

OFFICIAL TERMS AND CONDITIONS OF NOTE SALE

Approximately \$55,000,000
Commonwealth of Kentucky
Kentucky Asset/Liability Commission Project Notes
2023 Federal Highway Trust Fund First Refunding Series A

The Office of Financial Management on behalf of the Kentucky Asset/Liability Commission of the Commonwealth of Kentucky (the “Commission”), will until June 6, 2023, at 11:00 a.m., E.T., receive competitive bids for the purchase of the above-identified notes (the “2023A Notes”). To be considered, a bid for the purchase of the 2023A Notes must be submitted, no later than the date and hour indicated, via the BiDCOMP™/PARITY™ system, as described below. Proposals for the purchase of the 2023A Notes will be considered by an authorized officer of the Commission and a decision regarding the acceptance will be made on that date.

DESCRIPTION OF THE 2023A NOTES

The 2023A Notes will be issued only as fully registered 2023A Notes in denominations of \$5,000 principal amount or any multiple of \$5,000 within a single maturity (as designated by the purchasers), will bear interest payable semiannually on March 1 and September 1, commencing on September 1, 2023, and will mature on September 1, 2025 of the years and in the principal amounts set forth in the Preliminary Official Statement relating to the 2023A Notes, which principal maturities are subject to change as described below.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2023A Notes. The 2023A Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered note certificate will be issued for each maturity of the 2023A Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

The 2023A Notes shall be lettered and numbered from R-1 upward, or such numbering shall be made in such other appropriate manner as may be determined by The Bank of New York Mellon Trust Company, N.A., Pittsburgh, Pennsylvania, the Trustee and Paying Agent.

The 2023A Notes are not subject to optional redemption before maturity.

AUTHORITY AND PURPOSE OF 2023A NOTES

The 2023A Notes have been authorized and issued under the Constitution and laws of the Commonwealth of Kentucky (the “Commonwealth”), including particularly Chapters 56 and 58 of the Kentucky Revised Statutes. The Commission has adopted a Resolution dated April 18, 2023 (the “Resolution”) authorizing the issuance of the 2023A Notes. The 2023A Notes are being issued to provide funds which, together with other available funds, will be used (i) to refund the Commission’s outstanding Project Notes, 2013 Federal Highway Trust Fund First Series A (as further described in the Preliminary Official Statement) for the benefit of the Transportation Cabinet of the Commonwealth of Kentucky (the “State Agency”), and (ii) to pay costs of issuing the 2023A Notes.

SECURITY

The 2023A Notes, together with the Commission's outstanding (i) Project Notes, 2014 Federal Highway Trust Fund First Series A, (ii) Project Notes, 2015 Federal Highway Trust Fund First Series A, (iv) Project Notes, 2020 Federal Highway Trust Fund First Refunding Series A, and (vi) any additional notes (collectively, the "Notes") issued under the Master Trust Indenture dated as of May 1, 2005, as previously amended and supplemented by a Series Trust Indenture dated as of September 1, 2007, a Series Trust Indenture dated as of March 1, 2010, a Series Trust Indenture dated as of August 1, 2013, a Series Trust Indenture dated as of March 1, 2014, a Series Trust Indenture dated as of October 1, 2015, a Series Trust Indenture dated as of December 1, 2020, and a Series Trust Indenture dated as of June 6, 2023 (as so supplemented, the "Indenture"), and any interest due thereon are payable solely from a special fund created under the Indenture and defined therein as the Note Payment Fund, into which payments received from the State Agency are deposited.

The payments from the State Agency to the Commission arise under a Financing/Lease Agreement dated as of May 1, 2005, as amended and supplemented by (i) a First Supplement to Financing/Lease Agreement dated as of September 1, 2007, (ii) a Second Supplement to Financing/Lease Agreement dated as of March 1, 2010, (iii) a Third Supplement to Financing/Lease Agreement dated as of August 1, 2013, (iv) a Fourth Supplement to Financing/Lease Agreement dated as of March 1, 2014, (v) a Fifth Supplement to Financing/Lease Agreement dated as of October 1, 2015, (v) a Sixth Supplement to Financing/Lease Agreement dated as of December 1, 2020, and (vi) a Seventh Supplement to Financing/Lease Agreement dated as of June 6, 2023 (as so amended and supplemented, the "Financing Agreement"), each by and among the Commission, the State Agency, and the Commonwealth of Kentucky Finance and Administration Cabinet (the "Cabinet").

Under the provisions of the Constitution of the Commonwealth, the State Agency is prohibited from entering into financing obligations extending beyond the biennial budget. Notwithstanding the foregoing, the Financing Agreement will be automatically renewed unless written notice of the election by the State Agency to not renew the Financing Agreement is given to the Commission no later than the last business day of May before the beginning of the next succeeding renewal term.

The Kentucky General Assembly has appropriated to the State Agency, from funds to be received from the Federal Highway Administration ("FHWA Funds"), amounts sufficient to meet the financing payments under the Financing Agreement, thereby permitting the Commission to meet the debt service requirements of the 2023A Notes through June 30, 2024. The availability of funds to pay the financing payments under the Financing Agreement are dependent on the availability of a sufficient amount of FHWA Funds and the appropriation of a sufficient amount of the available FHWA Funds. The appropriation of the FHWA Funds available to the State Agency is subject to the discretion and approval of each successive regular or extraordinary session of the General Assembly of the Commonwealth. There can be no assurance that (i) a sufficient amount of FHWA Funds will be available to the State Agency to pay the financing payments under the Financing Agreement, (ii) the FHWA Funds available to the State Agency will be appropriated in future sessions or (iii) the Governor, in the performance of his or her obligation to balance the Commonwealth's budget, will not reduce or eliminate the appropriations. ANY FAILURE OF THE STATE AGENCY TO RECEIVE FHWA FUNDS OR TO HAVE AVAILABLE FHWA FUNDS APPROPRIATED FOR THE PAYMENT OF FINANCING PAYMENTS WILL HAVE A MATERIAL

ADVERSE EFFECT ON THE COMMISSION'S ABILITY TO PAY THE PRINCIPAL OF AND INTEREST ON THE 2023A NOTES.

The State Agency has entered into a Memorandum of Agreement dated April 18, 2005, the Memorandum of Agreement dated January 11, 2013 and the Memorandum of Agreement dated November 13, 2013, each between the State Agency and Federal Highway Administration ("FHWA"), and acknowledged by the Commission and the Cabinet, as amended or supplemented (the "Memorandum of Agreement"). The Memorandum of Agreement provides that the FHWA will reimburse the State Agency for debt service and costs incurred for the 2023A Notes, including principal, interest, and other bond related costs, as provided in Section 122 of Title 23 of the United States Code. Payments by the State Agency under the Financing Agreement are payable solely from FHWA funds that are paid to the State Agency in accordance with the Memorandum of Agreement and Chapter 1 of Title 23, United States Code, Highways, as amended and supplemented from time to time and any successor or replacement provision of law.

BIDDING CONDITIONS AND RESTRICTIONS

The Public offering of the 2023A Notes is made up on the following specific conditions and provisions:

- A. A minimum price required for the entire issue is 98% of par and the maximum price required for the entire issue is 105% of par, payable in Federal Funds. The maximum and minimum bid limitations may be modified by a notice given via the BiDCOMP™/PARITY™ system by the Commission's Financial Advisor, Hilltop Securities Inc. (the "Financial Advisor"), no later than 24 hours before the time the bids are to be received.
- B. Bids need not be accompanied by a certified or bank cashier's good-faith check, but the successful bidder will be required to wire transfer to the order of the Commission an amount equal to 2% of the amount of the principal amount of 2023A Notes awarded by the close of business on the day following the award. The good-faith amount will be forfeited as liquidated damages in the event of a failure of the successful bidder to take delivery of such 2023A Notes when ready. The good-faith amount will be applied (without interest) to the purchase price upon delivery of the 2023A Notes. The successful bidder shall not be required to take delivery and pay for the 2023A Notes unless delivery is made within forty-five days from the date the bid is accepted. Please contact the Financial Advisor regarding instructions for wiring the good-faith deposit.
- C. The determination of the best bid will be made on the basis of the lowest true interest cost to be calculated as that rate (or yield) that, when used in computing the present value of all payments of principal and interest on the 2023A Notes (compounded semi-annually from the date of the 2023A Notes), produces an amount equal to the purchase price of the 2023A Notes, as set forth in the Official Bid Form, for exactly \$55,000,000 of 2023A Notes offered for sale hereunder. Upon determination of the lowest true interest cost, the Commission shall immediately proceed to adjust such principal amounts of the 2023A Notes to determine the maturities of its final bond issue. The successful bidder will be required to accept the final bond issue as so computed, whether the principal amount has

been increased or decreased by up to 10% per maturity, and to pay the percentage purchase price based upon the aggregate amount of the final bond issue.

- D. Bidders must state an interest rate or rates in multiples of 1/8, 1/10 or 1/20 of 1%, or both.
- E. There is no limit on the number of different rates which may be specified in any bid.
- F. All 2023A Notes of the same maturity shall bear the same and a single interest rate from the date thereof to maturity.
- G. Bidders have the option of specifying that the 2023A Notes may, in lieu of maturing in each of their years, be combined to comprise one maturity of 2023A Notes scheduled to mature in the last year and be subject to mandatory sinking fund redemption at par annually and in the principal amounts of such maturities combined into the term 2023A Notes.
- H. The right to reject bids for any reason deemed advisable by an authorized officer of the Commission and the right to waive any possible informalities, irregularities, or defects in any bid which, in the judgment of such authorized officer, with the advice of the Financial Advisor, shall be minor or immaterial, is expressly reserved.
- I. Bids must be submitted electronically via the BiDCOMP™/PARITY™ system. For further information about the BiDCOMP™/PARITY™ system, potential bidders may contact the Financial Advisor, Hilltop Securities Inc., 6100 Fairview, Suite 550, Charlotte, North Carolina 28210, Attention: Mr. Mike Newman (214) 953-8875, or BiDCOMP™/PARITY™, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: (800) 850-7422.
- J. The purchasers of the 2023A Notes shall pay the CUSIP Service Bureau charge for the assignment of CUSIP numbers, which numbers will be printed on the 2023A Notes at no expense or cost to the purchasers. Neither the failure to print a CUSIP number on any 2023A Note nor any error with respect thereto shall constitute cause for a failure or refusal by the purchasers thereof to accept delivery of and pay for the 2023A Notes.
- K. Delivery will be made through the facilities of The Depository Trust Company, New York, New York, at no additional cost or expense to the purchasers. The Commission will pay for the printing of the 2023A Notes, which will contain the opinion of Dinsmore & Shohl LLP, Louisville, Kentucky, as Bond Counsel for the 2023A Notes (“Bond Counsel”). Delivery is expected on June 22, 2023.
- L. It is contemplated that the 2023A Notes will be delivered within forty-five days from the date of sale herein provided for, on a date as may be designated by representatives of the Commission, and the purchasers will be required to accept delivery of and pay for the 2023A Notes in Federal Funds when tendered for delivery on any designated date within such forty-five day period, upon notice being given at least five business days before the designated delivery date. If the 2023A Notes are not ready for delivery and payment within such forty-five day period, the purchasers shall be relieved of any liability to accept the 2023A Notes hereunder.

- M. If the successful bidder desires to obtain insurance guaranteeing the payment of the principal and/or interest on the 2023A Notes, the Commission agrees that it will cooperate with the successful bidder in obtaining such insurance, but all of the expenses and charges in connection therewith shall be borne by such bidder and the Commission shall not be liable to any extent therefor. The Commission has received a rating on the 2023A Notes of “AA” with a Stable Outlook from S&P Global Ratings and will pay the fees associated therewith.
- N. The successful bidder shall promptly advise the Financial Advisor to the Commission of (i) the reoffering price for each maturity of the 2023A Notes, and (ii) the principal amount sold to the public of each principal maturity of the 2023A Notes on the reoffering date and shall certify to such matters as they relate to the excludability from gross income for Federal income tax purposes of the interest on the 2023A Notes under the Internal Revenue Code of 1986 (the “Code”).
- O. The winning bidder for the 2023A Notes shall assist the Commission in establishing the issue price of the 2023A Notes and shall execute and deliver to the Commission at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the 2023A Notes, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A-1, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Commission, and Bond Counsel. All actions to be taken by the Commission under these Official Terms and Conditions of Note Sale to establish the issue price of the 2023A Notes may be taken on behalf of the Commission by the Financial Advisor and any notice or report to be provided to the Commission shall be provided to the Financial Advisor.

The Commission intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the 2023A Notes) will apply to the initial sale of each of the 2023A Notes (the “competitive sale requirements”) because:

- (1) the Commission shall disseminate these Official Terms and Conditions of Note Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Commission may receive bids from at least three underwriters of the 2023A Notes who have established industry reputations for underwriting new issuances of municipal securities similar to the 2023A Notes; and
- (4) the Commission anticipates awarding the 2023A Notes to the bidder who submits a firm offer to purchase the 2023A Notes at the lowest true interest cost, as set forth in these Official Terms and Conditions of Note Sale.

Any bid submitted pursuant to these Official Terms and Conditions of Note Sale shall be considered a firm offer for the purchase of the 2023A Notes, as specified in the bid.

- P. If the competitive sale requirements are not satisfied, the Commission shall so advise the applicable winning bidder. The Commission will treat the initial offering price to the public as of the sale date of any maturity of the 2023A Notes as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis. Bids will not be subject to cancellation if the Commission determines to apply the hold-the-offering-price rule to any maturity of the 2023A Notes. Bidders should prepare their bids on the assumption that some or all of the maturities of the 2023A Notes will be subject to the hold-the-offering-price rule in order to establish the issue price of the 2023A Notes.

If the competitive sale requirements are not satisfied, the winning bidder for the 2023A Notes shall assist the Commission in establishing the issue price of the 2023A Notes and shall execute and deliver to the Commission at closing an “issue price” or similar certificate setting forth the hold-the-offering-price rule as the issue price of that maturity, in each case applied on a maturity-by-maturity basis substantially in the form attached hereto as Exhibit A-2, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Commission, and Bond Counsel.

- Q. The Commission acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires; (ii) if a selling group has been created in connection with the initial sale of the 2023A Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires; and (iii) if an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the 2023A Notes to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The Commission further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the 2023A Notes.

- R. By submitting a bid, each bidder confirms that (i) any agreement among underwriters, any selling group agreement, and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the 2023A Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires; and (ii) any agreement among underwriters relating to the initial sale of the 2023A Notes to the public, together with the related pricing wires,

contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the 2023A Notes to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

The Commission has agreed to provide or cause to be provided, in accordance with the requirements of Rule 15c2-12, as amended and interpreted from time to time (the “Rule”) promulgated by the Securities and Exchange Commission (the “SEC”), (i) on or before nine months after the end of each fiscal year, certain annual financial information and operating data, including The Kentucky Annual Comprehensive Financial Report and Supplementary Information to the Kentucky Annual Comprehensive Financial Report, and (ii) timely notice of the occurrence of certain events with respect to the 2023A Notes.

The purchaser’s obligation to purchase the 2023A Notes shall be conditioned upon its receiving, at or before the delivery of the 2023A Notes, in form and substance reasonably satisfactory to the purchaser, evidence that the Commission has made the limited continuing disclosure undertaking set forth above for the benefit of the holders of the 2023A Notes.

The Commission will provide to the successful purchaser a Final Official Statement in accordance with SEC Rule 15c2-12. A final Official Statement will be provided in electronic form to the successful bidders, in sufficient time to meet the delivery requirements of the successful bidders under SEC and Municipal Securities Rulemaking Board Delivery Requirements. The successful bidders will be required to pay for the printing of final Official Statements.

The Commission will furnish to the purchasers the customary No Litigation Certificate and the final, approving Legal Opinion of Bond Counsel, without expense to the purchasers.

Concurrently with the delivery of the 2023A Notes, the Secretary of the Commission will certify on behalf of the Commission that, to the best of the Commission’s knowledge, the Official Statement did not, as of its date, and does not, as of the date of delivery of the 2023A Notes, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purpose for which the Official Statement is to be used, or which is necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading in any material respect.

TAX EXEMPTION

In the opinion of Bond Counsel for the 2023A Notes, based upon an analysis of existing laws, regulations, rulings, and court decisions, interest on the 2023A Notes will be excludible from gross income for federal income tax purposes. Bond Counsel for the 2023A Notes is also of the opinion that interest on the 2023A Notes will not be a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the “Code”), for purposes of the federal alternative minimum tax; however, interest on any 2023A Notes held by an “applicable corporation” is included in annual “adjusted financial statement income” for purposes of calculating the alternative minimum tax imposed on applicable corporations for tax years beginning after December 31, 2022. Furthermore, Bond Counsel for the 2023A Notes is of the opinion that interest on the 2023A Notes is exempt from income taxation and the 2023A

Notes are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2023A Notes. The Commission has covenanted to comply with certain restrictions designed to ensure that interest on the 2023A Notes will not be includable in gross income for federal income tax purposes. Failure to comply with these covenants could result in interest on the 2023A Notes being includable in income for federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the 2023A Notes. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2023A Notes may adversely affect the tax status of the interest on the 2023A Notes.

Certain requirements and procedures contained or referred to in the 2023A Note documents and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the 2023A Notes) may be taken or omitted under the circumstances subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any 2023A Notes or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Dinsmore & Shohl LLP.

Although Bond Counsel for the 2023A Notes is of the opinion that interest on the 2023A Notes will be excludible from gross income for federal income tax purposes and that interest on the 2023A Notes is excludible from gross income for Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the 2023A Notes may otherwise affect a noteholder's federal, state, or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the noteholder or the noteholder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each noteholder or potential noteholder is urged to consult with tax counsel with respect to the effects of purchasing, holding, or disposing the 2023A Notes on the tax liabilities of the individual or entity.

Receipt of tax-exempt interest, ownership, or disposition of the 2023A Notes may result in other collateral federal, state, or local tax consequences for certain taxpayers. Such effects may include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code; increasing the federal tax liability of certain insurance companies, under Section 832 of the Code; increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code; increasing the federal tax liability of certain individual recipients of Social Security or the Railroad Retirement benefits under Section 86 of the Code; and limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any of the 2023A Notes may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of the 2023A Notes in a state other than Kentucky or being subject to tax in a state other than Kentucky may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the 2023A Notes.

The Commission has not designated the 2023A Notes as "qualified tax-exempt obligations" within the meaning of Section 265 of the Code.

If, before the delivery of the 2023A Notes, any event shall occur which alters the tax-exempt status of the 2023A Notes, the purchaser shall have the privilege of voiding the purchase contract by giving immediate written notice to the Commission, and all respective obligations of the parties will be terminated.

Bond Counsel has reviewed the Official Statement with regard to all matters pertaining to the legality and tax exemption of the 2023A Notes, including statements concerning the Commission and the purpose and security of the 2023A Notes; but Bond Counsel has not reviewed any of the financial statements or other financial information in the Official Statement, and expresses no opinion thereon and assumes no responsibility in connection therewith.

Secretary
Finance and Administration Cabinet

EXHIBIT A-1

FORM OF ISSUE PRICE CERTIFICATE

[In case of receipt of at least three qualified bids for the 2023A Notes]

ISSUE PRICE CERTIFICATE

\$ _____
Commonwealth of Kentucky, Kentucky Asset/Liability Commission Project Notes,
2023 Federal Highway Trust Fund First Refunding Series A

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 obligations (the “2023A Notes”).

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the 2023A Notes to the Public by [Short Name of Underwriter] are the prices listed in Schedule A attached hereto (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the 2023A Notes used by [Short Name of Underwriter] in formulating its bid to purchase the 2023A Notes. Attached as Schedule B hereto is a true and correct copy of the bid provided by [Short Name of Underwriter] to purchase the 2023A Notes.

(b) [Short Name of Underwriter] was not given the opportunity to review other bids before submitting its bid.

(c) The bid submitted by [Short Name of Underwriter] constituted a firm offer to purchase the 2023A Notes.

2. CUSIP Number. The CUSIP number assigned to the final maturity of the 2023A Notes is 49118N [____].

3. Yield on the 2023A Notes. [Short Name of Underwriter] computed the yield on the 2023A Notes, [Yield]%, as that yield (determined on the basis of semiannual compounding) which, when used in computing the present worth of all payments of principal and interest to be made with respect to particular obligations, produces an amount equal to their purchase price, which, in the case of the 2023A Notes is the Expected Offering Prices, determined without taking into account issuance expenses and Underwriter’s discount.

4. Weighted Average Maturity. The “weighted average maturity” of the 2023A Notes has been calculated to be [WAM] years. The weighted average maturity is the sum of the products of the respective Expected Offering Price of each Maturity and the number of years to maturity (determined separately for each Maturity and by taking into account mandatory redemptions), divided by the aggregate Expected Offering Prices of the 2023A Notes as of the date hereof.

5. Defined Terms.

(a) “Issuer” means the Kentucky Asset/Liability Commission.

(b) “Maturity” means 2023A Notes with the same credit and payment terms. 2023A Notes with different maturity dates, or 2023A Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) “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% common ownership, directly or indirectly.

(d) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the 2023A Notes. The Sale Date of the 2023A Notes is June 6, 2023.

(e) “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 2023A Notes 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 2023A Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2023A Notes to the Public).

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 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 with respect to certain of the representations set forth in the foregoing tax certificate and with respect to compliance with the federal income tax rules affecting the 2023A Notes, and by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the 2023A Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the Issuer from time to time relating to the 2023A Notes.

[NAME OF UNDERWRITER]

By: _____

Name: _____

Dated: June 22, 2023

SCHEDULE A
TO
ISSUE PRICE CERTIFICATE
EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
TO
ISSUE PRICE CERTIFICATE

COPY OF BID

(Attached)

EXHIBIT A-2

FORM OF ISSUE PRICE CERTIFICATE

[In case of receipt of less than three qualified bids for the 2023A Notes]

\$ _____

Commonwealth of Kentucky, Kentucky Asset/Liability Commission Project Notes,
2023 Federal Highway Trust Fund First Refunding Series A

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [Name of Underwriter] ([“[Short Name of Underwriter]”]), 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 “2023A Notes”).

1. 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 was sold to the Public is the respective price listed in Schedule A.

2. Initial Offering Price of the Hold-the-Offering-Price Maturities.

(a) [Short Name of 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 2023A Notes is attached to this certificate as Schedule B.

(b) As set forth in the Official Terms and Conditions of Note Sale, [Short Name of Underwriter] has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the 2023A Notes of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”); and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter 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 2023A Notes during the Holding Period.

3. CUSIP Number. The CUSIP number assigned to the final maturity of the 2023A Notes is 49118N [____].

4. Yield on the 2023A Notes. [Short Name of Underwriter] computed the yield on the 2023A Notes, [Yield]%, as that yield (determined on the basis of semiannual compounding) which, when used in computing the present worth of all payments of principal and interest to be made with respect to particular obligations, produces an amount equal to their purchase price, which, in the case of the 2023A Notes is the Initial Offering Prices, determined without taking into account issuance expenses and Underwriter’s discount.

5. Weighted Average Maturity. The “weighted average maturity” of the 2023A Notes has been calculated to be [____] years. The weighted average maturity is the sum of the products of the

respective Initial Offering Price of each Maturity and the number of years to maturity (determined separately for each Maturity and by taking into account mandatory redemptions), divided by the aggregate Initial Offering Prices of the 2023A Notes as of the date hereof.

6. Defined Terms.

(a) “General Rule Maturities” means those Maturities of the 2023A Notes listed in Schedule A hereto as the “General Rule Maturities.”

(b) “Hold-the-Offering-Price” Maturities means those Maturities of the 2023A Notes 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 (June 13, 2023), or (ii) the date on which [Short Name of Underwriter][the Underwriting Group] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) “Issuer” means the Kentucky Asset/Liability Commission.

(e) “Maturity” means 2023A Notes with the same credit and payment terms. 2023A Notes with different maturity dates, or 2023A Notes 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% 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 2023A Notes. The Sale Date of the 2023A Notes is June 6, 2023.

(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 2023A Notes 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 2023A Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2023A Notes to the Public).

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 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 with respect to certain of the representations set forth in the foregoing tax certificate and with respect to compliance with the federal income tax rules affecting the 2023A Notes, and by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the 2023A Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the Issuer from time to time relating to the 2023A Notes.

[NAME OF UNDERWRITER][as
Representative of the Underwriter Group]

By: _____

Name: _____

Dated: June 22, 2023

SCHEDULE A
TO
ISSUE PRICE CERTIFICATE

SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

(Attached)

SCHEDULE B
TO
ISSUE PRICE CERTIFICATE

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

OFFICIAL BID FORM

Approximately \$55,000,000
Commonwealth of Kentucky
Kentucky Asset/Liability Commission Project Notes
2023 Federal Highway Trust Fund First Refunding Series A

Subject to the terms and conditions set forth in the Official Terms and Conditions of Note Sale, providing for the sale of approximately \$55,000,000 of Kentucky Asset/Liability Commission Project Notes 2023 Federal Highway Trust Fund First Refunding Series A (the "2023A Notes"), and in accordance with the advertised sale of the 2023A Notes, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase the 2023A Notes.

We hereby bid for the \$55,000,000 principal amount of 2023A Notes the sum of \$_____ (not less than \$53,900,000.00 nor more than \$57,750,000.00), at the following annual interest rates:

SCHEDULE OF PRINCIPAL AMOUNTS AND INTEREST RATES

<u>Maturity</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2024	\$26,820,000	_____ %
2025	\$28,180,000	_____ %

We understand that this bid may be accepted with principal amounts increased or decreased by up to 10% per maturity, at the same price per \$1,000 of 2023A Notes as the price bid per \$1,000 of 2023A Notes by the undersigned, with the variation in such amount being adjusted as determined at the time of acceptance of the best bid.

We understand that the Commission will furnish the final, approving legal opinion of Dinsmore & Shohl LLP, Louisville, Kentucky as Bond Counsel for the 2023A Notes. If we are the successful bidder, we agree to accept and make payment for the 2023A Notes in accordance with the terms and conditions of sale.

We understand that no certified or bank cashier's check will be required to accompany the bid, but we will be required to wire transfer an amount equal to 2% of the principal amount of 2023A Notes awarded by the close of business on the day following the award. The good-faith amount will be applied (without interest) to the purchase price when the 2023A Notes are tendered for delivery.

Respectfully submitted,

By: _____

Bidder

Title: _____

Total interest cost from June 22, 2023, to final maturity	\$ _____
Less premium bid or plus discount, if any	\$ _____
True interest cost	\$ _____
True interest cost (%)	_____

The above computation of true interest cost is submitted for information only and is not part of this Bid.

ACCEPTANCE OF BID WITH ADJUSTMENT OF MATURITY AMOUNTS

Accepted by the Secretary of the Kentucky Asset/Liability Commission, with the change in maturities of 2023A Notes being as follows:

<u>Maturity</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2024	_____	_____ %
2025	_____	_____ %

Accepted this June 6, 2023

KENTUCKY ASSET/LIABILITY
COMMISSION

Secretary
Finance and Administration Cabinet