

AMENDED AND RESTATED SERIES 2013 BOND

UNITED STATES OF AMERICA  
COMMONWEALTH OF KENTUCKY  
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

REFUNDING REVENUE BONDS,  
SERIES 2009  
(THE LEXINGTON SCHOOL, INC. PROPERTY)

Dated May \_\_, 2013

No. 1

\$7,695,000.00

This Series 2013 Bond amends and restates in its entirety that certain Lexington-Fayette Urban County Government Refunding Revenue Bonds, Series 2009 (The Lexington School, Inc. Project) originally dated September 15, 2009.

The Lexington-Fayette Urban County Government (the "Urban County Government"), an urban county government and political subdivision of the Commonwealth of Kentucky (the "State"), for value received, hereby promises to pay to Republic Bank & Trust Company, or registered assigns (the "Bondholder"), Seven Million Six Hundred Ninety-Five Thousand Dollars (\$7,695,000.00), together with interest thereon. Unless prepaid as hereinafter provided, the principal of and interest on this Bond shall be payable in two hundred sixty-four (264) equal (or as nearly equal as practicable) monthly installments of principal and interest, commencing on July 15, 2009 and continuing to and including June 15, 2031 (the "Maturity Date"). The first one hundred thirty-two (132) monthly installments shall each be in an amount that would fully amortize the initial principal amount of this Bond together with the interest accrued thereon at the Applicable Rate (as hereinafter defined) assuming two hundred sixty-four (264) equal (or as nearly equal as practicable) monthly installments. The amount of each monthly installment shall be adjusted as of each Interest Rate Reset Date (as hereinafter defined) so that the principal amount of this Bond outstanding on such Interest Rate Reset Date together with the interest accrued thereon at the Applicable Rate as of such Interest Rate Reset Date would be fully amortized in equal (or as nearly equal as practicable) monthly installments over the number of months remaining from such Interest Rate Reset Date until the Maturity Date. Unless prepaid, the entire outstanding principal amount of this Bond and interest accrued thereon at the Applicable Rate shall in any event be due and payable on the Maturity Date.

The principal amount of this Bond outstanding from time to time shall bear interest at the Applicable Rate. The Applicable Rate shall mean (i) commencing on September 15, 2009 and continuing through May \_\_, 2013, the rate of three and seventy-four hundredths percent (3.74%) per annum; (ii) commencing on May \_\_, 2013, and continuing until the first Interest Rate Reset Date, the rate of two and eighty-seven hundredths percent (2.87%) per annum; and (iii) commencing as of June 15 of each of the years 2020, 2025 and 2030 (each an "Interest Rate Reset Date"), a rate per annum (a) equal to the sum of  $(x + 2.75\%)$  multiplied by 0.68, where  $x$  is the "Federal Home Loan Bank of Cincinnati 5-year Stated Fixed Advance Rate" in effect on such Interest Rate Reset Date as announced to its member banks by the Federal Home Loan Bank of Cincinnati but (b) not less than 2.87%. Interest shall be computed on a 365/360 interest accrual basis.

This Bond is subject to optional prepayment at any time, in whole or in part, together with interest thereon to the date of prepayment at the Applicable Rate. Any partial prepayments will be applied to principal. Borrower shall only owe a prepayment premium if the funds used to make the prepayment, including any partial prepayments, come from a financial institution other than the Bondholder. In the event the Borrower uses funds obtained from a financial institution other than the Bondholder to make such an optional prepayment on any date other than an Interest Rate Reset Date, a prepayment premium shall also be due in an amount equal to two percent (2%) of (i) the initial principal amount of this Bond, in the case of an optional prepayment prior to the first Interest Rate Reset Date or (ii) after the first Interest Rate Reset Date, the outstanding principal amount of this Bond as of the preceding Interest Rate Reset Date. In the event the Bondholder releases from the Mortgage a portion of the mortgaged property as a result of the partial prepayment of this Bond at any time using funds obtained from a financial institution other than the Bondholder, a prepayment premium shall be due in an amount equal to two percent (2%) of the principal amount of the Bond prepaid.

The principal amount of this Bond, together with interest accrued thereon at the Applicable Rate, shall be subject to mandatory prepayment in full on the second Interest Rate Reset Date and on each Interest Rate Reset Date thereafter unless the Borrower notifies the Bondholder in writing at least sixty (60) days prior to such Interest Rate Reset Date that the Borrower does not intend to exercise its option to prepay this Bond on or prior to such Interest Rate Reset Date. Notwithstanding any such notice by the Borrower to the Bondholder, the Bondholder may by notice to the Borrower on or prior to any such Interest Rate Reset Date notify the Borrower that the entire outstanding principal amount of this Bond, together with interest accrued thereon at the Applicable Rate in effect immediately prior to such Interest Rate Reset Date, is subject to mandatory prepayment within sixty (60) days of the date of such notice of mandatory prepayment.

Upon at least sixty (60) days prior written notice to the Bondholder, the Borrower may require the Bondholder to sell this Bond to the Borrower or its nominee (who may but need not be identified in such notice) on any Interest Rate Reset Date at a purchase price equal to the outstanding principal amount thereof plus accrued interest thereon at the Applicable Rate. In the event (a) the Borrower uses funds obtained from a financial institution other than the Bondholder to purchase this Bond or (b) a financial institution other than the Bondholder purchases this Bond, the purchase price paid to the Bondholder shall include a premium equal to two percent (2%) of (i) the initial principal amount of this Bond, in the case of such a purchase on the first Interest Rate Reset Date or (ii) after the first Interest Rate Reset Date, the outstanding principal amount of this Bond as of the preceding Interest Rate Reset Date.

This Bond is issued pursuant to and in full compliance with the Constitution and laws of the State, particularly the Industrial Buildings for Cities and Counties Act, as amended, Sections 103.200 to 103.285 of the Kentucky Revised Statutes (the "Act"), and an ordinance of the Urban County Government duly enacted on May 14, 2009 (the "Bond Ordinance"). The Bond Ordinance authorizes the execution and delivery of a Loan Agreement of even date herewith (the "Loan Agreement") among the Urban County Government, The Lexington School, Inc. (the "Borrower"), a Kentucky nonprofit corporation, and Republic Bank & Trust Company, as Bondholder; the issuance under the Loan Agreement of the series of bonds designated as above and issued as a single fully registered bond in the original principal amount of \$7,695,000 (the "Bonds"); and the loan of the proceeds of the Bonds to the Borrower to refund the Prior Bonds as described in the Loan Agreement; all for the public purposes declared in the Act of promoting the

economic development of the State, relieving conditions of unemployment, and encouraging the increase of industry therein.

The Loan Agreement requires the Borrower to make Loan Payments to the Bondholder for the account of the Urban County Government sufficient for the prompt payment when due of the principal of and interest on the Bonds. The Loan Payments are to be paid directly to the Bondholder and have been duly pledged by the Urban County Government for that purpose. The Borrower has under the Loan Agreement authorized the Bondholder to debit any demand deposit account maintained by the Borrower with the Bondholder, automatically and without any further authorization from the Borrower, in the amount of any payment of principal, interest, or prepayment premium, if any, due on this bond as of the due date thereof. This bond shall be surrendered to the Borrower upon the final payment of principal and interest.

The Bonds are secured under and entitled to the benefit and protection of the Loan Agreement and the Mortgage and Security Agreement of even date herewith (the "Mortgage") by and between the Borrower, as mortgagor and debtor, and the Bondholder, as mortgagee and secured party. Reference is hereby made to the Loan Agreement and the Mortgage for a description of the security for and source of payment of the Bonds, the rights, duties, and obligations of the Urban County Government, the Borrower, and the Bondholder, and the terms upon which the Bonds are issued and secured. Acceptance of the terms and conditions of the Loan Agreement and the Mortgage is a material part of the consideration for the issuance of this bond, and each holder hereof by acceptance of this bond hereby assents to all of said terms and conditions.

This bond is transferable on the bond register upon its surrender at the office of the Borrower accompanied by a written instrument of transfer in form satisfactory to the Borrower, duly executed by the Bondholder or its attorney or legal representative, for notation by the Borrower indicating the name of the transferee, the date to which interest has been paid, and the balance of principal due hereon. The Urban County Government and the Borrower may treat the person in whose name this bond is registered as the absolute owner hereof for all purposes and shall not be affected by any notice to the contrary.

As provided in the Loan Agreement, principal of the Bonds is subject to mandatory prepayment in the event of condemnation, destruction, or damage of or to the Property.

In certain events as provided in the Loan Agreement, the principal of the Bonds then outstanding under the Loan Agreement may become or be declared due and payable before its stated maturity, together with interest accrued thereon and any prepayment premium as provided above. Modifications or alterations of the Loan Agreement, or of any supplements thereto, may be made as provided in the Loan Agreement.

No recourse shall be had for the payment of the principal or interest on this bond, or for any claim based hereon or on the Loan Agreement, against any elected or appointed official, officer, board member, employee, or agent, past, present, or future, of the Urban County Government or of any successor body, as such, either directly or through the Urban County Government or any such successor body, under any constitutional provision, statute, or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability of such elected or appointed officials, officers, board members, employees, and agents being released as a condition of and as an explicit and material part of the

consideration for the execution of the Loan Agreement and the issuance of this bond.

This bond and the interest and any prepayment premium hereon do not constitute a general obligation or indebtedness of the Urban County Government within the meaning of the Constitution and laws of the State and are not a charge against the general credit or taxing power of the Urban County Government but are a limited obligation of the Urban County Government payable solely from and secured solely by the Pledged Receipts as defined in the Loan Agreement.

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IN WITNESS WHEREOF, the Urban County Government has caused this bond to be signed in its name by its Mayor and attested by its Clerk of the Urban County Council under the official seal of the Urban County Government, all on the date first above written.

LEXINGTON-FAYETTE URBAN COUNTY  
GOVERNMENT

By: \_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
Clerk of the Urban County Council

(SEAL)

SCHEDULE OF TRANSFERS

NOTE: Before notation of transfer of this bond is entered by the Borrower below and on its bond register, this bond shall be surrendered accompanied by a written instrument of transfer in form satisfactory to the Borrower duly executed by the registered owner hereof in person or by its attorney or legal representative.

Name and Address of New Registered Holder	Date of Transfer	Balance of Principal Due on Date of Transfer	Date to which Interest Paid	Signature of Borrower
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