES AND SUCH REVENUES WILL BE APPLIED AS PROVIDED IN THE INDENTURE. NO OTHER FUNDS OF THE LFUCG SHALL BE PLEDGED TO PAY THE PRINCIPAL OF, OR INTEREST ON ANY NOTES OR BONDS.

Section 6.05. Filing of Information. The Corporation covenants that it will, within forty-five (45) days of the receipt of a written request to the Corporation, from the Trustee, the Issuer, or any Requesting Holder, such other information related to the Projects, the Trustee or such Requesting Holder may reasonably request from time to time.

Section 6.06. Further Assurances. The Corporation and LFUCG will make, execute and deliver any and all such further instruments and assurances as may be reasonably necessary or proper to carry out the intention of this Agreement or to facilitate its performance and for better assuring and confirming to the Trustee and the Holders the rights and benefits provided in this Agreement.

[End of Article VI]

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default Defined. The following shall be “Events of Default” under this Agreement, and the terms “Event of Default” or “Default” means, whenever they are used in this Agreement, any one or more of the following events:

- (a) LFUCG’s failure to pay any Financing Payment required to be paid under Section 5.02 hereof at the times specified therein.
- (b) The breach by the Corporation in any material respect of any representation or warranty contained in this Agreement or the failure of the Corporation to observe, perform, or comply with any covenant, condition, or agreement in this Agreement on the part of the Corporation to be observed or performed, for a period of thirty (30) days after written notice specifying such breach or failure and requesting that it be remedied, given to the Corporation by the Issuer or the Trustee.
- (c) The breach by LFUCG in any material respect of any representation or warranty contained in this Agreement or the failure of LFUCG to observe, perform, or comply with any covenant, condition, or agreement in this Agreement on the part of LFUCG to be observed or performed.
- (d) The occurrence and continuance of any other “Event of Default” under the Bond Documents or any material representation or warranty made by or on behalf of the Corporation or LFUCG herein or any other Bond Documents or any report, certificate, financial statement, or other instrument furnished pursuant hereto or thereto shall prove false, misleading, or incorrect in any material respect as of the date made.

Section 7.02. Remedies on Default. Whenever any Event of Default referred to in Section 7.01 hereof shall have happened and be continuing, the Trustee, as assignee of the Issuer, to the extent permitted by law, may take any one or more of the following remedial steps:

- (a) If any of the Notes or Series 2018 Bonds at the time shall be Outstanding and unpaid, the Trustee may have access to and inspect, examine, and make copies of the books and records and any and all accounts and similar data that are related to the Project.
- (b) The Trustee, as assignee of the Issuer, may from time to time take whatever action at law or in equity or under the terms of the Bond Documents may appear necessary or desirable to collect the Financing Payments and other amounts payable by LFUCG hereunder then due and/or thereafter to become due, or to enforce performance and observance of any obligation, agreement, or covenant of LFUCG under this Agreement.

Amounts collected pursuant to action taken under this Section shall be applied in accordance with the provisions of the Indenture or, if Notes and Bonds are no longer Outstanding and LFUCG has paid all amounts due under Sections 5.02 and 7.04 hereof, then any amounts

remaining shall be paid to the Trustee for deposit in the Revenue Fund. If there is no Trustee serving under the Indenture, the Issuer shall have the right to exercise all remedies hereunder.

Section 7.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee, as assignee of the Issuer, is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the Issuer hereunder shall also extend to the Trustee, and the Trustee and the Holders of the Notes and Bonds shall be deemed third party beneficiaries of all covenants and agreements herein contained.

Section 7.04. Agreement to Pay Attorneys' Fees and Expenses. If LFUCG or the Corporation should default under any of the provisions of this Agreement, after notice and opportunity to cure, and the Issuer or the Trustee should employ attorneys or incur other reasonable expenses for the collection of Financing Payments hereunder or the enforcement of performance or observance of any obligation or agreement on the part of LFUCG or the Corporation herein contained, the Corporation agrees that it shall on demand therefor pay to the Issuer or the Trustee the reasonable fees of such attorneys and such other expenses actually incurred by the Issuer and/or Trustee. Any attorneys' fees required to be paid by the Corporation under this Agreement shall include attorneys' fees through all proceedings, including, but not limited to, negotiations, administrative hearings, trials, and appeals.

Section 7.05. Waiver of Events of Default. The Trustee, on behalf of the Issuer, may waive any Event of Default hereunder and its consequences. In case of any such waiver or rescission, or in case any proceeding taken by the Issuer or the Trustee on account of any such Event of Default shall be discontinued or abandoned or determined adversely to the Issuer or the Trustee, then and in every such case the Issuer and the Corporation shall be restored to its former position and rights hereunder, but no such waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

[End of Article VII]

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Notices. All notices, certificates, or other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when mailed by certified mail, postage prepaid, return receipt requested, or given when dispatched by Electronic Means, or by personal delivery addressed as follows:

If to the Issuer: Kentucky Bond Development Corporation
c/o Kentucky League of Cities
100 East Vine Street, Suite 800
Lexington, KY 40507-3700
(859) 977-3700
Attention: Program Administrator

If to LFUCG: Lexington-Fayette Urban County Government Department of
Finance
Government Center
200 East Main Street
Lexington, Kentucky 40507
(859) 258-3100
Attention: Commissioner of Finance and Administration

If to the Corporation: Lexington Center Corporation
Lexington Center Corporation
430 West Vine Street
Lexington, KY 40507
(859) 233-4567
Attention: Chief Financial Officer

If to the Underwriter: Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Chicago Illinois 60606
(312) _____
Attention: _____

Receipt of notices, certificates, or other communications hereunder shall occur upon actual delivery (whether by mail, Electronic Means, messenger, courier service, or otherwise), as to Corporation or LFUCG, to an officer, agent, or employee of the Corporation or LFUCG, as applicable, at any location where such person may be found and, as to any other party, to an officer, agent, or employee of such other party at the address of such party set forth above, subject to change as provided hereinabove. An attempted delivery in accordance with the foregoing, acceptance of which is refused or rejected, shall be deemed to be and shall constitute receipt; and an attempted delivery in accordance with the foregoing by mail, messenger, or courier service (whichever is chosen by the sender) which is not completed because of changed address of which no notice was received by the sender in accordance with this provision prior to the sending of the notice, certificate, or other communication shall also be deemed to be and constitute receipt. A duplicate copy of each notice, certificate, or other communication given

hereunder shall also be given to the Trustee and the Underwriter. Any party named in this Section may, by notice given to all parties to the Indenture and this Agreement, designate any additional or different addresses to which subsequent notices, certificates, or other communications shall be sent.

Section 8.02. Construction and Binding Effect. This Agreement constitutes the entire agreement of the parties and supersedes any prior agreements. This Agreement shall inure to the benefit of and shall be binding upon the Issuer, LFUCG, the Corporation, and their respective successors and assigns subject, however, to the limitations contained in Sections 6.03.

Section 8.03. Severability. If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 8.04. Amendment, Changes, and Modifications. Neither this Agreement nor the Indenture may be amended, changed, modified, or altered, except as provided in the Indenture.

Section 8.05. Execution of Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8.06. Law Governing Construction of this Agreement. This Agreement is prepared and entered into with the intention that the law of the Commonwealth, exclusive of such state's rules governing choice of law, shall govern its construction.

Section 8.07. Payments Due on Saturdays, Sundays, and Holidays. In any case where the date for any payment due under this Agreement shall be, in the location of the principal corporate trust office of the Trustee, a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized by law to close, then such payment need not be made on such date but may be made on the next succeeding business day not a Saturday, Sunday, legal holiday, or day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date due.

Section 8.08. Benefit of and Enforcement by Holders. LFUCG and the Corporation acknowledge that this Agreement is executed in part to induce the purchase of the Notes and the Bonds and to secure the Notes and all Bonds, and accordingly, LFUCG and the Corporation each agree that all covenants and agreements on their respective part contained in this Agreement (other than the Issuer's Unassigned Rights) are for the benefit of the Holders from time to time of the Notes and the Bonds and may be enforced as provided in Section 7.02 of this Agreement and Article IX of the Indenture on behalf of the Holders of the Notes and the Bonds by the Trustee.

Section 8.09. No Liability of Officers. No recourse under or upon any obligation, covenant, or agreement contained in this Financing Agreement, or for any claim based thereon, or under any judgment obtained against the Issuer, LFUCG, or the Corporation, or by the enforcement of any assessment or penalty or otherwise or by any legal or equitable proceeding by virtue of any constitution, rule of law or equity, or statute or otherwise or under any other circumstances, under or independent of this Financing Agreement, shall be had against any member or officer, as such, past, present, or future of the Issuer, LFUCG, or the Corporation, for the payment for or to the Issuer or any receiver thereof, of any sum that may be due and unpaid

by the Issuer upon the Notes or the Bonds. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such member or officer, as such, to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Issuer or any receiver thereof, of any sum that may remain due and unpaid upon the Notes or the Bonds, is hereby expressly waived and released as a condition of and in consideration for the execution of this Financing Agreement and the issuance of the Notes or the Bonds.

[End of Article VIII]

SIGNATURES

IN WITNESS WHEREOF, the Issuer has executed this Agreement by causing its name to be hereunto subscribed by its Chairman and attested by its Secretary, LFUCG executed this Agreement by causing its name to be hereunto subscribed by the Commissioner of Finance and Administration and the Corporation has executed this Agreement by causing its name to be hereunto subscribed by its Authorized Agent, all being done as of the day and year first written above.

KENTUCKY BOND DEVELOPMENT CORPORATION

By: _____
Chairman

Attest:

Secretary

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

By: _____
[Title]

LEXINGTON CENTER CORPORATION

By: _____
President