

NOTICE OF ADOPTION OF PRELIMINARY DETERMINATION

Notice is hereby given pursuant to Indiana Code § 6-1.1-20-3.5 that the Board of School Trustees (the "Board") of Covington Community School Corporation (the "School Corporation") did, on August 10, 2026, make a preliminary determination to issue one or more series of bonds and enter into one or more lease agreements (the "Lease") for the renovation of and improvements to facilities throughout the school corporation, including site improvements and HVAC improvements and the purchase of equipment and technology (collectively, the "Project"). Each Lease will be for a maximum term of twenty-five (25) years with a maximum annual Lease rental of \$3,150,000. The maximum annual Lease rental has been estimated based upon an estimated aggregate principal amount of bonds of \$25,000,000, estimated interest rates ranging from 2.00% to 6.00%, and total estimated interest costs of \$16,100,000. The School Corporation may issue general obligation bonds to fund the Project, and if such bonds are issued, they will fit into the parameters listed above. If the School Corporation issues general obligation bonds, the principal amount of the bonds associated with the Lease, as described above, would be reduced by the principal amount of the general obligation bonds issued, such that the total principal amount of bond issued to finance the Project would not exceed the aggregate estimated principal amount of \$25,000,000.

As required by Indiana Code § 6-1.1-20-3.5(b)(1), the following information was available to the public at the public hearings on the preliminary determination: (i) the School Corporation's current and projected annual debt service payments divided by the net assessed value of taxable property within the School Corporation, which is 0.52%; and (ii) the sum of the School Corporation's outstanding long term debt plus the outstanding long term debt of other taxing units that include any other territory of the School Corporation divided by the net assessed value of taxable property within the School Corporation, which is 7.97%.

The School Corporation's current Debt Service Fund levy is \$1,625,849 and the current Debt Service Fund tax rate is \$0.3585. After the School Corporation enters into the proposed Leases and the bonds are issued, the Debt Service Fund levy will increase by a maximum of \$3,150,000 and the Debt Service Fund tax rate will increase by a maximum of \$0.6946. However, as existing obligations mature, the anticipated net increase to the Debt Service Fund tax rate is expected to be \$0.1615 above the current Debt Service Fund tax rate.

The estimated amount of the School Corporation's Debt Service Fund levy and Debt Service Fund tax rate that will result during the following 10 years if the School Corporation enters into the lease and issues the bonds, after considering any changes that will occur to the Debt Service Fund levy and Debt Service Fund tax rate during that period on account of any outstanding bonds or lease obligations that will mature or terminate during that period:

<u>Payment Year</u>	<u>Estimated Total Debt Service Levy</u>	<u>Estimated Debt Service Tax Rate</u>
2026	1,625,849	0.3585
2027	2,358,256	0.5200
2028	2,358,295	0.5200
2029	2,358,145	0.5200
2030	2,358,186	0.5200
2031	2,358,500	0.5200
2032	2,358,500	0.5200
2033	2,358,500	0.5200
2034	2,358,500	0.5200
2035	2,355,450	0.5194
2036	2,352,850	0.5188
2037	2,350,950	0.5184

The Project does not involve the opening of new school facility space. The purpose of the Lease is to provide for the Project.

If a valid petition pursuant to Indiana Code § 6-1.1-20-3.5 is received within 30 days from the first publication of this notice, the proposed debt service or Lease payments must be approved in an election on a local public question held under Indiana Code § 6-1.1-20-3.6.

Dated August 13, 2026.

Mike Ahrens, Secretary, Board of School Trustees
Covington Community School Corporation