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NEW ISSUE
Book-Entry-Only

Programmatic Rating: S&P Global Ratings "AA+"
Underlying Rating: S&P Global Ratings "A"

*This Preliminary Official Statement is deemed "nearly final"
and is dated January 31, 2019*

In the opinion of Ice Miller LLP, Indianapolis, Indiana ("Bond Counsel") under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. 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.

\$5,000,000*
OWEN VALLEY HIGH SCHOOL BUILDING CORPORATION
Spencer, Indiana
AD VALOREM PROPERTY TAX FIRST MORTGAGE BONDS, SERIES 2019

Original Date: Date of Delivery (Anticipated to be February 28, 2019)

Due: January 15 and July 15, as shown below

The Owen Valley High School Building Corporation (the "Building Corporation") is issuing \$5,000,000* of Ad Valorem Property Tax First Mortgage Bonds, Series 2019 (the "Bonds") for the purpose of paying for the renovation of and improvements to McCormick's Creek Elementary, Gosport Elementary, Spencer Elementary, Patricksburg Elementary and safety and security improvements and site improvements throughout the School Corporation (hereinafter defined), including the purchase of equipment (the "Project"), and to pay issuance expenses. In addition, funding for a portion of the Project will be provided by proceeds from the Building Corporation's purchase of Leased Property (hereinafter defined).

The Bonds are secured by and payable from fixed, semiannual lease rental payments (the "Lease Rentals") to be paid by Spencer-Owen Community Schools (the "School Corporation") directly to The Bank of New York Mellon Trust Company, N.A., in Indianapolis, Indiana (the "Trustee") under a Trust Indenture between the Building Corporation and the Trustee dated as of February 1, 2019 (the "Trust Indenture") and a Lease (hereinafter defined) between the School Corporation and the Building Corporation, and in accordance with Indiana Code Title 20, Article 47, Chapter 3. Such Lease Rentals are payable from ad valorem property taxes levied on all taxable property within the School Corporation in an amount sufficient to pay the Lease Rentals as they become due. The levy of taxes by the School Corporation to pay the Lease Rentals is mandatory under Indiana law. However, see "PROCEDURES FOR PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION" and "CIRCUIT BREAKER TAX CREDIT" herein. The Bonds are additionally secured by a first mortgage lien on the Leased Property (hereinafter defined). The Bonds shall not constitute an indebtedness of the School Corporation within the meaning of the provisions and limitations of the constitution of the State of Indiana.

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, 2020. Principal and interest will be disbursed on behalf of the Building Corporation by The Bank of New York Mellon Trust Company, N.A., in Indianapolis, 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. 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 or by wire transfer to depositories who present the Bonds at least two business days prior to the payment date. 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 (hereinafter defined) discretion and subject to mandatory sinking fund redemption as more fully described herein.

MATURITY SCHEDULE
(Base CUSIP** _____)

<u>Maturity*</u>	<u>Principal*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Maturity*</u>	<u>Principal*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
July 15, 2022	\$265,000				July 15, 2026	\$315,000			
January 15, 2023	275,000				January 15, 2027	325,000			
July 15, 2023	275,000				July 15, 2027	325,000			
January 15, 2024	285,000				January 15, 2028	335,000			
July 15, 2024	285,000				July 15, 2028	340,000			
January 15, 2025	295,000				January 15, 2029	350,000			
July 15, 2025	300,000				July 15, 2029	360,000			
January 15, 2026	305,000				January 15, 2030	365,000			

*Preliminary, subject to change. The Building Corporation reserves the right to adjust the maturity schedule following the sale in order to accomplish the Building Corporation's financial objectives by reallocating debt service based upon the rates bid by the successful bidder.

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

INFORMATION FOR BIDDING

Date and Time of Sale: Upon 24 hours' notice. Anticipated to take place on February 7, 2019, at 11:00 a.m. (EST)

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

Maximum Interest Rate: 5.50%

Minimum Purchase Price:** 99.5% (\$4,975,000*)

Multiples: 1/8 or 1/100 of 1%

Anticipated Closing Date: February 28, 2019

Good Faith Deposit: \$50,000* certified or cashier's check or wire transfer submitted by the winning bidder no later than 3:30 p.m. (EST) on the business day following the award

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

Basis of Award: True Interest Cost (TIC)

Issue Price Determination: As set forth in the Preliminary Official Statement, the bidder agrees by submission of their bid to assist the Building Corporation in establishing the issue price of the Bonds under the terms outlined in Appendix G and shall execute and deliver to the Building 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 Building Corporation and bond counsel. Provided the winning bidder is purchasing the Bonds as an Underwriter (as defined in Appendix G) and is not purchasing the Bonds with the intent to hold the Bonds for its own account, then the Building 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 G) 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 Official Statement (Appendix i) for the Notice of Intent to Sell Bonds.

The Bonds are being offered for delivery when, as and if issued and received by the Underwriter (hereinafter defined) and subject to the approval of legality by Ice Miller LLP, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed on by Ferguson Law as Attorney for the School Corporation and Building Corporation. The Bonds are expected to be available for delivery to DTC in New York, New York, on or about February 28, 2019.

IN CONNECTION WITH THIS OFFERING THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesman or other person has been authorized by the Building Corporation or the School Corporation to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Building Corporation or the School Corporation. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities described herein by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Building Corporation and the School Corporation, and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the securities described herein shall, under any circumstances, create any implication that there has been no change in the affairs of the Building Corporation or the School Corporation since the date of delivery of the securities described herein to the initial purchaser thereof. However, upon delivery of the securities, the School Corporation will provide a certificate stating that there have been no material changes in the information contained in the Final Official Statement since its delivery.

REFERENCES TO WEB SITE ADDRESSES PRESENTED HEREIN ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER'S CONVENIENCE. UNLESS SPECIFIED OTHERWISE, SUCH WEB SITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS OFFICIAL STATEMENT FOR THE PURPOSES OF, AND AS THAT TERM IS DEFINED IN, SEC RULE 15C2-12.

*Preliminary, subject to change. The Building Corporation reserves the right to adjust the maturity schedule following the sale in order to accomplish the Building Corporation's financial objectives by reallocating debt service based upon the rates bid by the successful bidder.

**Minimum Purchase Price shall mean the \$5,000,000 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 Building Corporation, and adding any amortizable bond premium.

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*Preliminary, subject to change.

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PROJECT PERSONNEL

Names and positions of officials and professionals who have taken part in the planning of the Project and the Bonds are:

Building Corporation Directors

Rob Ranard, President
Mike Hammond, Vice President
Dale Walker, Secretary
Jon Stantz, Secretary Pro Tem
David Samick

Board of School Trustees

Chad Cooper, President
Amber Willen, Vice President
Rick Smeltzer, Secretary
Larry Hight, Secretary Pro Tem
Sonia Brinson
Lew Moke
Jack White

Superintendent

Dr. Chad Briggs

Treasurer

Darla Thomas

Building Corporation and School Corporation Attorney

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Municipal Advisor

Belvia B. Gray
H.J. Umbaugh & Associates
Certified Public Accountants, LLP
8365 Keystone Crossing, Suite 300
Indianapolis, Indiana 46240

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This introduction to the Official Statement contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

PRELIMINARY OFFICIAL STATEMENT

\$5,000,000*

OWEN VALLEY HIGH SCHOOL BUILDING CORPORATION Spencer, Indiana AD VALOREM PROPERTY TAX FIRST MORTGAGE BONDS, SERIES 2019

INTRODUCTION TO THE OFFICIAL STATEMENT

The Owen Valley High School Building Corporation (the “Building Corporation”) is issuing \$5,000,000* of Ad Valorem Property Tax First Mortgage Bonds, Series 2019 (the “Bonds”). The Building Corporation was organized to issue bonds pursuant to Indiana Code Title 20, Article 47, Chapter 3 to finance the construction of and improvements to school buildings and lease them to the Spencer-Owen Community Schools (the “School Corporation”).

SECURITY AND SOURCES OF PAYMENT

Pursuant to a Lease Agreement executed on October 18, 2018, between the Building Corporation and the School Corporation (the “Lease”), the Bonds are payable from semiannual lease rental payments (the “Lease Rentals”) to be paid by the School Corporation directly to The Bank of New York Mellon Trust Company, N.A., Indianapolis, Indiana (the “Trustee”). Such Lease Rentals are payable from ad valorem property taxes to be levied against all taxable property within the School Corporation. (However, *see* “PROCEDURES FOR PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION” and “CIRCUIT BREAKER TAX CREDIT” herein.) Pursuant to the Lease, the School Corporation will pay rental during renovation in the amount up to \$381,500 per payment beginning on June 30, 2020 until the completion of construction. Full Lease Rentals will begin on the day the Project (herein defined) is completed and ready for occupancy or June 30, 2021, whichever is later.

The Bonds are additionally secured by a first mortgage lien on the Leased Property (hereinafter defined). *See* page 6 for a description of Lease Rental Payments by the State of Indiana.

CIRCUIT BREAKER TAX CREDIT

Indiana Code Title 6, Article 1.1, Chapter 20.6 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”). 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. The legislation requires local governments to fund their debt service obligations regardless of any property tax revenue shortfalls due to the Circuit Breaker Tax Credit. The State may intercept funds to pay debt service. (*See* “LEASE RENTAL PAYMENTS BY THE STATE OF INDIANA” and “CIRCUIT BREAKER TAX CREDIT” herein).

PURPOSE

The Bonds are being issued for the purpose of paying for the renovation of and improvements to McCormick’s Creek Elementary, Gosport Elementary, Spencer Elementary, Patricksburg Elementary and safety and security improvements throughout the School Corporation, including the purchase of equipment (the “Project”), and to pay issuance expenses. Funding for the Project will be provided from the proceeds of the Bonds and interest earnings during construction. Funding for a portion of the Project will be provided by proceeds from the sale of the Leased Property (herein defined) to the Building Corporation.

*Preliminary, subject to change.

REDEMPTION PROVISIONS

The Bonds are not subject to optional redemption prior to maturity. The Bonds may be issued as Term Bonds at the discretion of the Underwriter (as hereinafter defined) and in that case, would be subject to mandatory sinking fund redemption as more fully described herein.

DENOMINATIONS

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

REGISTRATION AND EXCHANGE FEATURES

The Trustee shall keep at its designated corporate trust office, a record for the registration of the Bonds. Each registered Bond shall be transferable or exchangeable only on such record at the designated corporate trust office of the Trustee at the written request of the registered owner thereof or his/her attorney duly authorized in writing upon surrender thereof, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his/her duly authorized attorney.

BOOK-ENTRY-ONLY SYSTEM

At the option of the successful bidder, the Bonds may initially be issued and held in book-entry form on the books of the central depository system. 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 in the name of Cede & Co. (DTC's partnership nominee). One fully registered Bond certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC. The Building Corporation and the Registrar and Paying Agent may deem and treat the Clearing Agency (Cede & Co.) as the absolute owner and holder of such Bond for all purposes including, without limitation, the receiving of payment of the principal of, premium, if any, and interest on such Bonds, the receiving of notice and the giving of consent. Interest payable July 15, 2020, and semiannually thereafter, will be paid by check mailed one business day prior to the interest payment date to the registered owner or by wire transfer on the interest payment date to the depository shown as the registered owner (Refer to "Book-Entry-Only System" herein).

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. 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 final 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.)

NOTICES

If the office location at which principal is payable changes, the Trustee will give notice of such change by first-class mail to registered owners at least 15 days prior to the first principal payment date following the date of such change in location.

If the Trustee resigns, notice shall be given to the registered owners by mail at least 20 days prior to the date when such resignation shall take effect.

Notice of redemption shall be mailed to the registered owners of all Bonds, not less than 30 nor more than 60 days prior to the date fixed for redemption.

TAX MATTERS

In the opinion of Ice Miller LLP, Indianapolis, Indiana (“Bond Counsel”) under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the “Code”), for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. 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. See Appendix E for the form of opinion of Bond Counsel and Tax Matters herein

The Bonds have been designated as qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Code.

MISCELLANEOUS

The information contained in this Official Statement 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. However, the Official Statement speaks only as of its date, and the information contained herein is subject to change.

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights and obligations of the owners thereof. A complete text of the Trust Indenture will be provided upon request. Additional information may be requested from the Superintendent, Spencer-Owen Community Schools, 205 E. Hillside Avenue, Spencer, Indiana 47460, phone (812) 829-2233.

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the owners of the Bonds.

THE PROJECT

PROJECT DESCRIPTION

The Bonds are being issued for the purpose of paying for the renovation of and improvements to McCormick’s Creek Elementary, Gosport Elementary, Spencer Elementary, Patrickburg Elementary and safety and security improvements throughout the School Corporation, including the purchase of equipment (the “Project”), and to pay issuance expenses.

CONSTRUCTION PROGRAM

Construction bids for the Project were received in December 2018. Construction of the Project will begin in Spring 2019 and is anticipated to be completed in August 2019.

ESTIMATED PROJECT FUNDING AND COSTS

<u>Estimated Project Funding:*</u>	<u>Building Corporation</u>	<u>School Corporation</u>	<u>Totals</u>
Ad Valorem Property Tax First Mortgage Bonds, Series 2019	\$5,000,000.00		\$5,000,000.00
Total Estimated Project Funding	<u>\$5,000,000.00</u>	<u>\$0.00</u>	<u>\$5,000,000.00</u>
<u>Estimated Project Costs:*</u>			
Proceeds available for Project	\$1,345,000.00	\$3,475,000.00	\$4,820,000.00
Purchase of Leased Property	3,475,000.00	(3,475,000.00)	0.00
Allowance for Underwriter's Discount (0.50%)	25,000.00		25,000.00
Estimated Costs of Issuance(1)	<u>155,000.00</u>		<u>155,000.00</u>
Total Estimated Project Costs	<u>\$5,000,000.00</u>	<u>\$0.00</u>	<u>\$5,000,000.00</u>

- (1) Includes estimated fees for local counsel, bond counsel, municipal advisor, trustee, registrar and paying agent, rating, title insurance, appraisals, printing and other miscellaneous costs.

SCHEDULE OF AMORTIZATION OF \$5,000,000* PRINCIPAL AMOUNT OF
AD VALOREM PROPERTY TAX FIRST MORTGAGE BONDS, SERIES 2019

<u>Payment Date*</u>	<u>Principal Outstanding*</u> (-----In Thousands-----)	<u>Principal*</u>	<u>Interest Rates</u> (%)	<u>Interest</u>	<u>Total</u>	<u>Budget Year Total</u>
07/15/2020	\$5,000					
01/15/2021	5,000					
07/15/2021	5,000					
01/15/2022	5,000					
07/15/2022	5,000	\$265				
01/15/2023	4,735	275				
07/15/2023	4,460	275				
01/15/2024	4,185	285				
07/15/2024	3,900	285				
01/15/2025	3,615	295				
07/15/2025	3,320	300				
01/15/2026	3,020	305				
07/15/2026	2,715	315				
01/15/2027	2,400	325				
07/15/2027	2,075	325				
01/15/2028	1,750	335				
07/15/2028	1,415	340				
01/15/2029	1,075	350				
07/15/2029	725	360				
01/15/2030	365	<u>365</u>				
Totals		<u>\$5,000</u>				

*Preliminary, subject to change.

SECURITIES BEING OFFERED

AUTHORIZATION AND APPROVAL PROCESS

The Bonds are to be issued under the authority of Indiana law, including, without limitation, Indiana Code Title 20, Article 47, Chapter 3, as in effect on the date of delivery of the Bonds and pursuant to the Trust Indenture between the Building Corporation and the Trustee.

Pursuant to Indiana Code 6-1.1-20, with certain exceptions listed below, when property taxes are pledged to the repayment of bonds or leases to finance a project, a determination must be made as to whether the project is a “controlled project”. Projects classified as controlled projects are subject to certain public approval procedures. A controlled project is one that is financed by a bond or lease, is payable by property taxes and costs more than the lesser of:

- (1) Depending on the date of adoption of the preliminary determination ordinance or resolution:
 - (a) If adopted after December 31, 2017, but before January 1, 2019, \$5 million;
 - (b) If adopted after December 31, 2018, an amount equal to the assessed value growth quotient (as determined by the DLGF) multiplied by the amount determined under this clause for the preceding calendar year;
- (2) An amount equal to:
 - (a) At least 1% of gross assessed value, if that total gross assessed value is more than \$100 million; or
 - (b) \$1 million if the gross assessed value is not more than \$100 million.

The main exceptions for a project being classified as a controlled project when there are property taxes being pledged to the repayment of the bonds or leases, and the project meets the criteria set forth in (1)-(2) above are when (a) property taxes are used only as a back-up to enhance credit, (b) a project is being refinanced to generate taxpayer savings, (c) the project is mandated by federal law, or (d) the project is in response to a natural disaster, emergency or accident which is approved by the Spencer-Owen Community Schools making it unavailable for its intended use.

The Project funded by the Bonds is considered a non-controlled project and the issuance of the Bonds was able to continue without additional approval procedures.

THE BUILDING CORPORATION

The Building Corporation was organized as a not-for-profit corporation pursuant to the Indiana Code Title 23, Article 17, for the sole purpose of acquiring land and constructing, renovating and improving school facilities to be leased to the School Corporation.

During its existence, the Building Corporation will operate entirely without profit to the Building Corporation, its officers or directors.

LEASED PROPERTY

The leased property consists of a portion of McCormick’s Creek Elementary School (the “Leased Property”).

SECURITY AND SOURCES OF PAYMENT

The Bonds shall constitute an indebtedness of the Building Corporation payable in accordance with the terms of the Trust Indenture and secured by the pledge and assignment to the Trustee of the funds and accounts defined and described therein, including the Lease Rental and other funds as defined in the Trust Indenture. The Trust Indenture creates a continuing pledge by the Building Corporation to the bondholders to pay principal and interest on the Bonds, until the principal sum shall be fully paid. Funds for the Lease Rentals will be paid by or on behalf of the School Corporation directly to the Trustee (for the account of the Building Corporation) pursuant to the terms of the Lease. The Bonds are additionally secured by a lien on the Leased Property as described in the Trust Indenture.

Pursuant to the Lease, the School Corporation will pay rental during renovation in the amount up to \$381,500 per payment payable each June 30 and December 31 beginning on June 30, 2020 until the completion of construction. Full Lease Rentals for the Bonds will begin on the day the Project is completed and ready for occupancy or June 30, 2021, whichever is later. See the Summary of the Lease (Appendix C). If there is excessive delay in construction

and the Project is not available for occupancy and use by June 30, 2021, sufficient funds may not be available to meet the interest payment due on the Bonds on July 15, 2021, and subsequent interest and principal payments.

If, for any reason, the Leased Property is partially or totally destroyed or unfit for occupancy, the fixed annual rental shall be proportionately abated. The Building Corporation is required by the Lease to maintain rental value insurance, in an amount equal to the full rental value for a period of up to two years. In addition, the proceeds of any property or casualty insurance would be used either to repair and reconstruct the Leased Property or retire obligations issued to finance the Leased Property. To the extent the damaged or destroyed Leased Property is not restored or repaired or is unfit for occupancy and use beyond the period covered by rental value insurance, the Building Corporation could have insufficient funds to pay debt service on the Bonds.

The Lease Rentals to be paid by the School Corporation during the term of the Lease are required to be in amounts sufficient to pay the principal of and interest on the Bonds. The Lease Rental is secured by a pledge of ad valorem property taxes levied on all taxable property in the School Corporation.

The Building Corporation will acquire ownership of the real estate as described within the Lease. The ownership shall be for a term no less than the term of the Lease (22 years). (See the Summary of the Lease.)

LEASE RENTAL PAYMENTS BY THE STATE OF INDIANA

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 2019 and resulting debt service coverage levels are as follows:

Fiscal Year 2019 Basic Grant Distribution (all funds) (1)	<u>\$16,066,921</u>
Estimated Combined Maximum Annual Debt Service (2)	<u>\$3,626,584</u>
State Distributions Required to Provide Two-Times Coverage	<u>\$7,253,168</u>
State Distributions Above Two-Times Coverage Amount	<u>\$8,813,753</u>

- (1) Per the Indiana Department of Education, net of adjustments.
(2) Based on combined outstanding debt for the year 2020 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.

RELATIONSHIP OF ANNUAL LEASE RENTAL PAYMENTS TO ANNUAL DEBT SERVICE REQUIREMENTS

The Lease Rentals to be paid by the School Corporation each June 30 and December 31 for the use and occupancy of the Leased Property will be equal to an amount which, when added to funds in the Sinking Fund, will be sufficient to pay unpaid principal of and interest on the Bonds which is due on or before the July 15 and January 15 following such June 30 and December 31, plus an amount sufficient to provide for the fees of the Trustee and incidental expenses of the Building Corporation.

All Lease Rentals shall be paid by or on behalf of the School Corporation to the Trustee under the Trust Indenture or to such other bank or trust company as may from time to time succeed the Trustee as provided thereunder. All payments so made by or on behalf of the School Corporation shall be considered as payment to the Building Corporation of the Lease Rentals payable under the Lease.

ADDITIONAL BONDS

Additional bonds may be issued on parity with the Bonds subject to the terms and limitations of the Trust Indenture. Except as permitted by the Trust Indenture, the Building Corporation covenants that it will not incur any indebtedness other than the Bonds unless such additional indebtedness is payable solely from income of the Building Corporation other than the rental payments provided for in the Lease.

INVESTMENT OF FUNDS

The proceeds of this issue are to be invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds as set forth in the Trust Indenture. The Building Corporation shall direct the investment of Bond proceeds.

THE BONDS

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 Trustee shall credit against the mandatory sinking fund requirement for the Term Bonds, and corresponding mandatory redemption obligation, in the order determined by the Building Corporation, any Term Bonds which have previously been redeemed (otherwise than as a result of a previous mandatory redemption requirement) or delivered to the Trustee for cancellation or purchased for cancellation by the Trustee and not theretofore applied as a credit against any redemption obligation. Each Term Bond so delivered or canceled shall be credited by the Trustee 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 Trustee 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 Building 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 60 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 Trustee in accordance with the terms of the Trust Indenture, 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 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 OFFICIAL STATEMENT 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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. 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 Building 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 Building 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 Building 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 Building 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 Building 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 Building 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 Building Corporation believes to be reliable, but neither the Building 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 Building 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 Building 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 Building Corporation elects to discontinue its use of DTC as a clearing agency for the Bonds, then the Building 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 Trust Indenture. Any expenses of such a discontinuation and transfer, including any expenses of printing new certificates to evidence the Bonds will be paid by the Building Corporation.

PROCEDURES FOR PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION

The Lease Rentals 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 Department of Local Government Finance ("DLGF"). The DLGF shall make the certified statement available on its gateway website located at <https://gateway.ifonline.org/> ("Gateway"). The County Auditor may submit an amended certified statement at any time before December 31 of the year preceding the budget year (as defined in IC 61-1-17-16(k)(2)), 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.

The DLGF may not approve a levy for lease payments by a school corporation to a building corporation if: (i) there are no bonds of the building corporation outstanding; and (ii) the building corporation has enough legally available funds on hand to redeem all outstanding bonds payable from the particular lease rental levy requested. However, the DLGF may increase the school corporation's tax rate and levy if the tax rate and levy proposed by the school corporation are not sufficient to make its lease rental payments.

Taxing units have until December 31 of the calendar year immediately preceding the ensuing calendar year to file a levy shortfall appeal. Beginning with budget year 2019, the DLGF must complete its review and certification of budgets, tax rates and levies, 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 the county’s reassessment plan, 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, each county assessor will prepare and submit to the DLGF a reassessment plan for the county. 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 current reassessment plan once during each reassessment cycle. The reassessment of the first group of parcels under a county’s reassessment plan begins on May 1, 2018, and is to be completed on or before January 1, 2019. 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 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 2016, 2017 and 2018 were \$89,434, \$66,838 and \$83,601, respectively. These estimates do not include the estimated debt service on the Bonds and the Lease Rentals on the Lease securing 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.

CONTINUING DISCLOSURE

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission ("SEC") in SEC Rule 15c2-12, as amended to the date hereof (the "SEC Rule"), the School Corporation will enter into a Master Continuing Disclosure Undertaking (the "Undertaking"), to be dated the date of the sale of the Bonds. Pursuant to the terms of the Undertaking, the School Corporation agrees to provide the information detailed in the Undertaking, the form of which is attached hereto as Appendix F.

The School Corporation may, from time to time, amend or modify the Undertaking without the consent of or notice to the owners of the Bonds if either (a)(i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the School Corporation, or type of business conducted; (ii) the Undertaking, as so amended or modified, would have complied with the requirements of the SEC Rule on the date of execution of the Undertaking, after taking into account any amendments or interpretations of the SEC Rule, as well as any change in circumstances; and (iii) such amendment or modification does not materially impair the interests of the holders of the Bonds, as determined either by (A) nationally recognized bond counsel or (B) an approving vote of the holders of the Bonds pursuant to the terms of the Resolution or Trust Indenture at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds the Undertaking) is permitted by the SEC Rule, then in effect.

The School Corporation may, at its sole discretion, utilize an agent in connection with the dissemination of any annual financial information required to be provided by the School Corporation pursuant to the terms of the Undertaking. The School Corporation has currently retained Umbaugh (as hereinafter defined) as its dissemination agent.

The purpose of the Undertaking is to enable the Underwriter to purchase the Bonds by providing for an undertaking by the School Corporation in satisfaction of the SEC Rule. The Undertaking is solely for the benefit of the owners of the Bonds and creates no new contractual or other rights for the SEC, underwriters, brokers, dealers, municipal

securities dealers, potential customers, other obligated persons or any other third party. The sole remedy against the School Corporation for any failure to carry out any provision of the Undertaking shall be for specific performance of the School Corporation's disclosure obligations under the Undertaking and not for money damages of any kind or in any amount or any other remedy. The School Corporation's failure to honor its covenants under the Undertaking shall not constitute a breach or default of the Bonds, the Resolution or any other agreement.

In order to assist the Underwriter in complying with the Underwriter's obligations pursuant to the SEC Rule, the School Corporation represents that it has conducted or caused to be conducted what it believes to be a reasonable review of the School Corporation's compliance with its continuing disclosure obligations. Based upon such review, the School Corporation has failed to consistently comply with a previous undertaking. Such failure includes, but may not be limited to the following: a certain material event was not filed on a timely basis, which includes the change of name of a Trustee.

The School Corporation makes no representation as to any potential materiality of such prior instances, as materiality is dependent upon individual facts and circumstances. The School Corporation has retained Umbaugh (as hereinafter defined) as its dissemination agent.

BOND RATING

S&P Global Ratings ("S&P Global") has assigned a programmatic bond rating of "AA+" to the Bonds based upon the Indiana State Intercept Program (see page 6 for a description of Lease Rental Payments by the State of Indiana). S&P Global has also assigned an underlying rating of "A" to the Bonds. Such ratings reflect only the view of S&P Global and any explanation of the significance of such ratings may only be obtained from S&P Global.

The ratings are not a recommendation to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by S&P Global. Any downward revision or withdrawal of the ratings may have an adverse effect upon the market price of the Bonds.

The School Corporation did not apply to any other rating service for a rating on the Bonds.

UNDERWRITING

The Bonds are being purchased by _____ (the "Underwriter") at a purchase price of \$_____, which is the par amount of the Bonds of \$_____ less the underwriter's discount of \$_____ plus the original issue premium of \$_____. The Notice of Intent to Sell Bonds provides that all of the Bonds will be purchased by the Underwriter if any of such Bonds are purchased.

The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the cover page of this Official Statement. The Underwriter may allow concessions to certain dealers (including dealers in a selling group of the Underwriter and other dealers depositing the Bonds into investment trusts), who may realow concessions to other dealers. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

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 deemed "nearly final" Preliminary Official Statement and the Final Official Statement (the "Official Statements"). 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 Official Statements.

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.

On January 10, 2019, Umbaugh announced its intention to combine with Baker Tilly Virchow Krause, LLP, (Chicago, Illinois), a financial services and accounting firm and Springsted Incorporated, (Saint Paul, Minnesota), a municipal and management advisory firm. It is expected that the combination will become effective in the first quarter of 2019. The combined firm will operate under the name Baker Tilly Municipal Advisors, LLC.

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. As an example, the School Corporation previously issued or had issued on its behalf a series of Direct Payment Qualified School Construction Bonds (“Outstanding Direct Pay Bonds”) as taxable bonds in reliance on the provisions of the Internal Revenue Code of 1986, as amended (the “Code”) that provided for a subsidy to the Issuer from the United States Treasury of all or a portion of the interest due on the Outstanding Direct Pay Bonds. As a result of the continuing federal budget discussions, moneys owed by the United States to the School Corporation with respect to the Outstanding Direct Pay Bonds will be reduced by 6.2% for fiscal year 2019. Future payments may be similarly reduced. Under current law, such reductions in subsidies are scheduled to continue through and including fiscal year 2024. At this time, the School Corporation is unable to project if and when the subsidy payments on the Outstanding Direct Pay Bonds from the United States Treasury will be restored in whole or in part or what further action the United States Treasury may take with respect to future subsidy payments. To the extent the issuer receives less in subsidy payments than expected, it will need to pay more from property taxes to pay debt service. 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 existing laws, regulations, judicial decisions and rulings, interest on the Bonds is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. This opinion is conditioned on continuing compliance by the School Corporation with the Tax Covenants (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 tax purposes retroactive to the date of issue. 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 "State"). This opinion relates only to the exemption of interest on the Bonds for State income tax purposes. See Appendix E 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, the "Tax Covenants"). The Trust Indenture 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 Trust Indenture 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.

Indiana Code § 6-5.5 imposes a franchise tax on certain taxpayers (as defined in Indiana Code § 6-5.5) which, in general, include all corporations which are transacting the business of a financial institution in Indiana. The franchise tax will be 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 E 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. Prospective purchasers of the Bonds should consult their own tax advisors with regard to the other tax consequences of owning the Bonds.

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.

ORIGINAL ISSUE DISCOUNT

The initial public offering price of the Bonds maturing on _____ (collectively the "Discount Bonds") is less than the principal amount payable at maturity. As a result the Discount Bonds will be considered to be issued with original issue discount. A taxpayer who purchases a Discount Bond in the initial public offering at the price listed on the cover page hereof (assuming a substantial amount of such Discount Bond was sold at such price) and

who holds such Discount Bond to maturity may treat the full amount of original issue discount as interest which is excludable from the gross income of the owner of that Discount Bond for federal income tax purposes and will not, under present federal income tax law, realize taxable capital gain upon payment of the Discount Bond at maturity.

The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Bond on the basis of the yield to maturity determined on the basis of compounding at the end of each six-month period (or shorter period from the date of the original issue) ending on January 15 and July 15 (with straight line interpolation between compounding dates).

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discount Bonds, that the amount of original issue discount accruing each period will be added to the owner's tax basis for the Discount Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale, redemption or payment at maturity). Owners of Discount Bonds who dispose of Discount Bonds prior to maturity should consult their tax advisors concerning the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bonds prior to maturity.

As described above in "TAX MATTERS," the original issue discount that accrues in each year to an owner of a Discount Bond may result in certain collateral federal income tax consequences. Owners of any Discount Bonds should be aware that the accrual of original issue discount in each year may result in a tax liability from these collateral tax consequences even though the owners of such Discount Bonds will not receive a corresponding cash payment until a later year.

Owners who purchase Discount Bonds in the initial public offering but at a price different from the prices listed on the cover page hereof should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bonds such as the Discount Bonds. Owners who do not purchase Discount Bonds in the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discount Bonds. It is possible under the applicable provisions governing the determination of state or local income taxes accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

AMORTIZABLE BOND PREMIUM

The initial offering price of the Bonds maturing on _____ (collectively, the "Premium Bonds"), is greater than the principal amount payable at maturity. As a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the "Bond Premium"). An owner who acquires a Premium Bond in the initial public offering of the Bonds will be required to adjust the owner's basis in the Premium Bond downward as a result of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Premium Bonds, including sale, redemption or payment at maturity. The amount of amortizable Bond Premium will be computed on the basis of the taxpayer's yield to maturity, with compounding at the end of each accrual period. Rules for determining (i) the amount of amortizable Bond Premium and (ii) the amount amortizable in a particular year are set forth in Section 171(b) of the Code. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Bond Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning Premium Bonds. Owners of the Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of such Premium Bonds and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Special rules governing the treatment of Bond Premium, which are applicable to dealers in tax-exempt securities are found at Section 75 of the Code. Dealers in tax-exempt securities are urged to consult their tax advisors concerning treatment of Bond Premium.

LITIGATION

To the knowledge of the officers and counsel for the Building Corporation, there is no litigation pending, or threatened, against the Building Corporation or 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 Building Corporation and 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 Trust Indenture 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 Official Statement, and will express no opinion thereon. The form of opinion of Bond Counsel is included as Appendix E of this Official Statement.

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 opinions on 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 Trust Indenture, or to the Building Corporation under the Lease, are in many respects dependent upon judicial actions 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 Trust Indenture and the Lease may not be readily available or may be limited. Under federal and State environmental laws certain liens may be imposed on property of the Building Corporation from time to time, but the Building 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 owners of the Bonds.

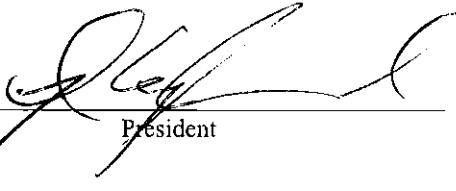
The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Indiana and the United States of America and bankruptcy, reorganization, insolvency 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).

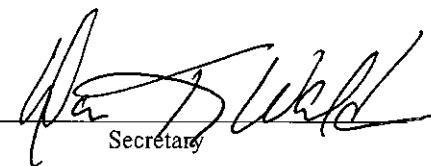
These exceptions would encompass any exercise of federal, State or local police powers (including the police powers of the School Corporation), in a manner consistent with the public health and welfare. Enforceability of the Trust Indenture and the Lease in a situation where such enforcement may adversely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

The Building Corporation and School Corporation certify to the best of their knowledge and belief that this Official Statement, 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.

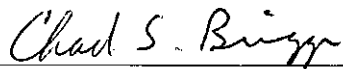
This Official Statement and its execution are duly authorized.

OWEN VALLEY HIGH SCHOOL BUILDING
CORPORATION

By: 
President

Attest: 
Secretary

SPENCER-OWEN COMMUNITY SCHOOLS

By: 
Superintendent

APPENDIX i

NOTICE OF INTENT TO SELL BONDS

\$5,000,000

AD VALOREM PROPERTY TAX FIRST MORTGAGE BONDS, SERIES 2019 OWEN VALLEY HIGH SCHOOL BUILDING 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, Owen Valley High School Building Corporation (the "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 Corporation c/o H.J. Umbaugh & Associates, Certified Public Accountants, LLP, 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240 (317) 465-1500, or by e-mail to bids@umbaugh.com, on or before 11:00 a.m. (Indianapolis Time) February 5, 2019, 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 e-mail, if an e-mail address has been received. It is anticipated that the sale will occur at 11:00 a.m. (Indianapolis Time) on February 7, 2019.

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 February 7, 2019. Bids may be submitted electronically via PARITY[®] pursuant to this Notice until the time specified in the 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 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 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:

Owen Valley High School Building Corporation Ad Valorem Property Tax First Mortgage Bonds, Series 2019 (the "Bonds") in the principal amount of \$5,000,000; 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 no earlier than July 15, 2020, and semiannually thereafter; 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 the trustee on the fifteenth day immediately preceding such interest payment date; Maturing or subject to mandatory redemption on January 15 and July 15 beginning no later than July 15, 2020 through no later than January 15, 2030 on the dates and in the amounts as provided by the Corporation prior to the sale.

As an alternative to PARITY®, bidders may submit a sealed bid or e-mail the bid electronically to the 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 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 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 February 5, 2019. To the best of the School Corporation's ability, all questions will be addressed by or on behalf of 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 February 5, 2019. Additionally, upon request, the written responses

will be emailed to any other interested bidder. Bidders should review this notice as well as the Preliminary Official Statement and submit any questions in advance of this deadline to submit questions.

The Corporation reserves the right to adjust the maturity schedule following the sale in order to accomplish the Corporation's financial objectives by reallocating debt service based upon the rates bid by the successful bidder (the "Purchaser").

The Bonds are not redeemable prior to maturity at the option of the Corporation.

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 set forth 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.

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 $1/8^{\text{th}}$ or $1/100^{\text{th}}$ of 1%. The maximum interest rate on the Bonds shall not exceed 5.50% per annum. All Bonds maturing on the same date shall bear the same rate. 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 99.50% of the face value of the Bonds will be considered. The Bonds will be awarded to the

lowest responsible and responsive bidder who has submitted a bid in accordance herewith. The winning bidder will be the one who offers the lowest true interest cost to the Corporation. The true interest cost rate is that rate which, when used to compute the total present value as of the date of delivery of the Bonds of all debt service payments on the Bonds on the basis of semiannual compounding, produces an amount equal to the sum of the par value of the Bonds minus any premium bid plus any discount. In the event of a bidder's error in interest cost rate calculations, the interest rates and premium, if any, set forth or incorporated by reference in the official bid form will be considered as the intended bid. No conditional bids will be considered. 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 without further advertisement, during which time no bid which provides a higher [net interest cost] [total interest cost] to the Corporation than the best bid received at the time of the advertised sale will be considered.

Each bid not submitted via PARITY® must be enclosed in a sealed envelope addressed to the Corporation and marked on the outside "Bid for Owen Valley High School Building Corporation Ad Valorem Property Tax First Mortgage Bonds, Series 2019." A good faith deposit ("Deposit") in the form of cash, wire transfer or certified or cashier's check in the amount of \$50,000 payable to the order of the Corporation is required to be submitted by the Purchaser not later than 3:30 p.m. (Indianapolis Time) on the next business day following the award. If such Deposit is not received by that time, the 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 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 Spencer-Owen Community Schools (the "School Corporation") and the Purchaser. The Bonds will be ready for delivery within 45 days after the date of sale. If the 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 Corporation. The Purchaser is expected to apply to a securities depository registered with the Security and Exchange Commission ("SEC") to make such Bonds depository-eligible. If the Bonds are reoffered, at the time of delivery of the Bonds to the Purchaser, the Purchaser will be required to certify to the 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 Preliminary Official Statement (as hereinafter defined) are incorporated herein. As set forth in the Preliminary Official Statement, the Purchaser agrees by submission of their bid to assist the Corporation in establishing the issue price of the Bonds under the terms outlined therein and shall execute and deliver to the 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 Corporation and Ice Miller LLP ("Bond Counsel").

Bidders must comply with the rules of PARITY® in addition to requirements of this Notice. To the extent there is a conflict between the rules of PARITY® 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 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 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 Purchaser at the expense of the Corporation.

The Corporation was organized for the purpose of constructing and renovating school buildings and leasing such buildings to the School Corporation. All action has been taken and the Bonds are issued in compliance with the provisions of I.C. 20-47-3 (the "Act"). The Bonds will be secured by a Trust Indenture (the "Indenture") between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") and will be subject to the

terms and provisions of the Indenture. The Corporation will certify as to facts to support the conclusion that the Bonds do not constitute private activity bonds as defined in Section 141 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"). The Bonds have been designated as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Code.

The property to be covered by the Indenture has been leased for a period of 22 years to the School Corporation. The Lease Agreement (the "Lease") provides for annual payments in the amount of \$763,000, plus the payment of all taxes and assessments, which annual rental is payable semiannually on June 30 and December 31 in each year, commencing with the completion of the construction or no earlier than June 30, 2021, whichever is later.

After the sale of all Bonds issued by the Corporation to pay for the cost of renovation, including the acquisition of the sites thereof and other expenses incidental thereto, the annual rental shall be reduced to an amount equal to the multiple of \$1,000 next highest to the highest sum of principal and interest due on such Bonds in each twelve month period ending on January 15 plus \$5,000, payable in equal semiannual installments. All bidders shall be deemed to be advised as to the provisions of the above-mentioned Indenture and Lease and the provisions of the Act.

The Bonds constitute an indebtedness only of the Corporation, payable in accordance with the terms of the Indenture. The Bonds constitute a valid and legally binding obligation of the Building Corporation and are payable from Lease rental payments to be received from the School Corporation, which Lease rental payments are payable from 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. In the opinion of Bond Counsel, under the existing federal statutes, decisions, regulations and rulings, the 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 Corporation has prepared a Preliminary Official Statement (the "Preliminary Official Statement") relating to the Bonds which it has deemed to be nearly final. A copy of the Preliminary Official Statement may be obtained from the Corporation's municipal advisor, H.J. Umbaugh & Associates, Certified Public Accountants, LLP, 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240-2687. Within seven (7) business days of the sale, the Corporation will provide the successful bidder with sufficient copies of the Final Official Statement (the "Final Official Statement") at the Corporation's expense in order for such bidder to comply with Section (b)(4) of the SEC Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board. Additional copies, at the Purchaser's expense, must be requested within five (5) business days of the sale. Inquiries concerning matters contained in the Preliminary Official Statement must be made and pricing and other information necessary to complete the Final Official Statement must be submitted by the Purchaser within two (2) business days following the sale to be included in the Final Official Statement.

If the Bonds are reoffered, the School Corporation agrees to enter into a continuing disclosure undertaking (the "Master Agreement") in order to permit the Purchaser to comply with the SEC Rule 15c2-12, as amended to the date hereof. A copy of such Agreement is available from the School Corporation or municipal advisor at the addresses below.

Further information relative to the Bonds and a copy of the Preliminary Official Statement may be obtained upon application to H.J. Umbaugh & Associates, Certified Public Accountants, LLP, 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240, municipal advisor to the School Corporation; David Ferguson, Esq., Ferguson & Ferguson, 403 East Sixth Street, Bloomington, Indiana 47408, attorney for the School Corporation; or Dr. Chad Briggs, Superintendent of the School Corporation, 205 East Hillside Avenue, Spencer, Indiana 47460. If bids are submitted by mail, they should be addressed to the Corporation, attention of Dr. Chad Briggs, Superintendent of the School Corporation, c/o H.J. Umbaugh & Associates, Certified Public Accountants, LLP, 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240-2687.

Dated this 23rd day of January, 2019.

/s/
Secretary, Board of Directors
Owen Valley High School Building Corporation

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APPENDIX A

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SPENCER-OWEN COMMUNITY SCHOOLS

SYSTEM OVERVIEW

Spencer-Owen Community Schools (the “School Corporation”) was organized July 1, 1964 and consists of Clay, Franklin, Harrison, Jefferson, Lafayette, Marion, Montgomery, Morgan, Washington and Wayne Townships and the Towns of Gosport and Spencer in Owen County. The total area of the School District is 324.6 square miles.

The School Corporation provides a complete academic curriculum for grades K-12. Students of the School Corporation are provided many educational opportunities as well as the option to join extracurricular clubs and teams. Owen Valley High School offers a variety of courses through its diversified academies including Helps (Humanities, Education, Law and Protective Services) Academy; Life Sciences Academy which focuses on biotechnology, health, agriscience and biomedical business courses; PAVAC where students concentrate their studies in the areas of theater, communication, visual and musical arts and STEM (Science, Technology, Engineering and Mathematics) Academy which offers a three-year study on science, math and engineering principles. The School Corporation also offers programs for Title 1 and special education students.

FACILITIES

The School Corporation presently operates the following schools.

<u>School</u>	<u>Grades</u>	<u>Year Opened</u>	<u>Additions/ Renovations</u>	<u>2018/2019 Enrollment</u>
Spencer Elementary School	PK-6	1955	1950,1982,1992	558
Gosport Elementary School	K-6	1971	1972, 1991, 2000	164
McCormick’s Creek Elementary School	K-6	1999	2001	374
Patrickburg Elementary School	K-6	1953	1971, 1991, 2000	125
Owen Valley Middle School	7-8	1981	1982	389
Owen Valley High School	9-12	1971	1971, 1991, 2006	753

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>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>	<u>2018/ 2019</u>
Spencer Elementary School	665	654	610	634	615	610	586	591	581	558
Gosport Elementary School	189	203	210	197	191	163	161	174	164	164
McCormick’s Creek Elementary School	421	397	384	359	357	346	347	350	345	374
Patrickburg Elementary School	229	214	218	202	184	175	179	178	154	125
Owen Valley Middle School	476	447	458	446	437	424	378	378	401	389
Owen Valley High School	<u>913</u>	<u>895</u>	<u>839</u>	<u>852</u>	<u>837</u>	<u>838</u>	<u>850</u>	<u>816</u>	<u>804</u>	<u>753</u>
Totals	<u>2,893</u>	<u>2,810</u>	<u>2,719</u>	<u>2,690</u>	<u>2,621</u>	<u>2,556</u>	<u>2,501</u>	<u>2,487</u>	<u>2,449</u>	<u>2,363</u>

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

<u>Year</u>	<u>Projected Enrollment</u>
2019/2020	2,341
2020/2021	2,321
2021/2022	2,301
2022/2023	2,281
2023/2024	2,261

SCHOOL BOARD OF TRUSTEES

<u>Name</u>	<u>Current Term Began</u>	<u>Current Term Ends</u>
Chad Cooper, President	1/1/2017	12/31/2020
Amber Willen, Vice President	1/1/2019	12/31/2022
Rick Smeltzer, Secretary	1/1/2017	12/31/2020
Larry Hight, Secretary Pro Tem	1/1/2019	12/31/2022
Sonia Brinson	1/1/2017	12/31/2020
Lew Moke	1/1/2017	12/31/2020
Jack White	1/1/2019	12/31/2022

ADMINISTRATION AND STAFF

The School Corporation is under the direction of a seven-member elected School Board of Trustees who serve four-year terms. The Superintendent, appointed by the School Board of Trustees, directs a certified staff of 216 and a non-certified staff of 158 with union representation as follows:

<u>Union Name</u>	<u>Union Representation</u>	<u>Number of Members</u>	<u>Contract Expiration Date</u>
Spencer-Owen Education Association	Teachers & Officers	51	6/30/2019

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 2018 were \$346,495.

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 Indiana Public Retirement System (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 2018 were \$732,772.

Other Post-Employment Benefits

The School Corporation also provides Other Post-Employment ("OPEB") for eligible certified and classified staff. To qualify, certified staff must be employed for at least 15 years and must be at least fifty years of age. Classified employees must have 10 years of employment to qualify. Eligible certified or classified staff will receive a lump sum of \$50 per year of service, which is capped at 40 years, upon retirement. In addition, classified staff are paid for unused sick days upon retirement in the amount of \$50 per day up to the number of days they worked in a year. Teachers and administrators are also eligible for 1% of their contract payment amount to be deposited into a 401(a) account each year. The School Corporation pays for OPEB out of the Education Fund.

Employer contributions for the year 2018 were \$23,000.

GENERAL PHYSICAL AND DEMOGRAPHIC INFORMATION

LOCATION

Spencer-Owen Community Schools is located in Owen County (the “County”) in southwestern Indiana. The School Corporation is approximately 55 miles southwest of Indianapolis, 18 miles northwest of Bloomington and 40 miles southeast of Terre Haute.

GENERAL CHARACTERISTICS

The majority of school-aged residents in Owen County attend Spencer-Owen Community Schools. The Town of Spencer (the “Town”) is the county seat. Owen County has a large manufacturing industry. The two largest employers in Owen County, Boston Scientific Corporation and Cook Medical Group are major suppliers of medical instruments. The School Corporation’s proximity to the cities of Bloomington and Indianapolis and Indiana University in Bloomington provide additional educational and employment opportunities, as well as professional sports, recreational, and cultural attractions.

Owen County Public Library has been serving the community for over 100 years and was newly remodeled in 2017. It is a full service library that offers many programs for the children of the community.

Owen County is home to Indiana’s first state park, McCormick’s Creek State Park. The park has 10+ miles of hiking trails and offers campgrounds, horseback riding, and a variety of games and sports at the recreation center.

PLANNING AND ZONING

The Town of Spencer and Owen County have a joint nine-member Plan Commission to provide orderly growth for residential, commercial and industrial areas within the County and a two-mile jurisdiction surrounding its limits. The Town and County also have a joint six-member Board of Zoning Appeals.

GENERAL ECONOMIC AND FINANCIAL INFORMATION

COMMERCE AND INDUSTRY

Two of the largest employers in the School Corporation are manufacturers of medical equipment. Boston Scientific Corporation and Cook Urological Inc. provides medical devices for the urinary system, obstetrics and gynecology, and hysterotopic and laparoscopic surgery procedures.

Boston Scientific, an international medical device company, recently announced a \$62,000,000 expansion to their Spencer facility. The Spencer facility manufactures products for Boston Scientific’s Endoscopy and Urology Divisions. According to the Owen County Economic Development Corporation (the “EDC”), the company currently has 900 employees and this expansion will add approximately 350 employees.

Brown-Forman Corporation, a global wine and spirits company, opened a milling operation in Spencer two years ago. Brown-Forman Corporation is among the top 10 largest global spirits companies. According to the EDC, they have 39 employees.

World Arts Printing Inc., a commercial printer and newspaper, is in the construction phase of a \$3,500,000 expansion that will result in a 15% increase in their workforce. They currently have 62 employees, according to the EDC.

LARGE EMPLOYERS

Below is a list of the County's largest employers. The number of employees shown are as reported by Owen County EDC 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>
Boston Scientific Corp.	1993	Mfg. medical devices	900
Cook Urological, Inc.	1977	Mfg. medical devices	700
Spencer-Owen Community Schools	1964	Public education	374 (1)
Trilogy Health Services, LLC		Nursing home	100 (2)
Babb's Superlavu	1928	Grocery store	100 (3)
Walmart	1987	Retail	90 (3)
Canyon Inn		Hotel	90 (3)
Spencer Evening World/ World Arts Printing, Inc.	1994	Commercial printing	62
Residence at McCormick's Creek	1998	Nursing home	54 (3)
Owen County Family YMCA	2000	Fitness, family services	50 (3)

(1) Per the Spencer-Owen Community School Corporation, includes 216 certified and 158 non-certified staff.

(2) Per company personnel.

(3) Per Indiana Department of Workforce Development, Hoosiers by the Numbers.

EMPLOYMENT

<u>Year</u>	<u>Unemployment Rate</u>	
	<u>Owen County</u>	<u>Indiana</u>
2013	10.1%	7.7%
2014	8.1%	6.0%
2015	6.3%	4.8%
2016	5.6%	4.4%
2017	4.4%	3.5%
2018, Oct.	4.5%	3.6%

Source: Indiana Business Research Center. Data collected as of December 10, 2018.

BUILDING PERMITS

Provided below is a summary of the number of building permits for the Town of Spencer.

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>
	<u>Total Permits</u>	<u>Total Permits</u>
2013	7	3
2014	6	2
2015	15	4
2016	21	3
2017	17	1

Source: Town of Spencer/Owen County Building Department

POPULATION

<u>Year</u>	<u>Spencer-Owen Community Schools</u>		<u>Owen County</u>	
	<u>Population</u>	<u>Percent of Change</u>	<u>Population</u>	<u>Percent of Change</u>
1970	10,746	5.80%	12,163	6.69%
1980	13,031	21.26%	15,841	30.24%
1990	14,677	12.63%	17,281	9.09%
2000	17,973	22.46%	21,786	26.07%
2010	17,974	0.01%	21,575	-0.97%
2017, Est.	17,356	-3.44%	20,839	-3.41%

Source: U.S. Census Bureau

AGE STATISTICS

	<u>Spencer-Owen Community Schools</u>	<u>Owen County</u>
Under 25 Years	5,615	6,656
25 to 44 Years	4,154	4,937
45 to 64 Years	5,564	6,790
65 Years and Over	2,641	3,192
Totals	<u>17,974</u>	<u>21,575</u>

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

EDUCATIONAL ATTAINMENT

<u>Years of School Completed</u>	<u>Persons 25 and Over</u>	
	<u>Spencer-Owen Community Schools</u>	<u>Owen County</u>
Less than 9th grade	3.9%	4.3%
9th to 12th grade, no diploma	10.2%	10.4%
High school graduate	40.9%	43.0%
Some college, no degree	23.5%	23.1%
Associate's degree	7.2%	6.6%
Bachelor's degree	8.1%	6.9%
Graduate or professional degree	6.2%	5.8%

Source: U.S. Census Bureau's 2013-2017 American Community Survey 5-Year Estimates

MISCELLANEOUS ECONOMIC INFORMATION

	Spencer-Owen Community <u>Schools</u>	Owen <u>County</u>	<u>Indiana</u>
Per capita income, past 12 months*	\$24,396	\$24,220	\$27,305
Median household income, past 12 months*	\$49,433	\$48,315	\$52,182
Average weekly earnings in manufacturing (2nd qtr. of 2018)	N/A	\$1,035	\$1,138
Land area in square miles - 2010	323.96	385.29	35,826.11
Population per land square mile - 2010	55.5	56.0	181.0
Retail sales in 2012:			
Total retail sales	N/A	\$111,907,000	\$85,857,962,000
Sales per capita**	N/A	\$5,187	\$13,242
Sales per establishment	N/A	\$2,944,921	\$3,974,722

*In 2017 inflation-adjusted dollars – 5-year estimates

**Based on 2010 Population.

Source: Bureau of Census Reports and the Indiana Business Research Center. Data collected as of December 10, 2018.

<u>Employment and Earnings - Owen County 2017</u>	<u>Earnings</u> (In 1,000s)	Percent of <u>Earnings</u>	<u>Labor Force</u>	Distribution of <u>Labor Force</u>
Manufacturing	156,001	47.48%	1,983	26.76%
Other	53,228	16.20%	1,272	17.17%
Government	36,802	11.20%	855	11.54%
Construction	22,032	6.71%	561	7.57%
Services	18,499	5.63%	781	10.54%
Retail trade	14,729	4.48%	753	10.16%
Finance, insurance and real estate	10,661	3.24%	415	5.60%
Transportation and warehousing	10,000	3.04%	220	2.97%
Farming	6,602	2.01%	540	7.29%
Mining	16	0.01%	29	0.40%
Totals	<u>\$328,570</u>	<u>100.00%</u>	<u>7,409</u>	<u>100.00%</u>

* In order to avoid disclosure of confidential information, specific earnings and employment figures are not available for the "forestry, fishing, utilities, wholesale trade, information and some service" Sectors. The data is incorporated here.

Source: Bureau of Economic Analysis and the Indiana Business Research Center. Data collected as of December 10, 2018.

<u>Adjusted Gross Income</u>	<u>Year</u>	Owen County <u>Total</u>
	2011	\$345,238,494
	2012	350,882,156
	2013	352,259,657
	2014	370,135,487
	2015	466,311,419

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 January 15, 2019, 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			
Ad Valorem Property Tax First Mortgage Bonds, Series 2019 (This issue)	\$5,000,000 *	01/15/30	\$5,000,000 *
Owen Valley High School Building Corporation			
Ad Valorem Property Tax First Mortgage Bonds, Series 2015	2,730,000	01/15/22	2,300,000
Ad Valorem Property Tax First Mortgage Bonds, Series 2012	5,480,000	01/15/25	2,785,000
Spencer-Owen Facility Improvement Corporation			
Ad Valorem Property Tax First Mortgage Refunding Bonds, Series 2009	5,730,000	01/15/20	615,000
Amended Taxable General Obligation Pension Bonds of 2003	2,850,000	01/05/23	890,000
QSCB 2010 Roofing	1,760,000	01/01/22	570,000
Common School Fund Loans (1)			8,422,344
			<u>8,422,344</u>
Total Direct Debt			<u>\$20,582,344</u>

(1) Includes Common School Fund Loans A0516 and A0445.

	<u>Total Debt</u>	<u>Percent Allocable to School Corporation (2)</u>	<u>Amount Allocable to School Corporation</u>
<u>Overlapping Debt</u>			
Tax Supported Debt			
Owen County	\$3,330,688	85.09%	\$2,834,082
Spencer-Owen County Public Library	1,665,000	85.09%	1,416,749
			<u>4,250,831</u>
Tax Supported Debt			
			<u>4,250,831</u>
Self-Supporting Revenue Debt			
Town of Gosport	\$172,684	100.00%	\$172,684
Town of Spencer	2,783,337	100.00%	2,783,337
			<u>2,956,021</u>
Self-Supporting Revenue Debt			
			<u>2,956,021</u>
Total Overlapping Debt			<u>\$7,206,852</u>

*Preliminary, subject to change.

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

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 January 15, 2019 including issuance of the Bonds.

	Direct Tax Supported Debt* \$20,582,344	Allocable Portion of All Other Overlapping Tax Supported Debt \$4,250,831	Total Direct and Overlapping Tax Supported Debt* \$24,833,175
Per capita (1)	\$1,185.89	\$244.92	\$1,430.81
Percent of net assessed valuation (2)	3.28%	0.68%	3.95%
Percent of gross assessed valuation (3)	2.02%	0.42%	2.43%
Per pupil (4)	\$8,710.26	\$1,798.91	\$10,509.17

*Preliminary, subject to change.

- (1) According to the U.S. Census Bureau, the estimated 2017 population of the School Corporation is 17,356.
- (2) The net assessed valuation of the School Corporation for taxes payable in 2018 is \$628,099,430 according to the Owen County Auditor's office.
- (3) The gross assessed valuation of the School Corporation for taxes payable in 2018 is \$1,020,742,740 according to the Owen County Auditor's office.
- (4) Enrollment of the School Corporation is 2,363 as reported by school personnel.

SCHEDULE OF HISTORICAL NET ASSESSED VALUATION

(As Provided by the Owen County Auditor's Office)

<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	\$524,182,410	\$26,363,800	\$35,868,850	\$586,415,060
2015	542,328,320	30,944,220	39,831,640	613,104,180
2016	551,031,973	29,566,560	39,549,530	620,148,063
2017	526,742,460	37,637,520	43,816,330	608,196,310
2018	553,555,320	30,927,870	43,616,240	628,099,430
2019 (1)	N/A	N/A	N/A	629,440,743

(1) Certified net assessed valuation per the Department of Local Government Finance ("DLGF").

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 Owen County Auditor's Office)

	<u>Clay Township</u>	<u>Franklin Township</u>	<u>Harrison Township</u>	<u>Jefferson Township</u>	<u>Lafayette Township</u>	<u>Marion Township</u>	<u>Sub-total</u>
Gross Value of Land	\$33,094,420	\$24,230,800	\$17,163,600	\$30,933,300	\$20,045,600	\$25,704,500	\$151,172,220
Gross Value of Improvements	<u>100,157,600</u>	<u>44,210,000</u>	<u>14,595,800</u>	<u>36,072,900</u>	<u>39,437,500</u>	<u>28,220,000</u>	<u>262,693,800</u>
Total Gross Value of Real Estate	133,252,020	68,440,800	31,759,400	67,006,200	59,483,100	53,924,500	413,866,020
Less: Mortgage Exemptions, Veterans, Blind Age 65 & Other Exemptions	(59,817,847)	(25,209,147)	(7,357,847)	(19,498,788)	(23,473,720)	(15,895,224)	(151,252,573)
Tax Exempt Property	(3,071,300)	(1,032,500)	(857,600)	(1,035,500)	(443,100)	(920,900)	(7,360,900)
TIF							0
Net Assessed Value of Real Estate	<u>70,362,873</u>	<u>42,199,153</u>	<u>23,543,953</u>	<u>46,471,912</u>	<u>35,566,280</u>	<u>37,108,376</u>	<u>255,252,547</u>
Business Personal Property	1,693,570	1,990,290	1,713,700	1,258,930	882,840	244,950	7,784,280
Less: Deductions	<u>(99,260)</u>						<u>(99,260)</u>
Net Assessed Value of Personal Property	<u>1,594,310</u>	<u>1,990,290</u>	<u>1,713,700</u>	<u>1,258,930</u>	<u>882,840</u>	<u>244,950</u>	<u>7,685,020</u>
Net Assessed Value of Utility Property	<u>3,234,910</u>	<u>1,907,770</u>	<u>1,164,360</u>	<u>2,664,040</u>	<u>2,251,100</u>	<u>2,159,240</u>	<u>13,381,420</u>
Total Net Assessed Value	<u><u>\$75,192,093</u></u>	<u><u>\$46,097,213</u></u>	<u><u>\$26,422,013</u></u>	<u><u>\$50,394,882</u></u>	<u><u>\$38,700,220</u></u>	<u><u>\$39,512,566</u></u>	<u><u>\$276,318,987</u></u>

(Continued on next page)

DETAIL OF NET ASSESSED VALUATION

Assessed 2017 for Taxes Payable in 2018
(As Provided by the County Auditor's Office)

	<u>Sub-total Carried forward</u>	<u>Montgomery Township</u>	<u>Morgan Township</u>	<u>Washington Township</u>	<u>Spencer Town</u>	<u>Wayne Township</u>	<u>Gosport Town</u>	<u>Total</u>
Gross Value of Land	\$151,172,220	\$19,916,600	\$19,623,100	\$51,919,900	\$24,179,800	\$18,782,600	\$3,501,300	\$289,095,520
Gross Value of Improvements	<u>262,693,800</u>	<u>38,804,700</u>	<u>40,899,400</u>	<u>158,813,700</u>	<u>99,450,800</u>	<u>29,749,600</u>	<u>22,604,100</u>	<u>653,016,100</u>
Total Gross Value of Real Estate	413,866,020	58,721,300	60,522,500	210,733,600	123,630,600	48,532,200	26,105,400	942,111,620
Less: Mortgage Exemptions, Veterans, Blind Age 65 & Other Exemptions	(151,252,573)	(23,335,423)	(22,421,150)	(90,249,746)	(37,824,394)	(16,152,569)	(9,816,027)	(351,051,882)
Tax Exempt Property	(7,360,900)	(301,900)	(734,500)	(7,206,300)	(10,246,800)	(935,800)	(1,706,500)	(28,492,700)
TIF	<u>(8,404,154)</u>	<u>(607,564)</u>						<u>(9,011,718)</u>
Net Assessed Value of Real Estate	<u>255,252,547</u>	<u>35,083,977</u>	<u>37,366,850</u>	<u>104,873,400</u>	<u>74,951,842</u>	<u>31,443,831</u>	<u>14,582,873</u>	<u>553,555,320</u>
Business Personal Property	7,784,280	1,657,590	597,160	5,433,920	31,211,940	262,630	755,730	47,703,250
Less: Deductions	<u>(99,260)</u>			<u>(3,852,230)</u>	<u>(133,590)</u>		<u>(1,930)</u>	<u>(4,087,010)</u>
Net Assessed Value of Personal Property	<u>7,685,020</u>	<u>1,657,590</u>	<u>597,160</u>	<u>1,581,690</u>	<u>31,078,350</u>	<u>262,630</u>	<u>753,800</u>	<u>43,616,240</u>
Net Assessed Value of Utility Property	<u>13,381,420</u>	<u>1,666,310</u>	<u>1,913,060</u>	<u>9,052,020</u>	<u>1,937,790</u>	<u>2,404,490</u>	<u>572,780</u>	<u>30,927,870</u>
Total Net Assessed Value	<u><u>\$276,318,987</u></u>	<u><u>\$38,407,877</u></u>	<u><u>\$39,877,070</u></u>	<u><u>\$115,507,110</u></u>	<u><u>\$107,967,982</u></u>	<u><u>\$34,110,951</u></u>	<u><u>\$15,909,453</u></u>	<u><u>\$628,099,430</u></u>

COMPARATIVE SCHEDULE OF CERTIFIED TAX RATES

Per \$100 of Net Assessed Valuation

	Year Taxes Payable				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Detail of Certified Tax Rate:					
Debt Service	\$0.4917	\$0.4730	\$0.4761	\$0.4185	\$0.4143
Capital Projects	0.2845	0.2843	0.2808	0.2814	
Transportation	0.3754	0.3837	0.3870	0.4047	
Bus Replacement	0.0097	0.0045	0.0404	0.0422	
School Pension Debt	0.0371	0.0340			
Operations (1)					0.7425
Totals	<u>\$1.1984</u>	<u>\$1.1795</u>	<u>\$1.1843</u>	<u>\$1.1468</u>	<u>\$1.1568</u>

Total District Certified Tax Rate (2)

Clay Township	\$1.7961	\$1.7916	\$1.7984	\$1.7912	\$1.8193
Franklin Township	\$1.7948	\$1.7914	\$1.8005	\$1.7941	\$1.8229
Harrison Township	\$1.7824	\$1.7777	\$1.7846	\$1.7798	\$1.8131
Jefferson Township	\$1.7841	\$1.7804	\$1.7875	\$1.7810	\$1.8145
Lafayette Township	\$1.7719	\$1.7684	\$1.7739	\$1.7635	\$1.7963
Marion Township	\$1.7822	\$1.7816	\$1.7886	\$1.7831	\$1.8160
Montgomery Township	\$1.7701	\$1.7663	\$1.7736	\$1.7660	\$1.7949
Morgan Township	\$1.8008	\$1.7961	\$1.8026	\$1.7944	\$1.8189
Washington Township	\$1.8866	\$1.8901	\$1.8402	\$1.8819	\$1.9164
Spencer Town	\$2.5695	\$2.5781	\$2.4805	\$2.5723	\$2.6658
Wayne Township	\$1.7918	\$1.7885	\$1.7962	\$1.7914	\$1.8225
Gosport Town	\$2.2202	\$2.2146	\$2.2200	\$2.2463	\$2.2707

(1) The Operations Fund has been created to replace, in part, the General Fund and, in whole, the Capital Projects Fund, the Transportation Fund, the Art Association Fund, the Historical Society Fund, the Playground Fund, and the Bus Replacement Fund, which were repealed by the Indiana General Assembly effective January 1, 2019. The Operations Fund is used to pay for expenditures not directly related to student instruction and learning, including all of the expenditures of the previously existing funds and the portions of the operational expenses not paid for by the Education Fund. The Education Fund replaced, in part, the General Fund effective January 1, 2019 and is used for expenditures related to student instruction and learning. A property tax levy to support the Operations Fund has replaced all other school property tax levies, except for the debt service levies or a levy approved by a referendum.

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

Source: DLGF Certified Budget Orders for the School Corporation.

PROPERTY TAXES LEVIED AND COLLECTED

Collection <u>Year</u>	Certified Taxes <u>Levied</u>	Circuit Breaker <u>Tax Credit</u> (1)	Certified Taxes Levied Net of Circuit Breaker <u>Tax Credit</u>	Taxes <u>Collected</u>	Collected as Percent of <u>Gross Levy</u>	Collected as Percent of <u>Net Levy</u>
2013	\$8,002,306	(\$225,068)	\$7,777,238	\$7,761,712	96.99%	99.80%
2014	7,323,976	(81,920)	7,242,056	6,226,914	85.02%	85.98%
2015	7,252,523	(87,968)	7,164,555	7,333,694	101.12%	102.36%
2016	7,152,343	(89,434)	7,062,909	7,310,573	102.21%	103.51%
2017	7,389,678	(66,838)	7,322,840	7,459,486	100.94%	101.87%
2018	7,116,077	(83,601)	7,032,476	7,045,448	99.01%	100.18%

Source: The Owen County Auditor's Office 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>2017/2018 Net Assessed Valuation</u>	<u>Percent of Total Net Assessed Valuation (1)</u>
Boston Scientific Group (2)	Medical devices	\$12,390,780	1.97%
Hoosier Energy Rural Electric Cooperative, Inc. (2)	Electric utility	12,161,430	1.94%
South Central Indiana REMC	Electric utility	7,104,840	1.13%
Vance Products, Inc.	Medical devices	5,470,980	0.87%
Cook Urological, Inc.	Medical devices	5,056,150	0.80%
Owen County State Bank (2)	Bank	4,676,746	0.74%
Clay County Rural Telephone	Telephone	4,292,040	0.68%
Brown Forman Corporation (2)	Wine Retailer	3,739,350	0.60%
Smithville Digital, LLC	Telephone/cable	3,613,550	0.58%
Duke Energy Indiana, Inc.	Utility	<u>3,345,920</u>	<u>0.53%</u>
Totals		<u><u>\$61,851,786</u></u>	<u><u>9.84%</u></u>

- (1) The total net assessed valuation of the School Corporation is \$628,099,430 for taxes payable in 2018, according to the Owen County Auditor's office.
- (2) Located in a tax increment area ("TIF"); therefore, all or a portion of the taxes are captured as TIF and not distributed to individual taxing units.

Source: County Auditor's office and the DLGF. Individual parcel data is submitted by the County Auditor to the DLGF once a year for preparation of the county abstract.

NOTICE OF LEGISLATIVE CHANGE FOR FINANCIAL STATEMENTS EFFECTIVE 2019

FINANCIAL STATEMENTS

The Indiana General Assembly enacted P.L. 244-2017 that impacts school corporation funds effective January 1, 2019. Beginning in 2019, the General Fund for school corporations will be eliminated and replaced in part by an Education Fund for expenditures related to student instruction and learning. Additionally, an Operations Fund will be created to replace in part, the General Fund and in whole, the Capital Projects Fund, the Transportation Fund, the Art Association Fund, the Historical Society Fund, the Playground Fund and the Bus Replacement Fund, which are repealed effective January 1, 2019, and will be used to pay for expenditures not directly related to student instruction and learning, including all of the expenditures of the previously existing funds and the portions of the operational expenses not paid by the Education Fund. A property tax levy to support the Operations Fund will replace all other school property tax levies, except for the debt service levies or a levy approved by a referendum. Additionally, school corporations may maintain separate Rainy Day Funds. School corporations will have the authority to transfer between the Education Fund and Operations Fund, which the School Corporation expects will provide flexibility to manage its cash position by fund.

Note: The following financial statements on pages A-18 - A-20 are excerpts from the School Corporation's July 1, 2014 to June 30, 2016 audit report of the Indiana State Board of Accounts. Consequently, these schedules do not include all disclosures required by generally accepted accounting principles. Complete audits will be furnished upon request. Current reports are available at <http://www.in.gov/sboa/resources/reports/audit/>.

SPENCER-OWEN COMMUNITY SCHOOLS

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

For the Years Ended June 30, 2015 and 2016.

	Cash and Investments <u>07-01-14</u>	<u>Receipts</u>	<u>Disbursements</u>	Other Financing Sources (Uses)	Cash and Investments <u>06-30-15</u>	<u>Receipts</u>	<u>Disbursements</u>	Other Financing Sources (Uses)	Cash and Investments <u>06-30-16</u>
General	\$1,876,212	\$18,082,139	\$17,988,741		\$1,969,610	\$17,977,412	\$17,552,445		\$2,394,577
Debt Service	1,879,688	3,895,250	3,567,271		2,207,667	3,515,201	3,352,776		2,370,092
Retirement/Severance Bond Debt Service	61,568	322,897	255,675		128,790	244,095	238,576		134,309
Capital Projects	643,565	2,176,157	1,609,737	(350,000)	859,985	2,026,828	1,497,486	(325,000)	1,064,327
School Transportation	462,063	2,827,276	2,139,326	(150,000)	1,000,013	2,706,896	2,035,551	(400,000)	1,271,358
School Bus Replacement	0	80,551	71,166	(9,385)	0	47,722	31,774	(15,948)	0
Rainy Day	1,624,022	5,400	611,561	476,343	1,494,204	61,351	145,327	696,164	2,106,392
Construction	0				0	947,000	101,832		845,168
School Lunch	142,142	1,097,882	1,094,137		145,887	1,139,957	1,185,604		100,240
Textbook Rental	336,868	255,856	248,699		344,025	287,546	302,476		329,095
Educational License Plates	31				31				31
Early Intervention Grant	0	35,970	35,970		0				0
OVHS - PLTW (Gateway)	1,634		1,634		0				0
Library Donations	507	500	407		600	500	594		506
Wal-Mart Foundation	140	1,000	1,135		5		5		0
Spectrum Health/Wellness	0	3,078	3,078		0				0
Cook Donation Fund	0				0	5,000	297		4,703
NEA Foundation - GES	500		500		0				0
Tech Pointe Foundation	0				0	209	209		0
FCCLA Team Nutrition	0				0	1,500	344		1,156
Fuel Up To Play 60	896		896		0				0
OVHS Printing	2,607	348			2,955	300	300		2,955
OVHS - Goat Farm	4,565	4,193	5,451		3,307	6,187	7,066		2,428
Living To Serve - OVHS FFA	6,316		5,270		1,046				1,046
State Farm - Mission Ignition	7,663	3,850	8,635		2,878		2,077		801
REMC Round Up MCES 2013-14	2,877	2,777	3,589		2,065		2,065		0
Owen County Drug Free 2015	0	5,000	3,320		1,680		1,680		0
Subtotals	<u>\$7,053,864</u>	<u>\$28,800,124</u>	<u>\$27,656,198</u>	<u>(\$33,042)</u>	<u>\$8,164,748</u>	<u>\$28,967,704</u>	<u>\$26,458,484</u>	<u>(\$44,784)</u>	<u>\$10,629,184</u>

(Continued on next page)

SPENCER-OWEN COMMUNITY SCHOOLS

(Cont'd)

STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES

REGULATORY BASIS

For the Years Ended June 30, 2015 and 2016.

	Cash and Investments <u>07-01-14</u>	<u>Receipts</u>	<u>Disbursements</u>	Other Financing Sources (Uses) <u>(Uses)</u>	Cash and Investments <u>06-30-15</u>	<u>Receipts</u>	<u>Disbursements</u>	Other Financing Sources (Uses) <u>(Uses)</u>	Cash and Investments <u>06-30-16</u>
Subtotals carried forward	\$7,053,864	\$28,800,124	\$27,656,198	(\$33,042)	\$8,164,748	\$28,967,704	\$26,458,484	(\$44,784)	\$10,629,184
After School Programs (JB)	1,830		1,830		0				0
Owen County LLC Drug Free	2,000		2,000		0				0
Owen County LLC Drug Free 2016	0				0	3,000	2,478		522
Scholarships and Awards	0				0	3,000			3,000
Reimbursable Fund	(745)	13,339	11,781		813	24,376	25,706	517	0
Instructional Support	48				48		48		0
Boston Scientific - OVHS PLTW	0				0	12,800	12,019		781
SCI REMC After School	0				0	2,250	268		1,982
Formative Assessment	0				0	27,539	20,098		7,441
GT High Ability 2013-14	952		952		0				0
GT High Ability 2014-15	0	36,680	30,301		6,379		6,379		0
GT High Ability 2015-16	0				0	36,722	34,316		2,406
Drug Free Communities	301				301				301
Medicaid Reimbursement	6,770	46,255	20,975		32,050	36,816	55,674		13,192
Secured Schools Safety Grant	0	30,000	26,099	(3,901)	0	30,000	18,984	(11,016)	0
Safe Haven - MCES	7		7		0				0
Afternoons R.O.C.K. MCES 11-12	388		388		0				0
Afternoons R.O.C.K. MCES 12-13	2,083		1,320		763		64		699
Afternoons R.O.C.K. SES 12-13	1,117		1,117		0				0
Safe Haven 2014-15	0	3,750	11,850	8,100	0	8,250	150	(8,100)	0
Safe Haven 2015-16	0				0	7,827	12,681	4,854	0
After School Programs SES	10,523		8,370		2,153		801		1,352
Non-English Speaking Programs	318				318		9		309
State Connectivity Grant	1,181	3,669	3,791		1,059	4,404	4,299		1,164
Miscellaneous Programs	0				0				0
Title I 2013-14	0	225,298	184,390	(40,908)	0				0
Title I 2014-15	0	358,667	397,119	38,452	0	232,282	193,830	(38,452)	0
Title I 2015-16	0				0	269,820	368,914	99,094	0
Title I School Improvement 2014-15	0	4,000	4,000		0	2,000	2,000		0
Stewart Homeless Assistance Act	0		7,819	7,819	0	9,947	9,272	(675)	0
Subtotals	<u>\$7,080,637</u>	<u>\$29,521,782</u>	<u>\$28,370,307</u>	<u>(\$23,480)</u>	<u>\$8,208,632</u>	<u>\$29,678,737</u>	<u>\$27,226,474</u>	<u>\$1,438</u>	<u>\$10,662,333</u>

(Continued on next page)

SPENCER-OWEN COMMUNITY SCHOOLS

(Cont'd)

STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES

REGULATORY BASIS

For the Years Ended June 30, 2015 and 2016.

	Cash and Investments <u>07-01-14</u>	<u>Receipts</u>	<u>Disbursements</u>	Other Financing Sources (Uses)	Cash and Investments <u>06-30-15</u>	<u>Receipts</u>	<u>Disbursements</u>	Other Financing Sources (Uses)	Cash and Investments <u>06-30-16</u>
Subtotals carried forward	\$7,080,637	\$29,521,782	\$28,370,307	(\$23,480)	\$8,208,632	\$29,678,737	\$27,226,474	\$1,438	\$10,662,333
Adult Basic Education	42,030		6,806		35,224		10,288		24,936
Medicaid Reimbursement - Federal	181,607	86,651	25,905		242,353	71,752	45,909		268,196
Title II Part A 2012-14	0	103,689	101,723	(1,966)	0				0
Title II Part A 2013-15	0	11,875	12,004	129	0	116,608	116,245	(363)	0
Title II Part A 2014-16	0	1,019	1,721	702	0	10,153	9,771	(382)	0
Title II Part A 2015-17	0				0		418	418	0
Rural Schools and Low Income Program - Pass									
Through State	0	45,886	43,757	(2,129)	0	4,673	(260)	(4,933)	0
Rural and Low Income Schools 2015-16	0		26,744	26,744	0	48,462	24,378	(24,084)	0
Rural and Low Income Schools 2016-17	0				0		27,906	27,906	0
Payroll Withholdings	1,558,347	3,967,151	4,473,001		1,052,497	3,875,449	4,343,109		584,837
Prepaid School Lunch	8,330	3,924	3,608		8,646	172,130	166,050		14,726
	<u>8,330</u>	<u>3,924</u>	<u>3,608</u>		<u>8,646</u>	<u>172,130</u>	<u>166,050</u>		<u>14,726</u>
Totals	<u>\$8,870,951</u>	<u>\$33,741,977</u>	<u>\$33,065,576</u>	<u>\$0</u>	<u>\$9,547,352</u>	<u>\$33,977,964</u>	<u>\$31,970,288</u>	<u>\$0</u>	<u>\$11,555,028</u>

The following schedules on pages A-21 - A-28 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>

SPENCER-OWEN COMMUNITY SCHOOLS

SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND

(Unaudited)

	Calendar Year			Six Months Ended
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>6/30/2018</u>
<u>GENERAL FUND</u>				
Receipts:				
Earnings on Investments	\$17,539	\$44,559	\$90,696	\$60,534
Local Option Property Tax Replacement			19,169	
School Corporation Activities	27,706	29,998	28,027	9,316
Intermediate Sources	762	2,646	9,895	1,216
State Funding	16,895,001	17,293,102	17,275,216	8,683,061
Interfund Transfers			0	
Sale of Property			7,025	416
Other Revenue from Local Sources	926,829	674,687	679,937	347,078
Other	91,501	109,455	90,391	44,729
Total Receipts	<u>17,959,338</u>	<u>18,154,446</u>	<u>18,200,356</u>	<u>9,146,349</u>
Expenditures:				
Instruction	12,255,025	12,651,370	12,492,482	5,922,671
Support Services	5,025,206	5,243,073	5,289,278	2,463,921
Community Services	65,794	61,783	64,816	30,617
Interfund Transfers			94	
Total Expenditures	<u>17,346,025</u>	<u>17,956,225</u>	<u>17,846,670</u>	<u>8,417,210</u>
Net Increase (Decrease)	613,313	198,221	353,686	729,140
Beginning Balance - January 1st	<u>1,511,156</u>	<u>2,124,469</u>	<u>2,322,690</u>	<u>2,676,376</u>
Ending Balance	<u>\$2,124,469</u>	<u>\$2,322,690</u>	<u>\$2,676,376</u>	<u>\$3,405,515</u>

Note: Per the School Corporation, the 2018 ending balance is \$3,237,939.

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)

SPENCER-OWEN COMMUNITY SCHOOLS

(Cont'd)

SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

	<u>Calendar Year</u>			<u>Six Months Ended</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>6/30/2018</u>
<u>DEBT SERVICE FUND</u>				
Receipts:				
Local Property Tax	\$3,039,148	\$2,955,100	\$3,031,132	\$1,537,057
License Excise Tax	262,047	249,989	334,221	102,215
Commercial Vehicle Excise Tax	32,849	47,225	29,157	12,837
Financial Institutions Tax	6,451	11,469	6,792	2,818
Local Option Property Tax Replacement	134,120	135,868	235,083	107,987
Other Revenue from Local Sources	<u>90,351</u>	<u>53,478</u>	<u>46,686</u>	<u>20,554</u>
Total Receipts	<u>3,564,966</u>	<u>3,453,130</u>	<u>3,683,071</u>	<u>1,783,467</u>
Expenditures:				
Support Services				
Principal on Debt	420,666	195,886	199,938	106,495
Interest on Debt	63,482	54,060	46,080	19,808
Lease Rental	1,148,000	1,374,650	1,384,200	710,000
Other Debt Services obligations	1,117	3,650	2,150	1,075
Advancements and Obligations	<u>1,821,261</u>	<u>1,799,235</u>	<u>1,798,125</u>	<u>898,921</u>
Total Expenditures	<u>3,454,526</u>	<u>3,427,481</u>	<u>3,430,494</u>	<u>1,736,300</u>
Net Increase (Decrease)	110,441	25,649	252,578	47,167
Beginning Balance - January 1st	<u>1,995,139</u>	<u>2,105,579</u>	<u>2,131,228</u>	<u>2,383,806</u>
Ending Balance	<u><u>\$2,105,579</u></u>	<u><u>\$2,131,228</u></u>	<u><u>\$2,383,806</u></u>	<u><u>\$2,430,973</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)

SPENCER-OWEN COMMUNITY SCHOOLS

(Cont'd)

SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

	<u>Calendar Year</u>			<u>Six Months Ended</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>6/30/2018</u>
<u>RETIREMENT/SEVERANCE BOND FUND</u>				
Receipts:				
Local Property Tax	\$229,198	\$213,021		
License Excise Tax	19,772	17,970		
Commercial Vehicle Excise Tax	2,890	3,456		
Financial Institutions Tax	566	839		
Local Option Property Tax Replacement			\$116,000	\$112,251
Total Receipts	<u>252,426</u>	<u>235,286</u>	<u>116,000</u>	<u>112,251</u>
Expenditures:				
Support Services				
Principal on Debt	160,000	170,000	180,000	95,000
Interest on Debt	<u>90,762</u>	<u>57,345</u>	<u>47,671</u>	<u>19,997</u>
Total Expenditures	<u>250,762</u>	<u>227,345</u>	<u>227,671</u>	<u>114,997</u>
Net Increase (Decrease)	1,664	7,941	(111,671)	(2,747)
Beginning Balance - January 1st	<u>111,773</u>	<u>113,437</u>	<u>121,378</u>	<u>9,707</u>
Ending Balance	<u><u>\$113,437</u></u>	<u><u>\$121,378</u></u>	<u><u>\$9,707</u></u>	<u><u>\$6,960</u></u>

The Retirement/Severance Bond Fund accounts for debt service payments anticipated to be made on debt issued for unfunded payments for termination of employment or to pay postretirement or severance benefits.

(Continued on next page)

SPENCER-OWEN COMMUNITY SCHOOLS

(Cont'd)

SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

	<u>Calendar Year</u>			<u>Six Months Ended</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>6/30/2018</u>
<u>CAPITAL PROJECTS FUND</u>				
Receipts:				
Local Property Tax	\$1,726,105	\$1,747,534	\$1,755,938	\$1,016,943
License Excise Tax	151,622	150,258	197,121	68,729
Commercial Vehicle Excise Tax	18,469	27,998	17,197	8,631
Financial Institutions Tax	3,682	6,805	4,006	1,895
Local Option Property Tax Replacement	77,603	81,665		
Other Revenue from Local Sources		2,105	2,765	885
Other	37,658		60,843	
	<u>2,015,138</u>	<u>2,016,365</u>	<u>2,037,869</u>	<u>1,097,083</u>
Total Receipts				
Expenditures:				
Support Services	998,225	1,034,967	1,038,329	717,989
Facilities Acquisition and Construction	523,671	506,945	521,041	163,220
Interfund Transfers	325,000	500,000	450,000	
	<u>1,846,896</u>	<u>2,041,912</u>	<u>2,009,370</u>	<u>881,209</u>
Total Expenditures				
Net Increase (Decrease)	168,242	(25,547)	28,499	215,874
Beginning Balance - January 1st	583,120	751,362	725,815	754,315
Ending Balance	<u>\$751,362</u>	<u>\$725,815</u>	<u>\$754,315</u>	<u>\$970,189</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)

SPENCER-OWEN COMMUNITY SCHOOLS

(Cont'd)

SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

	<u>Calendar Year</u>			<u>Six Months Ended</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>6/30/2018</u>
<u>TRANSPORTATION FUND</u>				
Receipts:				
Local Property Tax	\$2,279,183	\$2,358,357	\$2,419,789	\$1,462,454
License Excise Tax	200,066	202,793	271,673	98,844
Commercial Vehicle Excise Tax	24,453	37,487	23,701	12,413
Financial Institutions Tax	4,806	9,116	5,521	2,725
Local Option Property Tax Replacement	102,397	110,217		
Other Revenue from Local Sources	16,159	17,307	21,329	10,466
Other Items	88		30	
	<u>2,627,152</u>	<u>2,735,277</u>	<u>2,742,043</u>	<u>1,586,902</u>
Total Receipts				
Expenditures:				
Support Services	2,132,277	1,997,557	2,154,037	1,145,295
Interfund Transfers	400,000	400,000	550,000	
	<u>2,532,277</u>	<u>2,397,557</u>	<u>2,704,037</u>	<u>1,145,295</u>
Total Expenditures				
Net Increase (Decrease)	94,874	337,720	38,005	441,607
Beginning Balance - January 1st	623,868	718,742	1,056,462	1,094,467
Ending Balance	<u><u>\$718,742</u></u>	<u><u>\$1,056,462</u></u>	<u><u>\$1,094,467</u></u>	<u><u>\$1,536,075</u></u>

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

(Continued on next page)

SPENCER-OWEN COMMUNITY SCHOOLS

(Cont'd)

SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

	<u>Calendar Year</u>			<u>Six Months Ended</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>6/30/2018</u>
<u>TRANSPORTATION SCHOOL BUS REPLACEMENT FUND</u>				
Receipts:				
Local Property Tax	\$58,890	\$27,673	\$252,628	\$152,483
License Excise Tax	5,170	2,378	28,361	10,307
Commercial Vehicle Excise Tax	713	625	2,474	1,294
Financial Institutions Tax	126	149	576	284
Interfund Transfers	27,237	11,289		
Local Option Property Tax Replacement	<u>2,646</u>	<u>1,293</u>		
Total Receipts	<u>94,781</u>	<u>43,408</u>	<u>284,039</u>	<u>164,369</u>
Expenditures:				
Support Services	71,166	31,774	270,317	
Interfund Transfers	<u>27,237</u>	<u>11,289</u>		
Total Expenditures	<u>98,403</u>	<u>43,063</u>	<u>270,317</u>	
Net Increase (Decrease)	(3,621)	345	13,722	164,369
Beginning Balance - January 1st	<u>5,581</u>	<u>1,960</u>	<u>2,305</u>	<u>16,027</u>
Ending Balance	<u><u>\$1,960</u></u>	<u><u>\$2,305</u></u>	<u><u>\$16,027</u></u>	<u><u>\$180,396</u></u>

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

(Continued on next page)

SPENCER-OWEN COMMUNITY SCHOOLS

(Cont'd)

SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

<u>LOCAL RAINY DAY FUND</u>	<u>Calendar Year</u>			<u>Six Months</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Ended</u>
				<u>6/30/2018</u>
Receipts:				
Interfund Transfers	\$961,809	\$1,134,972	\$1,122,801	\$84,910
Local Option Tax		56,251		61,180
Intermediate Sources		1,434	164,789	4,450
Sale of Property		27,121	18,080	
Other Revenue from Local Sources	5,100	10,611	9,965	3,330
Total Receipts	<u>966,909</u>	<u>1,230,388</u>	<u>1,315,635</u>	<u>153,870</u>
Expenditures:				
Instruction	103,504	120,283		
Support Services	460,052	584,916	491,363	131,085
Debt Services	577			
Facilities Acquisition and Construction			58,273	5,764
Interfund Transfers	206,136	223,260	141,733	
Total Expenditures	<u>770,269</u>	<u>928,459</u>	<u>691,369</u>	<u>136,849</u>
Net Increase (Decrease)	196,640	301,929	624,266	17,022
Beginning Balance - January 1st	<u>2,047,319</u>	<u>2,243,959</u>	<u>2,545,889</u>	<u>3,170,155</u>
Ending Balance	<u><u>\$2,243,959</u></u>	<u><u>\$2,545,889</u></u>	<u><u>\$3,170,155</u></u>	<u><u>\$3,187,176</u></u>

Note: Per the School Corporation, the 2018 ending balance is \$3,791,801.

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.

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SPENCER-OWEN COMMUNITY SCHOOLS

(Cont'd)

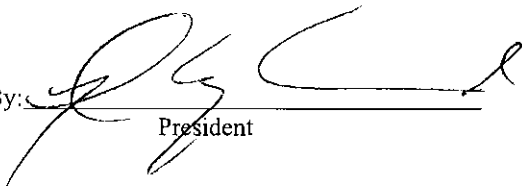
SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

	<u>Calendar Year</u>			<u>Six Months Ended</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>6/30/2018</u>
<u>OTHER FUNDS</u>				
Receipts:				
Revenues from Local Sources	\$526,974	\$1,278,528	\$2,873,241	\$1,413,438
Revenues from State Sources	324,791	290,501	304,572	258,961
Revenues from Federal Sources	1,758,832	1,710,757	1,748,718	727,000
Revenues from Intermediate Sources	7,167	74,556	54,888	10,894
Interfund Transfers	178,899	228,701	141,733	0
Other	947,720	3,376	1,057	50
Total Receipts	<u>3,744,383</u>	<u>3,586,419</u>	<u>5,124,208</u>	<u>2,410,343</u>
Expenditures:				
Support Services	544,072	1,152,851	842,466	297,383
Community Services	1,110,209	1,190,837	1,230,424	623,196
Facilities Acquisition and Construction	0	581,368	256,490	15,357
Instruction	717,357	629,483	690,349	296,390
Nonprogrammed Charges	0	3,347	2,072,001	1,109,941
Interfund Transfers	209,573	240,413	122,707	84,910
Total Expenditures	<u>2,581,211</u>	<u>3,798,300</u>	<u>5,214,436</u>	<u>2,427,177</u>
Net Increase (Decrease)	1,163,172	(211,881)	(90,227)	(16,834)
Beginning Balance - January 1st	<u>461,969</u>	<u>1,625,141</u>	<u>1,413,260</u>	<u>1,323,033</u>
Ending Balance	<u><u>\$1,625,141</u></u>	<u><u>\$1,413,260</u></u>	<u><u>\$1,323,033</u></u>	<u><u>\$1,306,199</u></u>
 <u>GRAND TOTALS</u>				
Total Receipts	<u>\$31,225,092</u>	<u>\$31,454,719</u>	<u>\$33,503,222</u>	<u>\$16,454,633</u>
Total Expenditures	<u>28,880,367</u>	<u>30,820,342</u>	<u>32,394,364</u>	<u>14,859,036</u>
Net Increase (Decrease)	2,344,725	634,377	1,108,858	1,595,597
Beginning Balance - January 1st	<u>7,339,925</u>	<u>9,684,650</u>	<u>10,319,027</u>	<u>11,427,885</u>
Ending Balance - December 31st	<u><u>\$9,684,650</u></u>	<u><u>\$10,319,027</u></u>	<u><u>\$11,427,885</u></u>	<u><u>\$13,023,483</u></u>

The Building Corporation and School Corporation certify to the best of their knowledge and belief that this Official Statement, 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.

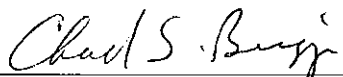
This Official Statement and its execution are duly authorized.

OWEN VALLEY HIGH SCHOOL BUILDING
CORPORATION

By: _____
President

Attest: _____
Secretary

SPENCER-OWEN COMMUNITY SCHOOLS

By: _____
Superintendent

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APPENDIX B

UMBAUGH

H. J. Umbaugh & Associates
Certified Public Accountants, LLP
8365 Keystone Crossing
Suite 300
Indianapolis, IN 46240-2687
Phone: 317-465-1500
Fax: 317-465-1550
www.umbaugh.com

January 31, 2019

Board of School Trustees
Spencer-Owen Community Schools
205 E. Hillside Avenue
Spencer, Indiana 47460

Building Corporation Directors
Owen Valley High School Building Corporation
205 E. Hillside Avenue
Spencer, Indiana 47460


In connection with the issuance of \$5,000,000* principal amount of Ad Valorem Property Tax First Mortgage Bonds, Series 2019, we have, at your request, prepared this special purpose report and the following schedules for inclusion in the Preliminary Official Statement dated January 31, 2019.

Page(s)

B-2 - B-3	General Comments
B-4	Estimated Project Costs and Funding
B-5	Preliminary Schedule of Amortization of \$5,000,000* Principal Amount of Ad Valorem Property Tax First Mortgage Bonds, Series 2019
B-6	Summary of Estimated Debt Service Tax Rates
B-7	Schedule of Existing Debt Service/Lease Rental Payments

In the preparation of these schedules, assumptions were made as noted regarding certain future events. As is the case with such assumptions regarding future events and transactions, some or all may not occur as expected, and the resulting differences could be material. We have not examined the underlying assumptions nor have we audited or reviewed the historical data. Consequently, we express no opinion thereon, nor do we have a responsibility to prepare subsequent reports.

*Preliminary, subject to change.



**OWEN VALLEY HIGH SCHOOL BUILDING CORPORATION
SPENCER-OWEN COMMUNITY SCHOOLS
Spencer, Indiana**

GENERAL COMMENTS

The Owen Valley High School Building Corporation (the “Building Corporation”) is issuing \$5,000,000* of Ad Valorem Property Tax First Mortgage Bonds, Series 2019 (the “Bonds”) for the purpose of paying for the renovation of and improvements to McCormick’s Creek Elementary, Gosport Elementary, Spencer Elementary, Patricksburg Elementary and safety and security improvements and site improvements throughout the School Corporation (hereinafter defined), including the purchase of equipment (the “Project”), and to pay issuance expenses.

The Bonds are secured by and payable from fixed, semiannual lease rental payments (the “Lease Rentals”) to be paid by Spencer-Owen Community Schools (the “School Corporation”) directly to The Bank of New York Mellon Trust Company, N.A., in Indianapolis, Indiana (the “Trustee”) under a Trust Indenture between the Building Corporation and the Trustee dated as of February 1, 2019 (the “Trust Indenture”) and a Lease (hereinafter defined) between the School Corporation and Building Corporation.

Pursuant to a Lease Agreement executed on October 18, 2018, between the Building Corporation and the School Corporation (the “Lease”), the Bonds are payable from semiannual Lease Rentals to be paid by the School Corporation directly to the Trustee. Such Lease Rentals are payable from ad valorem property taxes to be levied against all taxable property within the School Corporation. Pursuant to the Lease, the School Corporation will pay rental during renovation in the amount up to \$381,500 per payment payable beginning on June 30, 2020 until the completion of construction. Full Lease Rentals will begin on the day the Project (as defined in this Official Statement) is completed and ready for occupancy or June 30, 2021, whichever is later.

Estimated Project Costs and Funding – Page B-4

The costs of the Project relating to the Bonds are presented in this schedule, including construction related expenses, allowance for underwriter’s discount, and estimated costs of issuance.

The proceeds of the Bonds will provide the source of funding.

Preliminary Schedule of Amortization of \$5,000,000* Principal Amount of Ad Valorem Property Tax First Mortgage Bonds, Series 2019 – Page B-5

The preliminary amortization of \$5,000,000* principal amount of Ad Valorem Property Tax First Mortgage Bonds, Series 2019 is presented in this schedule. The Bonds are assumed to be dated February 28, 2019, and mature over a period of approximately ten years and eleven months with the final maturity on January 15, 2030. The Bonds are amortized based on assumed interest rates. Final interest rates will be determined through a competitive sale.

*Preliminary, subject to change.

**OWEN VALLEY HIGH SCHOOL BUILDING CORPORATION
SPENCER-OWEN COMMUNITY SCHOOLS
Spencer, Indiana**

GENERAL COMMENTS (CONT'D)

Summary of Estimated Debt Service Tax Rates – Page B-6

Calculations were made in this schedule for the proposed annual Lease Rentals and resulting estimated debt service tax rates based upon the amortization schedule found on page B-5. No growth in assessed value from the 2019 certified net assessed value was assumed in the calculation of the estimated debt service tax rates.

Schedule of Existing Debt Service/Lease Rental Payments – Page B-7

This schedule shows the outstanding (unaudited) debt service and lease rental payments of the School Corporation.

**OWEN VALLEY HIGH SCHOOL BUILDING CORPORATION
SPENCER-OWEN COMMUNITY SCHOOLS**

ESTIMATED PROJECT COSTS AND FUNDING

<u>Estimated Project Funding:*</u>	<u>Building Corporation</u>	<u>School Corporation</u>	<u>Totals</u>
Ad Valorem Property Tax First Mortgage Bonds, Series 2019	<u>\$5,000,000.00</u>	<u></u>	<u>\$5,000,000.00</u>
Total Estimated Project Funding	<u><u>\$5,000,000.00</u></u>	<u><u>\$0.00</u></u>	<u><u>\$5,000,000.00</u></u>
 <u>Estimated Project Costs:*</u>			
Proceeds available for Project	\$1,345,000.00	\$3,475,000.00	\$4,820,000.00
Purchase of Leased Property	3,475,000.00	(3,475,000.00)	0.00
Allowance for Underwriter's Discount (0.50%)	25,000.00		25,000.00
Estimated Costs of Issuance (1)	<u>155,000.00</u>	<u></u>	<u>155,000.00</u>
Total Estimated Project Costs	<u><u>\$5,000,000.00</u></u>	<u><u>\$0.00</u></u>	<u><u>\$5,000,000.00</u></u>

(1) Includes fee allowances for local counsel, bond counsel, municipal advisor, trustee, registrar and paying agent, rating, title insurance, appraisals, printing and other miscellaneous costs.

*Preliminary, subject to change.

(Subject to the accompanying report
dated January 31, 2019, of Umbaugh)

**OWEN VALLEY HIGH SCHOOL BUILDING CORPORATION
SPENCER-OWEN COMMUNITY SCHOOLS**

**PRELIMINARY SCHEDULE OF AMORTIZATION OF \$5,000,000* PRINCIPAL AMOUNT OF
AD VALOREM PROPERTY TAX FIRST MORTGAGE BONDS, SERIES 2019**

Assumes Bonds Dated February 28, 2019

<u>Payment Date*</u>	<u>Principal Outstanding*</u>	<u>Principal*</u>	<u>Assumed Interest Rates</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Budget Year Debt Service</u>	<u>Annual Lease Rentals (1)</u>
	(In \$1,000's)						
07/15/20	\$5,000			\$299,563.30	\$299,563.30		
01/15/21	5,000			108,493.75	108,493.75	\$408,057.05	\$414,000
07/15/21	5,000			108,493.75	108,493.75		
01/15/22	5,000			108,493.75	108,493.75	216,987.50	222,000
07/15/22	5,000	\$265	3.75	108,493.75	373,493.75		
01/15/23	4,735	275	3.90	103,525.00	378,525.00	752,018.75	758,000
07/15/23	4,460	275	3.90	98,162.50	373,162.50		
01/15/24	4,185	285	4.05	92,800.00	377,800.00	750,962.50	756,000
07/15/24	3,900	285	4.05	87,028.75	372,028.75		
01/15/25	3,615	295	4.20	81,257.50	376,257.50	748,286.25	754,000
07/15/25	3,320	300	4.20	75,062.50	375,062.50		
01/15/26	3,020	305	4.30	68,762.50	373,762.50	748,825.00	754,000
07/15/26	2,715	315	4.30	62,205.00	377,205.00		
01/15/27	2,400	325	4.45	55,432.50	380,432.50	757,637.50	763,000
07/15/27	2,075	325	4.45	48,201.25	373,201.25		
01/15/28	1,750	335	4.60	40,970.00	375,970.00	749,171.25	755,000
07/15/28	1,415	340	4.60	33,265.00	373,265.00		
01/15/29	1,075	350	4.70	25,445.00	375,445.00	748,710.00	754,000
07/15/29	725	360	4.70	17,220.00	377,220.00		
01/15/30	365	365	4.80	8,760.00	373,760.00	750,980.00	756,000
Totals		<u>\$5,000</u>		<u>\$1,631,635.80</u>	<u>\$6,631,635.80</u>	<u>\$6,631,635.80</u>	<u>\$6,686,000</u>

*Preliminary, subject to change.

(1) Debt Service rounded up to the next \$1,000, plus \$5,000.

(Subject to the accompanying report
dated January 31, 2019, of Umbaugh)

**OWEN VALLEY HIGH SCHOOL BUILDING CORPORATION
SPENCER-OWEN COMMUNITY SCHOOLS**

SUMMARY OF ESTIMATED DEBT SERVICE TAX RATES

Budget Year	Total Outstanding Debt Service / Lease Rental	Proposed Ad Valorem Property Tax First Mortgage Bonds, Series 2019*	Total Debt Service*	Estimated Net Assessed Value	Estimated Existing Debt Service Tax Rate	Estimated 2019 Bonds Debt Service Tax Rate	Estimated Combined Debt Service Tax Rate*
	(1)	(2)		(3)	(3) (4)	(3) (4)	(3) (4) (5)
2018	\$3,419,944		\$3,419,944	\$620,515,919	\$0.4185 (6)		\$0.4185 (6)
2019	3,419,253		3,419,253	629,440,743	0.5161		0.5161
2020	3,212,584	\$414,000	3,626,584	629,440,743	0.4849 (7)	\$0.0625 (7)	0.5474 (7)
2021	2,844,274	222,000	3,066,274	629,440,743	0.4293	0.0335	0.4628
2022	1,544,000	758,000	2,302,000	629,440,743	0.2330	0.1144	0.3474
2023	1,542,500	756,000	2,298,500	629,440,743	0.2328	0.1141	0.3469
2024	1,539,600	754,000	2,293,600	629,440,743	0.2324	0.1138	0.3462
2025	1,034,400	754,000	1,788,400	629,440,743	0.1561	0.1138	0.2699
2026	1,027,700	763,000	1,790,700	629,440,743	0.1551	0.1152	0.2703
2027	1,029,700	755,000	1,784,700	629,440,743	0.1554	0.1140	0.2694
2028	515,100	754,000	1,269,100	629,440,743	0.0777	0.1138	0.1915
2029		756,000	756,000	629,440,743		0.1141	0.1141

(1) See page B-7.

(2) See page B-5.

(3) Based on the 2018 certified net assessed value of \$620,515,919 and the 2019 certified net assessed value of \$629,440,743 for Spencer-Owen Community Schools with no growth assumed thereafter.

(4) Assumes license excise/financial institutions factor of 5%. Per \$100 of net assessed value.

(5) Represents estimated debt service tax rate for combined debt.

(6) Certified debt service tax rate per the 2018 Owen County Budget Order.

(7) It is anticipated that the School Corporation will spend down its operating balance to account for a portion of the increase in the total annual debt service.

* Preliminary, subject to change.

(Subject to the accompanying report
dated January 31, 2019, of Umbaugh)

**OWEN VALLEY HIGH SCHOOL BUILDING CORPORATION
SPENCER-OWEN COMMUNITY SCHOOLS**

SCHEDULE OF EXISTING DEBT SERVICE/LEASE RENTAL PAYMENTS

(Unaudited)

Payment Year	Common School Fund Loans (1)	Ad Valorem Property Tax First Mortgage Refunding Bonds, Series 2009	Taxable General Obligation Bonds, Series 2010 (QSCB)	Ad Valorem Property Tax First Mortgage Refunding, Series 2012	Ad Valorem Property Tax First Mortgage Bonds, Series 2015	Total Existing Debt Service
	(2)					
2018	\$1,770,420	\$636,000	\$229,524	\$507,000	\$277,000	\$3,419,944
2019	1,747,097	636,000	220,156	514,000	302,000	3,419,253
2020	1,390,299		210,285	510,000	\$1,102,000	3,212,584
2021	1,032,300		199,974	511,000	1,101,000	2,844,274
2022	1,031,000			513,000		1,544,000
2023	1,033,500			509,000		1,542,500
2024	1,029,600			510,000		1,539,600
2025	1,034,400					1,034,400
2026	1,027,700					1,027,700
2027	1,029,700					1,029,700
2028	515,100					515,100
Total	\$12,641,116	\$1,272,000	\$859,939	\$3,574,000	\$2,782,000	\$21,129,055

Note: Does not include Amended Taxable General Obligation Pension Bonds of 2003.

(1) Includes common school fund loans A0445, A0516, and A1625.

(2) Payments are on a calendar year basis.

(Subject to the accompanying report
dated January 31, 2019, of Umbaugh)

APPENDIX C

SUMMARY OF THE LEASE

The following is a summary of certain provisions of the Lease and does not purport to comprehensively describe that document in its entirety.

Acquisition and Construction of the Lease Premises

The Building Corporation is to cause the Leased Premises to be completed in accordance with the contract documents and the plans and specifications which have been prepared by or at the direction of the Building Corporation and approved by the School Corporation and applicable agencies. The plans and specifications may be changed at any time prior to the completion of the Leased Premises by mutual agreement of the Building Corporation and the School Corporation, except that such changes may not alter the character of the building or reduce the value thereof.

Lease Term and Rental

The Lease is for a twenty-two (22) year term which commences on the date the Building Corporation acquires fee simple title to the Leased Premises and expires on the date which is twenty-two (22) years later. By each rent payment date, the School Corporation is to pay the installment of rent due under the Lease. The Lease provides for rental during renovation in the amount of \$381,500 per payment payable on June 30 and December 31 beginning June 30, 2020 until completion of construction. Thereafter, each installment of rent is payable in advance for the following six-month period on June 30 and December 31, commencing on June 30, 2021, or on the date the Leased Premises are completed and ready for occupancy, whichever is later. The annual rent to be paid is \$763,000 per year, payable in equal semiannual installments. Completion of the Leased Premises is to be certified to the School Corporation by a representative of the Building Corporation pursuant to the Lease. The date the building is substantially completed and ready for occupancy shall be endorsed on the end of the Lease by the parties thereto as soon as can be done after the completion of the construction. The endorsement shall be recorded as an addendum to the Lease. The lease rental shall be reduced following the sale of the Building Corporation's Bonds to an amount not less than the multiple of \$1,000 next higher than the highest sum of principal and interest due on such bonds in each bond year ending on a bond maturity date plus \$5,000, payable in equal semiannual installments. Such amount of reduced annual rental shall be endorsed at the end of the Lease by the parties thereto as soon as can be done after the sale of the bonds. The endorsement shall be recorded as an addendum to the Lease.

Maintenance and Modification

During the term of the Lease, the School Corporation is required to keep the Leased Premises in good repair and in good operating condition, ordinary wear and tear excepted. The School Corporation may, at its own expense and as part of the Leased Premises, make modifications of, additions and improvements to and substitutions for the Leased Premises, all of which become the property of the Building Corporation and are included as part of the Leased Premises under the terms of the Lease.

The School Corporation may, at its own expense, replace worn out or obsolete property and may install on the property on which the Leased Premises are situated personal property which

is not an addition or improvement to, modification of or substitution for the Leased Premises, which will be the sole property of the School Corporation and in which the Building Corporation shall have no interest. The School Corporation may discard worn out or obsolete property and need not replace it. Equipment or other personal property which becomes worn out or obsolete may be discarded or sold by Lessee. The proceeds of the sale of any personal property shall be paid to the Trustee. Lessee may trade in any obsolete or worn out personal property or replacement property which replacement property will belong to Lessee upon payment to the Trustee of an amount equal to the trade-in value of such property. Lessee need not replace worn out or obsolete personal property, but may replace such property at its own expense, and the replacement property shall belong to Lessee.

Property and Liability Insurance

The School Corporation is required to carry at its own expense, property insurance on the Leased Premises against physical loss or damage to the Leased Premises, however caused, with such exceptions only as are ordinarily required by insurers of buildings or facilities of a similar type, in an amount equal to one hundred percent (100%) of the full replacement cost of the mortgaged property. Any property insurance policy shall be so written or endorsed as to make any losses payable to the Building Corporation or to such other person or persons as the Building Corporation under the Lease may designate.

During the full term of the Lease, the School Corporation is required to maintain rent or rental value insurance in an amount equal to the full rental value of the Leased Premises for a period of two years. The insurance will protect against physical losses or damages similar to those covered under the property insurance policy held by the School Corporation.

Damage or Destruction

If the Leased Premises are damaged or destroyed (in whole or in part) by fire, windstorm or other casualty at any time during the term of the Lease, the Building Corporation is to promptly repair, rebuild or restore the portion of the Leased Premises damaged or destroyed with such changes, alterations and modifications (including substitutions and additions) as may be designated by the School Corporation for administration and operation of the Leased Premises and as shall not impair the character and significance of the Leased Premises as furthering the purposes of the Code.

If the Leased Premises are totally or substantially destroyed and the amount of insurance money received is sufficient to redeem all of the outstanding Bonds and all such Bonds are then subject to redemption, the Building Corporation, with the written approval of the School Corporation, may direct the Trustee to use net proceeds of insurance to call for redemption all of the Bonds then outstanding at the then current redemption price.

Rent Abatement and Rental Value Insurance

If the Leased Premises or a portion thereof are damaged or destroyed or is taken under the exercise of the power of eminent domain, the rent payable by the School Corporation shall be abated or reduced, provided there is rental value insurance in force as required by the Lease. The rent shall be totally abated during that portion of the Lease terms that the Leased Premises is totally

unfit for use or occupancy. It shall be partially abated for the period and to the extent that the Leased Premises are partially unfit for use or occupancy in the same proportion that the floor area of the Leased Premises so unfit for use or occupancy bears to the total floor area of the Leased Premises.

Taxes and Utility Charges

The School Corporation is to pay, as further rent, taxes and assessments lawfully assessed or levied against or with respect to the Leased Premises or any personal property or fixtures installed or brought in or on the Leased Premises, and all utility and other charges for or incurred in connection with the Leased Premises. The School Corporation may, at its own expense, in good faith contest any such taxes and assessments. The School Corporation shall also pay as additional rent, any amount required by the Building Corporation to rebate to the United States Government to prevent the Building Corporation's bonds from becoming arbitrage bonds.

Events of Default

The Lease provides that either of the following constitutes an "event of default" under the Lease:

- (a) Failure to pay any rentals or other sums payable to the Building Corporation under the Lease, or failure to pay any other sum therein required to be paid to the Building Corporation; or
- (b) Failure to observe any other covenant, agreement or condition under the Lease, and such default shall continue for sixty (60) days after written notice to correct the same.

Remedies

On the occurrence of an event of default under the Lease, the Trustee may proceed to protect and enforce its rights by suit or suits in equity or at law in any court of competent jurisdiction, whether for specific performance or any covenant or agreement contained therein, or for the enforcement of any other appropriate legal or equitable remedy; file a claim with the Treasurer of the State of Indiana for an amount equal to an amount in default, and may authorize or delegate the authority to file such claim; or the Building Corporation, at its option, without further notice, may terminate the estate and interest of the School Corporation thereunder, and it shall be lawful for the Building Corporation forthwith to resume possession of the Leased Premises and the School Corporation covenants to surrender the same forthwith upon demand. The exercise by the Building Corporation of the right to terminate the Lease shall not release the School Corporation from the performance of any obligation thereof maturing prior to the Building Corporation's actual entry into possession. No waiver by the Building Corporation of any right to terminate the Leases upon any default shall operate to waive such right upon the same or other default subsequently occurring.

The School Corporation may not assign the Lease or sublet the Leased Premises without the written consent of the Building Corporation. In the Lease, the School Corporation has covenanted to use and maintain the Leased Premises in accordance with the laws and ordinances

of the United States of America, the State of Indiana, and all other proper governmental authorities. The School Corporation has also covenanted that it will not enter into any lease, management contract or other contractual arrangement which would allow the use of the Leased Premises by a nongovernmental person which would have the effect of making the Building Corporation's bonds private activity bonds under Section 141 of the Internal Revenue Code of 1986.

Option to Purchase

The School Corporation has the option to purchase the Leased Premises on any rental payment date at a price which is sufficient to allow the Building Corporation to liquidate by paying or providing for the payment in full of the then outstanding bonds pursuant to the redemption provisions.

Option to Renew

The School Corporation has an option to renew the Lease for a further like or lesser term upon the same terms and conditions provided in the Lease.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE

The following is a brief summary of certain provisions of the Trust Indenture and does not purport to comprehensively describe that document in its entirety.

Application of Bond Proceeds

Proceeds in an amount equal to costs of issuance shall be deposited in the Bond Issuance Expense Account of the Construction Fund. The remaining proceeds of the Bonds shall be deposited in the Construction Account of the Construction Fund and used to pay costs of construction.

Construction Fund, Sinking Fund, Operation and Reserve Fund and Rebate Fund

There are created under the Trust Indenture the following funds: (1) the Owen Valley High School Building Corporation Construction Fund (the "Construction Fund"), (2) the Owen Valley High School Building Corporation Sinking Fund (the "Sinking Fund"), (3) the Owen Valley High School Building Corporation Operation and Reserve Fund (the "Operation and Reserve Fund"), and (4) the Owen Valley High School Building Corporation Rebate Fund (the "Rebate Fund").

The Construction Fund will be used to finance the renovation of and improvements to McCormick's Creek Elementary, Gosport Elementary, Spencer Elementary, Patricksburg Elementary and safety and security improvements and site improvements throughout the School Corporation, including the purchase of equipment (the "Project") and to pay costs of issuance of the Bonds. Any moneys remaining in the Construction Fund one year after completion of the Project will be transferred to the Operation and Reserve Fund.

The Trustee shall deposit in the Sinking Fund created pursuant to the Trust Indenture, from each rental payment received, the lesser of (1) all of such payment or (2) an amount which, when added to the amount already on deposit, equals the unpaid interest on the Bonds due within twenty (20) days after the due date of such rental payment and the unpaid principal and mandatory sinking fund redemption payment of the Bonds due within twenty (20) days after the due date of such rental payment. Any portion of a rental payment remaining after such deposit shall be deposited by the Trustee in the Operation and Reserve Fund. The Trustee shall from time to time pay from the Sinking Fund the principal of the Bonds at maturity or upon mandatory sinking fund redemption and the interest as it falls due.

The Operation and Reserve Fund shall be used only (a) to pay necessary incidental expenses of the Building Corporation, including Trustee's fees, (b) if the amount in the Sinking Fund at any time is less than the required amount, to transfer funds to the Sinking Fund in an amount sufficient to raise the amount in the Sinking Fund to the required amount, (c) if the Bonds are called for redemption, to pay the principal, interest, and redemption premium, if any, on the Bonds, (d) to purchase Bonds in the open market, and (e) if the amount in the Rebate Fund is less than the rebate amount, to transfer funds to the Rebate Fund. The incidental expenses may be paid by the Trustee upon the presentation of an affidavit executed by any officer of the Building Corporation or the Lessor Representative together with the creditor's statement as to the amount owing.

The Rebate Fund shall be used to make any rebate to the United States of America required to prevent the Bonds from becoming "arbitrage bonds" under the Code. If an exception to rebate is not met, the Building Corporation shall be required to calculate or cause to be calculated at the five year anniversary the amount of such rebate (the "Rebate Amount"). In the alternative, the Building Corporation may elect to pay the penalty required by Section 148(f)(4)(C)(vii) of the Code, as amended. In that event, the Building Corporation shall compute or cause to be computed each six months, the amount of such penalty and provide the Trustee a copy of such calculation. In either event, the Trustee is to deposit the amount so calculated to the credit of the Rebate Fund from any available funds (other than moneys in the Sinking Fund). The Trustee is further required to pay the Rebate Amount or penalties in lieu of rebate together with all investment earnings thereon to the United States of America, in the amount and at such times as shall be advised by the Building Corporation or nationally recognized bond counsel as required by the Code or applicable regulations.

Whenever the amounts contained in the Sinking Fund and the Operation and Reserve Fund are sufficient together with all other funds deposited with the Trustee by the Building Corporation (other than deposits to the Rebate Fund), to redeem, upon the next redemption date, all the Bonds secured by the Trust Indenture then outstanding, the Trustee shall apply the amounts in such Funds to the redemption of such Bonds pursuant to the Trust Indenture.

Investment of Funds

The Trustee shall invest the moneys in funds created in the Trust Indenture in (i) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"), (ii) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (iii) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, (iv) Federal Housing Administration debentures, (v) Federal Home Loan Mortgage Corporation participation certificates and senior debt obligations (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts), (vi) Farm Credit Bank consolidated system-wide bonds and notes, (vii) Federal Home Loan Banks consolidated debt obligations, (viii) Federal National Mortgage Association senior debt obligations and mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts), (ix) unsecured certificates of deposit, time deposits and bankers' acceptances of any bank (including the Trustee and its affiliates) the short-term obligations of which are rated "A-1" or better by Standard and Poor's Ratings Group having an original maturity of not more than 360 days, (x) commercial paper (having original maturities of not more than 270 days) rated "A-1+" by Standard and Poor's Ratings Group and "Prime-1" by Moody's at the time of purchase, (xi) evidence of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated, (xii) deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), including CDARS, (xiii) money market funds, which funds may be funds of the Trustee or its

affiliates, including those for which the Trustee or an affiliate performs services for a fee, whether as a custodian, transfer agent, investment advisor or otherwise, and which funds are rated "AAAm" or "AAAm-G" by Standard and Poor's Ratings Group, (xiv) repurchase and reverse repurchase agreements collateralized with Government Securities, including those of the Trustee of any of its affiliates, (xv) investment deposit agreements constituting an obligation of a bank, as defined by the Indiana Banking Act (including the Trustee and its affiliates), whose outstanding unsecured long-term debt is rated at the time of such agreement in any of the two highest rating categories by each Rating Agency, or (xvi) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic banks whose short term certificates of deposit are rated on the date of the purchase in any of the two highest rating categories by any rating agency and maturing no more than 360 days after the date of the purchase. Moneys in the Construction Fund, Sinking Fund and Rebate Fund shall be invested without restriction as to yield during an applicable temporary period pending their use. Moneys in the Operation and Reserve Fund after 30 days of the date of deposit shall be invested at a yield not exceeding the yield on the Bonds.

Covenants

The Building Corporation covenants, among other things that:

- (a) it has entered into a valid and binding lease of the mortgaged property to the School Corporation, and that a full, true and correct copy of the Lease is on file with the Trustee; that construction will begin promptly upon receipt by the Trustee of bond proceeds and that it will complete such construction with all expedition practicable in accordance with the plans and specifications referred to in the Lease;
- (b) it will faithfully perform all provisions contained in each Bond and the Trust Indenture and will punctually pay the principal of, premium, if any, and interest on the Bonds;
- (c) it is duly authorized under the laws of the State of Indiana to create and issue the Bonds, to execute and deliver the Trust Indenture, and to mortgage and pledge the real estate and rentals and other income of the mortgaged property as provided in the Trust Indenture;
- (d) it will promptly make, execute, and deliver all indentures supplemental to the Trust Indenture and to take all action deemed advisable and necessary by the Trustee for the better securing of the Bonds;
- (e) it now has and will preserve good title to the property;
- (f) it will maintain the priority of the lien created under the Trust Indenture, that it will not permit any waste of said property, and that it will at all times maintain the property in good working condition;
- (g) it will maintain proper books and records and: (i) furnish statements showing earnings, expenses and financial condition of the Building Corporation and such information as the Trustee may reasonably request,

- (ii) within 90 days of each calendar year, file with the Trustee, a certificate signed by officers of the Building Corporation stating that all insurance premiums required under the Trust Indenture have been paid by the Building Corporation and that all taxes then due have been paid, subject to permissible contests, (iii) upon the request of any bondholder, will request from the Lessee the current financial statements of the Lessee for review by the bondholder;
- (h) it will not incur any indebtedness payable from the Lease other than the Bonds permitted by the Trust Indenture, and Additional Bonds, as long as the Bonds are outstanding;
- (i) it will, upon any default in payment of lease rentals, file a claim with the Treasurer of the State of Indiana, bring suits to mandate the appropriate officers of the School Corporation to levy the necessary tax to pay rents under the Lease or to take such other appropriate action necessary to enforce and collect the rentals due;
- (j) the proceeds of the Bonds, any moneys received from lease rentals payable according to the Lease, amounts received from the investment of the proceeds of the Bonds or other amounts received shall not be invested in such manner which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code; and
- (k) 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, no proceeds thereof will be loaned to any entity or person, nor will they be transferred, directly or indirectly, or deemed transferred to a nongovernmental person in any manner that would in substance constitute a loan of such proceeds. Furthermore, the Building Corporation 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 such proceeds or other moneys treated as such proceeds to the United States Government and will set aside such moneys in the Rebate Fund to be held by the Trustee in trust for such purposes. Additionally, the Building Corporation covenants that it will not take any action 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.

Insurance

The Building Corporation covenants that during construction of the Project it will carry or cause the School Corporation to carry the following kinds of risks insurance (a) builders risk insurance in the amount of 100% of the insurable value of the mortgaged property against physical loss or damage, and (b) bodily injury and property damage insurance for damages for bodily injury,

including accidental death, as well as claims for property damages which may arise from such construction.

The Building Corporation further covenants that all contracts for the construction of the Project will or do require the contractor to carry such insurance as will protect the contractor from liability under the Indiana Worker's Compensation and Worker's Occupational Disease Act.

The Building Corporation covenants to carry or cause the School Corporation to carry the following kinds of insurance after completion of construction: (a) physical loss or damage insurance on the mortgaged property in the amount of the full replacement cost of the property; (b) business income coverage or other similar insurance providing "rental value" coverage and naming the Lessor as an additional insured. Such "rental value" coverage shall include limits in an amount at least sufficient to meet the payments for two (2) years of the net rent, impositions and other charges provided for in the Lease, and (c) bodily injury and property damage insurance naming the Corporation as an insured against claims for damages for bodily injury, including accidental death, as well as claims for property damages with reference to the Leased Premises in an amount not less than One Million Dollars (\$1,000,000) on account of each occurrence.

The proceeds of any insurance shall be applied by the Building Corporation to the repair, replacement or reconstruction of any damaged or destroyed property, if the cost of such repair, replacement or reconstruction does not exceed the proceeds of insurance. In addition, the Trustee may repair, replace, or reconstruct the mortgaged property if the Building Corporation fails to do so. If, at any time, the mortgaged property is totally or substantially destroyed, and the amount of insurance moneys received on account thereof by the Trustee is sufficient to redeem all of the outstanding Bonds, the Building Corporation with the written approval of the School Corporation may direct the Trustee to use said money for the purpose of calling for redemption all of the Bonds issued and then outstanding under the Trust Indenture at the then current redemption price.

Events of Default and Remedies

Events of default under the Trust Indenture include: failure to pay the principal of, or the redemption premiums, if any, on any of the Bonds; failure to pay interest on the Bonds as it becomes due and payable; occurrence of certain events of bankruptcy or insolvency of the Building Corporation; default in the performance or observance of any other of the covenants, agreements or conditions by the Building Corporation under the Trust Indenture and the continuance of such default for sixty (60) days after written notice; failure of the Building Corporation to bring suit to mandate the appropriate officials of the School Corporation to levy a tax to pay the rentals provided under the Lease; and nonpayment of the lease rental within 90 days of when due as provided under the Lease.

Upon the happening and continuance of any event of default, the Trustee may, and upon written request of the holders of twenty-five percent (25%) in principal amount of the Bonds then outstanding and upon being indemnified to its reasonable satisfaction shall, declare the principal amount of and interest accrued on all outstanding Bonds immediately due and payable; subject, however, to the rights of the holders of the majority in principal amount of all the outstanding Bonds to annul such declaration if all such events have been cured, all arrears of interest have been

paid and all other indebtedness secured by the Trust Indenture except the principal and interest not then due has also been paid.

Upon the occurrence of one or more events of default, the Building Corporation, upon demand of the Trustee, shall forthwith surrender the possession of the property and the Trustee may take possession of all the mortgaged property and hold, operate and manage the same for the purpose of insuring payments on the Bonds until the event of default has been cured.

Upon the occurrence of one or more events of default, the Trustee may, and shall upon written request of the holders of at least twenty-five percent (25%) in principal amount of the Bonds then outstanding and upon being indemnified to its reasonable satisfaction, pursue any available remedy by suit at law or in equity, whether for specific performance of any covenant or agreement contained in the Trust Indenture or in aid of any power granted therein, or for any foreclosure of the Trust Indenture including, to the extent permitted by law, the appointment of a receiver.

Any sale made either under the Trust Indenture, to the extent permitted by law, or by judgment or decree in any judicial proceeding for foreclosure shall be conducted as required by the Trust Indenture. The proceeds of any such sale shall be applied to pay the costs and expenses of the sale or judicial proceedings pursuant to the sale, the expenses of the Trustee and the holders of the Bonds, with interest at the highest rate of interest on any of the Bonds when sold, and the payment of the installments of interest which are due and unpaid in the order of their maturity, next, if the principal of the Bonds is due, to the payment of the principal thereof and the accrued interest thereon pro rata. No holder of all of the Bonds shall have the right to institute any proceeding in law or in equity for the foreclosure of the Trust Indenture, the appointment of a receiver, or for any other remedy under the Trust Indenture without complying with the provisions of the Trust Indenture.

Supplemental Indentures

The Building Corporation and the Trustee may, without obtaining the approval of the holders of the Bonds, enter into supplemental indentures to cure any ambiguity or formal defect or omission in the Trust Indenture; or to grant to the Trustee for the benefit of such holders any additional rights, remedies, powers, authority or security that may be lawfully granted; or to provide for the issuance of additional parity bonds to finance (i) the payment of claims of contractors, subcontractors, materialmen or laborers or fees; (ii) the completion of construction; (iii) the payment of costs of improvements to the mortgaged property; and (iv) a partial refunding of the Bonds.

The holders of not less than 66-2/3% in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time except when contrary to the Trust Indenture, to approve the execution by the Building Corporation and the Trustee of such supplemental indentures, except no supplemental indenture shall permit:

- (a) An extension of the maturity of the principal of or interest on any Bond;
- (b) A reduction in the principal amount of any Bond or the redemption premium or the rate of interest;

- (c) The creation of a lien upon the mortgaged property taking priority or on a parity with the lien created by the Trust Indenture;
- (d) A preference or priority of any Bond or Bonds over any other Bond or Bonds; or
- (e) A reduction in the aggregate principal amount of the Bonds required for consent to supplemental indentures.

If the owners of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the bonds outstanding at the time of the execution of such supplemental indenture shall have consented to and approved the execution thereof as provided in the Trust Indenture, no owner of any bond shall have any right to object to the execution of such supplemental indenture 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 execution thereof, or to enjoin or restrain the Trustee or the Building Corporation from executing the same, or from taking any action pursuant to the provisions thereof.

Upon the execution of any supplemental indenture pursuant to the provisions of the Trust Indenture, the Trust Indenture shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Trust Indenture of the Building Corporation, the Trustee, and all owners of bonds then outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Possession Until Default, Defeasance, Payment, Release

Subject to the rights of the Trustee and the holders of the Bonds in the event of the occurrence and continuance of an event of default, the Building Corporation shall have the right of full possession, enjoyment and control of all the mortgaged property. While in possession of the mortgaged property, and while not in default under the Trust Indenture, the Building Corporation shall have the right at all times to alter, change, add to, repair, or replace any of the property constituting a part of the mortgaged property so long as the value of the mortgaged property and the security of the Bonds shall not be substantially impaired or reduced. The Trustee may release any mortgaged property which has become unfit or unnecessary for use pursuant to the Trust Indenture. If new property is purchased or acquired in substitution for the mortgaged property so released, the new property shall become subject to the lien and the operation of the Trust Indenture. If no new property is purchased with the proceeds of any sale or mortgaged property within ninety (90) days after the receipt of the proceeds, the proceeds shall be deposited in the Operation and Reserve Fund.

The Building Corporation may pay and discharge the entire indebtedness on all Bonds outstanding:

- (a) by paying the whole amount of the principal and interest and the premium if any, due and payable upon all of the Bonds then outstanding; or

- (b) by depositing with the Trustee (i) sufficient money, (ii) direct obligations of the United States of America (the "Government Securities") or (iii) time certificates of deposit of a bank or banks secured as to both principal and interest by Government Securities in amounts sufficient to pay or redeem all Bonds outstanding.

If the whole amount of the principal, premium, if any, and interest so due and payable upon all of the Bonds then outstanding shall be paid or provision made for payment, then the right, title and interest of the Trustee shall thereupon cease, terminate and become void. Upon termination of the Trustee's title, the Trustee shall release the Trust Indenture and return to the Building Corporation any surplus in the Sinking Fund and Operation and Reserve Fund and any other funds other than moneys held for redemption or payment of Bonds.

APPENDIX E

February __, 2019

_____, _____

Re: Owen Valley High School Building Corporation
Ad Valorem Property Tax First Mortgage Bonds, Series 2019
Total Issue: \$5,000,000
Original Date: February __, 2019

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Owen Valley High School Building Corporation (the "Issuer") of \$5,000,000 of Ad Valorem Property Tax First Mortgage Bonds, Series 2019 dated as of February __, 2019 (the "Bonds"), pursuant to Indiana Code § 20-47-3 (the "Act") and a Trust Indenture (the "Indenture") between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), dated as of February 1, 2019. We have examined the law and the certified transcript of proceedings of the Issuer and the Spencer-Owen Community Schools (the "School Corporation") relative to the authorization, issuance and sale of the Bonds and such other papers as we deem necessary to render these opinions. We have relied upon the certified transcript of proceedings and certificates of public officials, including the Issuer's and the School Corporation's tax covenants and representations ("Tax Representations"), and we have not undertaken to verify any facts by independent investigation.

We have also relied upon a commitment for title insurance as to title to the real estate described in the Indenture.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Preliminary Official Statement dated January __, 2019 or the Final Official Statement dated __, 2019 (collectively, the "Official Statement") 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 Lease Agreement (the "Lease") between the Issuer, as lessor, and the School Corporation, as lessee, executed October 18, 2018, and with a term of twenty-two (22) years, has been duly entered into in accordance with the provisions of the Act, and is a valid and binding Lease. All taxable property in the School Corporation is subject to ad valorem taxation to pay the Lease rentals; 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 its Lease rentals in an amount sufficient to pay the Lease rentals, regardless of any reduction in property tax collections due to the application of such tax credits. Pursuant to the Lease, the School Corporation is required by law annually to pay the Lease rentals which commence during renovation on June 30, 2020 and which full Lease rentals commence with the later of the completion of renovation and improvements to the school building or June 30, 2021.

2. The Issuer has duly authorized, sold, executed and delivered the Bonds and has duly authorized and executed the Indenture securing the same, and the Indenture has been duly recorded. The Bonds are the valid and binding obligations of the Issuer secured by a mortgage on the property described in the Indenture. Any foreclosure of the mortgage would, if the School Corporation is not in default in the payment of rentals as provided in the Lease, be subject to the rights of the School Corporation under the Lease.

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.

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") and is not a specific preference item for purposes of the federal alternative minimum tax. This opinion is conditioned upon compliance by the Issuer and the School Corporation subsequent to the date hereof with the 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 issuance.

It is to be understood that the rights of the registered owners of the Bonds and the enforceability of the Bonds and the Indenture, as well as the rights of the Issuer, the School Corporation and the Trustee and the enforceability of the Lease 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 F

MASTER CONTINUING DISCLOSURE UNDERTAKING

This MASTER CONTINUING DISCLOSURE UNDERTAKING dated as of _____, 2019 (the "Master Undertaking") is executed and delivered by Spencer-Owen Community Schools (the "Obligor") for the purpose of permitting various Underwriters (as hereinafter defined) of the Obligations (as hereinafter defined) issued by or on behalf of the Obligor from time to time to purchase such Obligations in compliance with the Securities and Exchange Commission ("SEC") Rule 15c2-12, as amended (the "SEC Rule");

WITNESSETH THAT:

Section 1. Definitions. The words and terms defined in this Master Undertaking shall have the meanings herein specified unless the context or use clearly indicates another or different meaning or intent. Those words and terms not expressly defined herein and used herein with initial capitalization where rules of grammar do not otherwise require capitalization, shall have the meanings assigned to them in the SEC Rule.

- (1) "Holder" or any similar term, when used with reference to any Obligation or Obligations, means any person who shall be the registered owner of any outstanding Obligation, or the owner of a beneficial interest in such Obligation.
- (2) "EMMA" is Electronic Municipal Market Access System established by the MSRB.
- (3) "Final Official Statement" means, with respect to any Obligations, the final Official Statement relating to such Obligations, including any document or set of documents included by specific reference to such document or documents available to the public on EMMA.
- (4) "MSRB" means the Municipal Securities Rulemaking Board.
- (5) "Obligated Person" means any person, including the Obligor, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all or a part of the obligations on the Obligations (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities). All Obligated Persons with respect to Obligations currently are identified in Section 3 below.
- (6) "Obligations" means the various obligations issued by or on behalf of the Obligor, as listed on Exhibit A, as the same shall be amended or supplemented from time to time.
- (7) "Underwriter" or "Underwriters" means, with respect to any Obligations, the underwriter or underwriters of such Obligations pursuant to the applicable purchase agreement for such Obligations.

Section 2. Obligations; Term. (a) This Master Undertaking applies to the Obligations.

(b) The term of this Master Undertaking extends from the date of delivery of the Master Undertaking by the Obligor to the earlier of: (i) the date of the last payment of principal or redemption price, if any, of, and interest to accrue on, all Obligations; or (ii) the date all Obligations are defeased under the respective trust indentures or respective resolutions.

Section 3. Obligated Persons. The Obligor hereby represents and warrants as of the date hereof that the only Obligated Person with respect to the Obligations is the Obligor. If any such person is no longer committed by contract or other arrangement to support payment of the Obligations, such person shall no longer be considered an Obligated Person within the meaning of the SEC Rule and the continuing obligation under this Master Undertaking to provide annual financial information and notices of events shall terminate with respect to such person.

Section 4. Provision of Financial Information. (a) The Obligor hereby undertakes to provide, with respect to the Obligations, the following financial information, in each case (i) in an electronic format as prescribed by the MSRB and (ii) accompanied by identifying information as prescribed by the MSRB:

- (1) To the MSRB, the audited financial statements of the Obligor as prepared and examined by the Indiana State Board of Accounts on a biennial basis for each period of two fiscal years, together with the opinion of the reviewers thereof and all notes thereto (collectively, the "Audited Information"), by the June 30 immediately following each biennial period. Such disclosure of Audited Information shall first occur by June 30, 2019, and shall be made by June 30 every two years thereafter, if the Audited Information is delivered to the Obligor by June 30 of each biennial period. If, however, the Obligor has not received the Audited Information by such June 30 biennial date, the Obligor agrees to (i) post a voluntary notice to the MSRB by June 30 of such biennial period that the Audited Information has not been received, and (ii) post the Audited Information within 60 days of the Obligor's receipt thereof; and
- (2) To the MSRB, no later than June 30 of each year beginning June 30, 2019, the most recent unaudited annual financial information for the Obligor including (i) unaudited financial statements of the Obligor, and (ii) operating data (excluding any demographic information or forecast) of the general type provided under the general categories of headings as described below (collectively, the "Annual Information"), which Annual Information may be provided in such format and under such headings as the School Corporation deems appropriate:

APPENDIX A

SPENCER-OWEN COMMUNITY SCHOOLS

- Enrollment

GENERAL ECONOMIC AND FINANCIAL INFORMATION

- Schedule of Historical Net Assessed Valuation
- Detail of Net Assessed Valuation
- Comparative Schedule of Tax Rates

- Property Taxes Levied and Collected
- Large Taxpayers
- Summary of Revenues and Expenditures by Fund

(b) If any Annual Information or Audited Information relating to the Obligor referred to in paragraph (a) of this Section 4 no longer can be provided because the operations to which they relate have been materially changed or discontinued, a statement to that effect, provided by the Obligor to the MSRB, along with any other Annual Information or Audited Information required to be provided under this Master Undertaking, shall satisfy the undertaking to provide such Annual Information or Audited Information. To the extent available, the Obligor shall cause to be filed along with the other Annual Information or Audited Information operating data similar to that which can no longer be provided.

(c) The disclosure may be accompanied by a certificate of an authorized representative of the Obligor in the form of Exhibit B attached hereto.

(d) The Obligor agrees to make a good faith effort to obtain Annual Information and Audited Information. However, failure to provide any component of Annual Information and Audited Information, because it is not available to the Obligor on the date by which Annual Information is required to be provided hereunder, shall not be deemed to be a breach of this Master Undertaking. The Obligor further agrees to supplement the Annual Information or Audited Information filing when such data is available.

(e) Annual Information or Audited Information required to be provided pursuant to this Section 4 may be provided by a specific reference to such Annual Information or Audited Information already prepared and previously provided to the MSRB. Any information included by reference shall also be (i) available to the public on EMMA at www.emma.msrb.org, or (ii) filed with the SEC.

(f) All continuing disclosure filings under this Master Undertaking shall be made in accordance with the terms and requirements of the MSRB at the time of such filing. As of the date of this Master Undertaking, the SEC has approved the submission of continuing disclosure filings on EMMA, and the MSRB has requested that such filings be made by transmitting such filings electronically to EMMA currently found at www.emma.msrb.org.

Section 5. Accounting Principles. The Annual Information will be prepared on a cash basis as prescribed by the State Board of Accounts, as in effect from time to time, as described in the auditors' report and notes accompanying the audited financial statements of the Obligor or those mandated by state law from time to time. The Audited Information of the Obligor, as described in Section 4(a)(1) hereof, will be prepared in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Section 6. Reportable Events. The Obligor undertakes to disclose the following events within 10 business days of the occurrence of any of the following events, if material (which determination of materiality shall be made by the Obligor in accordance with the

standards established by federal securities laws), to the MSRB, in each case (i) in an electronic format as prescribed by the MSRB and (ii) accompanied by identifying information as prescribed by the MSRB:

- (1) non-payment related defaults;
- (2) modifications to rights of Holders;
- (3) bond calls;
- (4) release, substitution or sale of property securing repayment of the Obligations;
- (5) the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the obligated person, or entry into or termination of a definitive agreement relating to the foregoing;
- (6) appointment of a successor or additional trustee or the change of name of a trustee; and
- (7) incurrence of a financial obligation (as defined in the SEC Rule) of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligor, any of which affect security holders.

The Obligor undertakes to disclose the following events, within 10 business days of the occurrence of any of the following events, regardless of materiality, to the MSRB, in each case (i) in an electronic format as prescribed by the MSRB and (ii) accompanied by identifying information as prescribed by the MSRB:

- (1) principal and interest payment delinquencies;
- (2) unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) substitution of credit or liquidity providers, or their failure to perform;
- (5) defeasances;
- (6) rating changes;
- (7) adverse tax opinions or events affecting the status of the Obligations, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material events, notices or determinations with respect to the tax status of the Obligations;
- (8) tender offers;
- (9) bankruptcy, insolvency, receivership or similar event of the obligated person; and

- (10) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligor, any of which reflect financial difficulties.

The disclosure may be accompanied by a certificate of an authorized representative of the Obligor in the form of Exhibit C attached hereto.

Section 7. Use of Agent. The Obligor may, at its sole discretion, utilize an agent (the "Dissemination Agent") in connection with the dissemination of any information required to be provided by the Obligor pursuant to the SEC Rule and the terms of this Master Undertaking. If a Dissemination Agent is selected for these purposes, the Obligor shall provide prior written notice thereof (as well as notice of replacement or dismissal of such agent) to EMMA, and the MSRB.

Further, the Obligor may, at its sole discretion, retain counsel or others with expertise in securities matters for the purpose of assisting the Obligor in making judgments with respect to the scope of its obligations hereunder and compliance therewith, all in order to further the purposes of this Master Undertaking.

Section 8. Failure to Disclose. If, for any reason, the Obligor fails to provide the Audited Information or Annual Information as required by this Master Undertaking, the Obligor shall provide notice of such failure in a timely manner to EMMA or to the MSRB, in the form of the notice attached as Exhibit D.

Section 9. Remedies. (a) The purpose of this Master Undertaking is to enable the Underwriters to purchase the Obligations by providing for an undertaking by the Obligor in satisfaction of the SEC Rule. This Master Undertaking is solely for the benefit of (i) the Underwriters, and (ii) the Holders, and creates no new contractual or other rights for, nor can it be relied upon by, the SEC, underwriters, brokers, dealers, municipal securities dealers, potential customers, other Obligated Persons or any other third party. The sole remedy against the Obligor for any failure to carry out any provision of this Master Undertaking shall be for specific performance of the Obligor's disclosure obligations hereunder and not for money damages of any kind or in any amount or for any other remedy. The Obligor's failure to honor its covenants hereunder shall not constitute a breach or default of the Obligations or any other agreement to which the Obligor is a party and shall not give rise to any other rights or remedies.

(b) Subject to paragraph (e) of this Section 9, in the event the Obligor fails to provide any information required of it by the terms of this Master Undertaking, any holder of Obligations may pursue the remedy set forth in the preceding paragraph in any court of competent jurisdiction in the State of Indiana. An affidavit to the effect that such person is a holder of Obligations supported by reasonable documentation of such claim shall be sufficient to evidence standing to pursue this remedy.

(c) Subject to paragraph (e) of this Section 9, any challenge to the adequacy of the information provided by the Obligor by the terms of this Master Undertaking may be pursued only by holders of not less than 25% in principal amount of Obligations then outstanding in any court of competent jurisdiction in the State of Indiana. An affidavit to the effect that such

persons are holders of Obligations supported by reasonable documentation of such claim shall be sufficient to evidence standing to pursue the remedy set forth in the preceding paragraph.

(d) If specific performance is granted by any such court, the party seeking such remedy shall be entitled to payment of costs by the Obligor and to reimbursement by the Obligor of reasonable fees and expenses of attorneys incurred in the pursuit of such claim. If specific performance is not granted by any such court, the Obligor shall be entitled to payment of costs by the party seeking such remedy and to reimbursement by such party of reasonable fees and expenses of attorneys incurred in the pursuit of such claim.

(e) Prior to pursuing any remedy for any breach of any obligation under this Master Undertaking, a holder of Obligations shall give notice to the Obligor and the respective issuer of each obligation, by registered or certified mail, of such breach and its intent to pursue such remedy. Thirty (30) days after the receipt of such notice, upon earlier response from the Obligor to this notice indicating continued noncompliance, such remedy may be pursued under this Master Undertaking if and to the extent the Obligor has failed to cure such breach.

Section 10. Additional Information. Nothing in this Master Undertaking shall be deemed to prevent the Obligor from disseminating any other information, using the means of dissemination set forth in this Master Undertaking or any other means of communication, or including any other information in any Annual Information or notice of occurrence of a reportable event, in addition to that which is required by this Master Undertaking.

Section 11. Modification of Master Undertaking. The Obligor may, from time to time, amend or modify this Master Undertaking without the consent of or notice to the holders of the Obligations if either (a)(i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law (including but not limited to a change in law which requires a change in the Obligor's policies or accounting practices) or change in the identity, nature or status of the Obligor, or type of business conducted, (ii) this Master Undertaking, as so amended or modified, would have complied with the requirements of the SEC Rule on the date hereof, after taking into account any amendments or interpretations of the SEC Rule, as well as any change in circumstances, and (iii) such amendment or modification does not materially impair the interests of the holders of the Obligations, as determined either by (A) nationally recognized bond counsel or (B) an approving vote of the holders of the Obligations pursuant to the terms of any Trust Indenture at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds this Master Undertaking) is otherwise permitted by the SEC Rule, as then in effect.

Section 12. Interpretation Under Indiana Law. It is the intention of the parties hereto that this Master Undertaking and the rights and obligations of the parties hereunder shall be governed by, and construed and enforced in accordance with, the law of the State of Indiana.

Section 13. Severability Clause. In case any provision in this Master Undertaking shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 14. Successors and Assigns. All covenants and agreements in this Master Undertaking made by the Obligor shall bind its successors, whether so expressed or not.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Obligor has caused this Master Undertaking to be executed as of the day and year first hereinabove written.

SPENCER-OWEN COMMUNITY SCHOOLS,
as Obligor

By: _____
President, Board of School Trustees

Secretary, Board of School Trustees

[Signature Page to Master Continuing Disclosure Undertaking]

EXHIBIT A
OBLIGATIONS

<u>Full Name of Bond Issue</u>	<u>Base CUSIP</u>	<u>Final Maturity</u>
Owen Valley High School Building Corporation Ad Valorem Property Tax First Mortgage Bonds, Series 2019		

EXHIBIT B

**CERTIFICATE RE: [ANNUAL INFORMATION][AUDITED INFORMATION]
DISCLOSURE**

The undersigned, on behalf of the Spencer-Owen Community Schools, as the Obligor under the Master Continuing Disclosure Undertaking, dated as of _____, 2019 (the "Master Undertaking"), hereby certifies that the information enclosed herewith constitutes the [Annual Information][Audited Information] (as defined in the Master Agreement) which is required to be provided pursuant to Section 4(a) of the Master Agreement.

Dated: _____.

SPENCER-OWEN COMMUNITY SCHOOLS

DO NOT EXECUTE – FOR FUTURE USE ONLY

EXHIBIT C

CERTIFICATE RE: REPORTABLE EVENT DISCLOSURE

The undersigned, on behalf of the Spencer-Owen Community Schools, as Obligor under the Master Continuing Disclosure Undertaking, dated as of _____, 2019 (the "Master Agreement"), hereby certifies that the information enclosed herewith constitutes notice of the occurrence of a reportable event which is required to be provided pursuant to Section 6 of the Master Agreement.

Dated: _____.

SPENCER-OWEN COMMUNITY SCHOOLS

DO NOT EXECUTE – FOR FUTURE USE ONLY

EXHIBIT D

NOTICE TO MSRB OF FAILURE TO FILE INFORMATION

Notice is hereby given that the Spencer-Owen Community Schools (the "Obligor") did not timely file its [Annual Information][Audited Information] as required by Section 4(a) of the Master Continuing Disclosure Undertaking, dated as of _____, 2019.

Dated: _____

SPENCER-OWEN COMMUNITY SCHOOLS

DO NOT EXECUTE – FOR FUTURE USE ONLY

APPENDIX G

APPENDIX G

This Appendix G 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) Owen Valley High School Building Corporation (the “Issuer”) 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 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 G, 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 [Intent to Sell Bonds] [Notice of Sale](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 third-party 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 third-party distribution agreement, as applicable, (1) to report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Purchaser that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Purchaser, and (2) to promptly notify the Purchaser of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the Public, and (3) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the Purchaser shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public, (ii) any agreement among Underwriters or other selling group agreement 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 or dealer that is a party to a third-party 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 third-party distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Purchaser or such Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Purchaser or such Underwriter.

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

- (1) “Public” means any person other than an Underwriter or a related party,
- (2) “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 third-party distribution agreement participating in the initial sale of the Bonds to the Public),
- (3) 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 (A) more than 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), (B) 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 (C) 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),

- (4) “Sale Date” means the date that the Bonds are awarded by the Issuer to the winning bidder,
- (5) “Closing” and “Closing Date” mean the day the Bonds are delivered to the Purchaser and payment is made thereon to the Issuer, and
- (6) “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
\$5,000,000
AD VALOREM PROPERTY TAX FIRST MORTGAGE BONDS, SERIES 2019
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 third-party 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 February 7, 2019.

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 Owen Valley High School Building Corporation (the “Issuer”) offered its Ad Valorem Property Tax First Mortgage Bonds, Series 2019 (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

Owen Valley High School Building Corporation

By: _____

SCHEDULE A

This Schedule A sets forth as of the date hereof, the agreement between Owen Valley High School Building 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 provided that, the winning bidder’s reporting obligation after the Closing Date may be at reasonable, periodic intervals or otherwise upon request of the Issuer of bond counsel. 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 will advise the Issuer promptly after the close of the fifth (5th) business day after the Sale Date whether 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.

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 third party 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) more than 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 February 7, 2019.

“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

\$5,000,000

AD VALOREM PROPERTY TAX FIRST MORTGAGE BONDS, SERIES 2019

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 [Notice of Intent to Sell Bonds][bond sale notice], [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 third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party 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 third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party 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 (February 7, 2019), 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 Owen Valley High School Building 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 February 7, 2019.

(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 third-party 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 UNDERWRITING 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 Ad Valorem Property Tax First Mortgage Bonds, Series 2019 (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.]**.

Owen Valley High School Building 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: _____