

**COMMONWEALTH OF KENTUCKY**

**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**ELECTRONIC APPLICATION OF )  
HARDIN COUNTY WATER DISTRICT )  
NO. 2 FOR AUTHORIZATION TO )  
ISSUE SECURITIES IN THE ) CASE NO. 2021-00428  
APPROXIMATE AMOUNT OF )  
\$2,320,000 FOR THE PURPOSE OF )  
REFUNDING CERTAIN )  
OUTSTANDING REVENUE BONDS )  
PURSUANT TO KRS 278.300 AND 807 )  
KAR 5:001 )**

**NOTICE OF COMPLIANCE AND FILING OF REVISED EXHIBITS**

Hardin County Water District No. 2 (“Hardin District”) hereby files this Notice of Compliance with the Commission’s Order dated January 6, 2022 in this case, and hereby files three (3) Revised Exhibits and one (1) new Exhibit to Hardin District’s Application filed in this case on November 23, 2021. This filing is made to comply with ordering paragraph 3 and finding paragraphs 3 and 4 of the Commission’s January 6, 2022 Order.

In support of its filing, Hardin District states:

1. Hardin District conducted a public, competitive sale of its 2022A Bonds on December 17, 2021.
2. Eight (8) bids were received for the 2022A Bonds. The Cecilian Bank submitted the lowest and best bid of 1.45% for each of the bond maturities. This is

significantly more favorable to Hardin District than the estimated rate of 1.75% that was included in the Application. **Exhibit 1** (Estimated Debt Service Schedule for the proposed 2022A Bonds) has been revised to reflect the actual interest rates and the lower annual Debt Service expense. Attached hereto and incorporated herein by reference is **Revised Exhibit 1**, which reflects the lower annual Debt Service expense for the 2022A Bonds.

3. The lower interest rate and the lower Cost of Issuance of the 2022A Bonds reduced the actual principal amount of the 2022A Bonds by \$9,600 from an estimated amount of \$2,320,000 to \$2,310,400. **Exhibit 2** (Sources and Uses of Funds) has been revised to reflect these changes. Attached hereto and incorporated herein by reference is **Revised Exhibit 2**.

4. Unsurprisingly, the lower interest rate and smaller principal amount of the 2022A Bonds has increased the estimated gross savings from \$1,010,329 to \$1,056,359 and the estimated present value (“PV”) savings from \$929,747 to \$985,892. **Exhibit 3** (Gross Debt Service Comparative Schedule) has been revised to reflect these additional savings. Attached hereto and incorporated herein by reference is **Revised Exhibit 3**.

5. None of the other Exhibits to the Application were impacted by the excellent results of the Bond Sale conducted on December 17, 2021.

6. The issuance and delivery (Closing Date) of the 2022A Bonds occurred on Friday, **January 28, 2022**.

7. In compliance with finding paragraph 4 of the January 6, 2022 Order, Hardin District hereby files its Series 2022A Bond Authorizing Resolution adopted on November 21, 2021 as **Exhibit 10** to the Application.

WHEREFORE, Hardin District respectfully requests that the Commission accept this Notice of Compliance and Filing of Revised Exhibits as complete satisfaction of ordering paragraph 3 and finding paragraphs 3 and 4 of the Commission's January 6, 2022 Order.

Dated: October 28, 2022

Respectfully submitted,



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*Counsel for Hardin County Water District  
No. 2*

CERTIFICATE OF COMPLIANCE

In accordance with the Commission's Order of July 22, 2021 in Case No. 2020-00085 (Electronic Emergency Docket Related to the Novel Coronavirus COVID-19), this is to certify that the electronic filing has been transmitted to the Commission on October 28, 2022, and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.

  
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Damon R. Talley

**REVISED  
EXHIBIT 1**

## BOND DEBT SERVICE

Hardin County Water District No. 2  
 Refunding of Series 2010 with Bank Loan  
 Direct Placement of Water System Refunding Revenue Bonds, Series 2022A  
 Cecilian Bank Rate (1.45%)  
 Non-Bank Qualified

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
07/01/2022			14,237.84	14,237.84	
12/31/2022					14,237.84
01/01/2023	239,200	1.450%	16,750.40	255,950.40	
07/01/2023			15,016.20	15,016.20	
12/31/2023					270,966.60
01/01/2024	247,700	1.450%	15,016.20	262,716.20	
07/01/2024			13,220.38	13,220.38	
12/31/2024					275,936.58
01/01/2025	250,400	1.450%	13,220.38	263,620.38	
07/01/2025			11,404.98	11,404.98	
12/31/2025					275,025.36
01/01/2026	252,400	1.450%	11,404.98	263,804.98	
07/01/2026			9,575.08	9,575.08	
12/31/2026					273,380.06
01/01/2027	258,900	1.450%	9,575.08	268,475.08	
07/01/2027			7,698.05	7,698.05	
12/31/2027					276,173.13
01/01/2028	264,500	1.450%	7,698.05	272,198.05	
07/01/2028			5,780.43	5,780.43	
12/31/2028					277,978.48
01/01/2029	259,700	1.450%	5,780.43	265,480.43	
07/01/2029			3,897.60	3,897.60	
12/31/2029					269,378.03
01/01/2030	264,400	1.450%	3,897.60	268,297.60	
07/01/2030			1,980.70	1,980.70	
12/31/2030					270,278.30
01/01/2031	273,200	1.450%	1,980.70	275,180.70	
12/31/2031					275,180.70
	2,310,400		168,135.08	2,478,535.08	2,478,535.08

**REVISED  
EXHIBIT 2**

SOURCES AND USES OF FUNDS

Hardin County Water District No. 2  
 Refunding of Series 2010 with Bank Loan  
 Direct Placement of Water System Refunding Revenue Bonds, Series 2022A  
 Cecilian Bank Rate (1.45%)  
 Non-Bank Qualified

Dated Date 01/28/2022  
 Delivery Date 01/28/2022

Sources:

Bond Proceeds:	
Par Amount	2,310,400.00
Other Sources of Funds:	
Interest SF on Hand	
Principal SF on Hand	
Current DSRF Balance	1,207,393.75
	1,207,393.75
	3,517,793.75

Uses:

Refunding Escrow Deposits:	
Cash Deposit	2,944,857.03
Other Fund Deposits:	
Debt Service Reserve Fund	507,421.55
Cost of Issuance:	
Municipal Advisor (Baird)	25,000.00
Bond Counsel (Dinsmore)	18,500.00
Out-of-Pocket Expenses (Dinsmore)	950.00
Local Counsel (Stoll Keenon Ogden)	18,500.00
Parity Certificate Provider (Heartland CPA)	2,500.00
	65,450.00
Other Uses of Funds:	
Additional Proceeds	65.17
	3,517,793.75

Note: The New DSRF Requirement includes 2012A, 2016B, and 2016C Parity Bonds Outstanding





**REVISED  
EXHIBIT 3**

SAVINGS

Hardin County Water District No. 2  
 Refunding of Series 2010 with Bank Loan  
 Direct Placement of Water System Refunding Revenue Bonds, Series 2022A  
 Cecilian Bank Rate (1.45%)  
 Non-Bank Qualified

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 01/28/2022 @ 1.4500698%
12/31/2022	56,734.38	14,237.84	42,496.54	42,236.39
12/31/2023	383,656.26	270,966.60	112,689.66	110,931.48
12/31/2024	388,587.51	275,936.58	112,650.93	109,326.78
12/31/2025	387,706.26	275,025.36	112,680.90	107,813.56
12/31/2026	386,075.01	273,380.06	112,694.95	106,308.71
12/31/2027	388,771.88	276,173.13	112,598.75	104,723.80
12/31/2028	390,675.00	277,978.48	112,696.52	103,343.60
12/31/2029	381,975.00	269,378.03	112,596.97	101,803.79
12/31/2030	382,875.00	270,278.30	112,596.70	100,377.14
12/31/2031	387,837.50	275,180.70	112,656.80	99,027.16
	3,534,893.80	2,478,535.08	1,056,358.72	985,892.42

Savings Summary

PV of savings from cash flow	985,892.42
Less: Prior funds on hand	-1,207,393.75
Plus: Refunding funds on hand	507,486.72
Net PV Savings	285,985.39



# **EXHIBIT 10**

## SERIES 2022A BOND RESOLUTION

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF HARDIN COUNTY WATER DISTRICT NO. 2 PROVIDING FOR THE REFUNDING OF THE DISTRICT'S OUTSTANDING WATER SYSTEM REFUNDING REVENUE BONDS, SERIES 2010A; AUTHORIZING THE ISSUANCE OF THE DISTRICT'S WATER SYSTEM REFUNDING REVENUE BONDS, SERIES 2022A FOR SUCH PURPOSE, THE SERIES 2022A BONDS TO BE ISSUED ON A PARITY WITH CERTAIN BONDS OUTSTANDING AND TO BE ISSUED AND OUTSTANDING; CONFIRMING PROVISIONS FOR THE COLLECTION, SEGREGATION, AND DISBURSEMENT OF THE INCOME AND REVENUES OF THE DISTRICT'S WATER SYSTEM AND PROVIDING FOR THE PAYMENT OF THE SERIES 2022A BONDS; CONFIRMING CONDITIONS AND RESTRICTIONS UNDER WHICH ADDITIONAL BONDS MAY BE ISSUED IN THE FUTURE, PAYABLE FROM SUCH INCOME AND REVENUES AND RANKING ON A PARITY WITH THE SERIES 2022A BONDS; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF THE SERIES 2022A BONDS.

Adopted November 16, 2021

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## SERIES 2022A BOND RESOLUTION

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF HARDIN COUNTY WATER DISTRICT NO. 2 PROVIDING FOR THE REFUNDING OF THE DISTRICT'S OUTSTANDING WATER SYSTEM REFUNDING REVENUE BONDS, SERIES 2010A; AUTHORIZING THE ISSUANCE OF THE DISTRICT'S WATER SYSTEM REFUNDING REVENUE BONDS, SERIES 2022A FOR SUCH PURPOSE, THE SERIES 2022A BONDS TO BE ISSUED ON A PARITY WITH CERTAIN BONDS OUTSTANDING AND TO BE ISSUED AND OUTSTANDING; CONFIRMING PROVISIONS FOR THE COLLECTION, SEGREGATION, AND DISBURSEMENT OF THE INCOME AND REVENUES OF THE DISTRICT'S WATER SYSTEM AND PROVIDING FOR THE PAYMENT OF THE SERIES 2022A BONDS; CONFIRMING CONDITIONS AND RESTRICTIONS UNDER WHICH ADDITIONAL BONDS MAY BE ISSUED IN THE FUTURE, PAYABLE FROM SUCH INCOME AND REVENUES AND RANKING ON A PARITY WITH THE SERIES 2022A BONDS; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF THE SERIES 2022A BONDS.

WHEREAS, all capitalized terms used but not otherwise defined in this preamble shall have the meanings set forth in Section 2 of this Series 2022A Bond Resolution unless the context or use clearly indicates another meaning or intent; and

WHEREAS, upon petition, hearing, and proper public notice according to the provisions of KRS Chapter 74, the County Court of Hardin County, Kentucky, entered an Order and Judgment on June 23, 1965, determining the necessity for, creating, and establishing Hardin County Water District No. 2, defining the geographical area thereof and appointing a Board of Commissioners, the same thereupon constituting and being a public body corporate with all powers and authority provided by KRS Chapter 74; and thereafter the District has from time to time annexed additional territories in Hardin and Larue Counties pursuant to proper proceedings and is at this time a water district situated wholly in Hardin and Larue Counties; and

WHEREAS, the District has for many years owned and operated the System serving the area of the District, and the District currently has outstanding, payable from the revenues of the System, the following revenue bonds:

- (i) Hardin County Water District No. 2, Water System Refunding Revenue Bonds, Series 2010A, currently outstanding in an aggregate principal amount of \$3,190,000, the Series 2010A Bonds having been authorized and issued by the District pursuant to the Series 2010A Bond Resolution;
- (ii) Hardin County Water District No. 2, Water System Refunding Revenue Bonds, Series 2012A, currently outstanding in an aggregate principal amount of

\$4,295,000, the Series 2012A Bonds having been authorized and issued by the District pursuant to the Series 2012A Bond Resolution;

- (iii) Hardin County Water District No. 2, Water System Revenue Bonds, Series 2016A, currently outstanding in an aggregate principal amount of \$3,325,500, the Series 2016A Bonds having been authorized and issued by the District pursuant to the Series 2016A Bond Resolution;
- (iv) Hardin County Water District No. 2, Water System Refunding Revenue Bonds, Series 2016B, currently outstanding in an aggregate principal amount of \$1,165,000, the Series 2016B Bonds having been authorized and issued by the District pursuant to the Series 2016BC Bond Resolution; and
- (v) Hardin County Water District No. 2, Water System Refunding Revenue Bonds, Series 2016C, currently outstanding in an aggregate principal amount of \$1,205,000, the Series 2016C Bonds having been authorized and issued by the District pursuant to the Series 2016BC Bond Resolution; and

WHEREAS, the District previously issued its Series 1989 Bonds pursuant to the Series 1989 Bond Resolution and subsequently issued the Series 2010A Bonds, the Series 2012A Bonds, the Series 2016A Bonds, the Series 2016B Bonds, and the Series 2016C Bonds on a parity with the 1989 Bonds (now retired) and one another under the parity bond conditions of the Series 1989 Bond Resolution and the Existing Parity Bond Resolutions; and

WHEREAS, it is provided in the Existing Parity Bond Resolutions that the District may issue additional bonds ranking on a basis of parity and equality with the outstanding Existing Parity Bonds for the purpose of refunding any of the Existing Parity Bonds upon a showing of compliance with the parity bond coverage test set forth in the Existing Parity Bond Resolutions, and it has been determined by the Commission upon the recommendation of its financial advisor, Robert W. Baird & Co., Incorporated, that the District may now meet such coverage test so that additional parity bonds, ranking on a parity with the Existing Parity Bonds (except for the Series 2010A Bonds herein provided to be refunded), may now be issued, in order to effect debt service savings, in the amount of \$2,320,000 (subject to adjustment) for the purpose of refunding and defeasing the pledges and liens securing the Series 2010A Bonds; and

WHEREAS, the District will obtain the Public Service Commission of Kentucky's approval as a condition to its issuance of such current refunding bonds; and

WHEREAS, it is now desirable and appropriate for the District to refund and defease the pledges and liens securing the Series 2010A Bonds by authorizing this Series 2022A Bond Resolution and carrying out the sale and issuance of its Water System Refunding Revenue Bonds, Series 2022A according to authority of KRS Chapters 74 and 106 and the applicable provisions of the Existing Parity Bond Resolutions permitting the issuance of bonds on a parity with the Existing Parity Bonds; and the Series 2022A Bonds authorized by this Series 2022A



Bond Resolution shall be payable as to both principal and interest solely from the income and revenues to be derived from the operation of the System, as extended and improved from time to time, on a parity with the Existing Parity Bonds (excluding the Series 2010A Bonds, once refunded by the District using the proceeds of the Series 2022A Bonds), and on a first lien basis, and shall not constitute an indebtedness of the District within the meaning of debt-limiting provisions of the Constitution of the Commonwealth; and

NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF HARDIN COUNTY WATER DISTRICT NO. 2 HEREBY RESOLVES AS FOLLOWS:

Section 1. Affirmation of Preamble Recitals; System to be Municipally Owned and Operated. All statements and recitals set forth in the preamble of this Series 2022A Bond Resolution are hereby affirmed and adopted as a part of this Series 2022A Bond Resolution. So long as any Existing Parity Bonds, the Series 2022A Bonds, or any Additional Parity Bonds remain outstanding and unpaid as to principal or interest, the District shall continue to municipally own, control, operate, and maintain the System for the security and payment of such Existing Parity Bonds, the Series 2022A Bonds, or Additional Parity Bonds. The District shall continue to operate the System under KRS Chapters 74 and 106, as now in full force and effect.

Section 2. Defined Terms. Except as otherwise defined herein, capitalized terms used in this Series 2022A Bond Resolution shall have the meanings provided in Exhibit A attached hereto.

Section 3. Series 2022A Bonds Authorized. For the purposes described in the preamble of this Series 2022A Bond Resolution, there are hereby authorized to be issued the District's Water System Refunding Revenue Bonds, Series 2022A, in the aggregate principal amount of \$2,320,000, which aggregate principal amount, together with corresponding amounts of annual maturities as set out in Section 4, may be increased by as much as \$232,000 (in authorized denominations of \$100,000 plus increments of \$0.01 in excess thereof) or decreased by any amount (in authorized denominations of \$100,000 plus increments of \$0.01 in excess thereof) pursuant to an award certificate of the District's Chairman or Secretary-Treasurer (the "Award Certificate"), upon sale of the Series 2022A Bonds as provided in Section 20 hereof. Each Series 2022A Bond shall be designated a "Hardin County Water District No. 2, Water System Refunding Revenue Bond, Series 2022A."

Section 4. Description of Series 2022A Bonds.

(a) Payment of Principal and Interest; Other Provisions. The Series 2022A Bonds shall be dated their date of original issuance, and shall bear interest payable on July 1, 2022, and on each January 1 and July 1 thereafter to maturity or redemption and payment of the Series 2022A Bonds. Interest on each Series 2022A Bond shall be paid by check or draft mailed to each Registered Holder at the address of such Registered Holder as it appears on the registration books of the District. The principal of the Series 2022A Bonds shall be payable to the Registered Holder without exchange or collection charges, in lawful money of the United

States of America, upon their presentation and surrender as they respectively become due and payable, whether at maturity or by prior redemption, at the office of the District. The Series 2022A Bonds shall be issued and reissued by the District from time to time only as fully registered bonds without coupons in authorized denominations of \$100,000 plus increments of \$0.01 in excess thereof, as hereinafter provided. Unless the District shall otherwise direct, the Series 2022A Bonds shall be numbered separately from 1 upward.

The Series 2022A Bonds shall bear interest at a rate or rates to be established by the District on the basis of competition after the Series 2022A Bonds are offered for sale at an advertised, public, competitive sale as hereinafter provided in Section 20. The fifteenth day of the month before a January 1 or July 1 interest payment date shall be the record date for the Series 2022A Bonds (the “Record Date”) for the purpose of determining the Registered Holder to whom interest shall be payable on the next succeeding interest payment date, and the District may treat for such purpose the Person in whose name any Series 2022A Bond is registered on the Record Date as the Registered Holder thereof. Interest shall be computed on the basis of a year of 360 days consisting of twelve 30-day months.

The Series 2022A Bonds shall mature and be payable as to principal as follows:

<u>Maturity Date</u>	<u>Principal Amount*</u>
January 1, 2031	\$2,320,000

The Series 2022A Bonds shall be Term Bonds subject to mandatory sinking fund redemption as described in Section 5 and Section 20.

All of the Series 2022A Bonds, together with the Existing Parity Bonds (excluding the Series 2010A Bonds, once refunded using the proceeds of the Series 2022A Bonds) and any Additional Parity Bonds as may be issued and outstanding from time to time under the conditions and restrictions hereinafter set forth, and the interest thereon, shall be payable only out of the Sinking Fund described in Section 14 and shall be a valid claim of the Registered Holder thereof only against the Sinking Fund and the portion or amount of the income and revenues of the System pledged to the Sinking Fund.

Section 5. Redemption of Series 2022A Bonds.

(a) Mandatory Sinking Fund Redemption. The Series 2022A Bonds shall comprise Term Bonds as set out in the successful bid and in the Award Certificate; and such Term Bonds shall be subject to mandatory redemption in part, at the selection of the District by lot in such manner as the District may determine, from moneys in the Sinking Fund on each applicable January 1 at par plus accrued interest to the redemption date, according to the

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\* Subject to adjustment by the District as provided in Section 3 and in the Official Terms and Conditions of Bond Sale approved in Section 20.

mandatory sinking fund redemption schedule or schedules set out in the Award Certificate and in principal amounts corresponding to the following maturity schedule, as may be adjusted as provided in Section 3 and Section 20.

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Principal Amount</u>
January 1, 2023	\$237,300	January 1, 2028	\$266,300
January 1, 2024	\$246,400	January 1, 2029	\$262,300
January 1, 2025	\$249,900	January 1, 2030	\$267,800
January 1, 2026	\$252,700	January 1, 2031	\$277,500
January 1, 2027	\$259,800		

(b) Optional Redemption. The Series 2022A Bonds are subject to optional redemption as set out in the Award Certificate.

(c) Other Redemption Provisions. The District shall cause notice of the call for any redemption, identifying the Series 2022A Bonds or portions thereof (in authorized denominations of \$100,000 plus increments of \$0.01 in excess thereof) to be redeemed, to be sent by first class mail at least fifteen but no more than thirty days before the date fixed for redemption to the Registered Holder of each Series 2022A Bond to be redeemed at the address shown on the registration books. Failure to give such notice by mailing or any defect therein in respect of any Series 2022A Bond shall not affect the validity of any proceedings for the redemption of any other Series 2022A Bond. Any notice mailed as provided in this Section 5 shall be conclusively presumed to have been duly given, irrespective of whether the Registered Holder receives the notice.

Before the date fixed for redemption of Series 2022A Bonds, funds shall be deposited by the District into the Sinking Fund hereinafter identified and applied to the payment of, the Series 2022A Bonds or portions thereof called for redemption, together with accrued interest thereon to the redemption date. Upon the giving of notice and the deposit of adequate funds in the Sinking Fund for redemption of Series 2022A Bonds, interest on the Series 2022A Bonds or portions thereof so called for redemption shall cease to accrue after the date fixed for redemption. No payment of principal or interest shall be made by the District upon any Series 2022A Bond or portion thereof called for redemption until such Series 2022A Bond or portion thereof shall have been delivered to the District for payment or cancellation, or the District shall have received the items required by Section 8 with respect to any mutilated, lost, stolen, or destroyed Series 2022A Bond.

A portion of any Series 2022A Bond subject to redemption may be redeemed, but Series 2022A Bonds shall be redeemed only in the principal amount of \$100,000 plus increments of \$0.01 in excess thereof. Upon surrender of any Series 2022A Bond for redemption in part only, the District shall execute, register, and deliver to the holder thereof, within a period of three days from surrender of such Series 2022A Bond to the District, at the District's expense, a new Series

2022A Bond or Series 2022A Bonds of the same maturity, of authorized denominations, and in aggregate principal amount equal to the unredeemed portion of the Series 2022A Bond surrendered.

Section 6. Special and Limited Obligations. The Series 2022A Bonds are not general obligations of the District but are special and limited obligations payable solely from the Sinking Fund as hereinafter provided, and the Sinking Fund and the income and revenues of the System are hereby specifically assigned and pledged to the holders of the Series 2022A Bonds and parity bonds for the payment of the Series 2022A Bonds and parity bonds and interest thereon in the manner and to the extent provided herein. The Series 2022A Bonds and the interest thereon do not constitute a debt, indebtedness, or a pledge of the District's faith and credit within the meaning of any provision or limitation of the Constitution or statutes of the Commonwealth and shall not constitute a charge against its general credit. The District shall not be obligated to pay the principal of the Series 2022A Bonds or the interest thereon or other costs incident thereto except from the revenues and amounts assigned and pledged therefor, and the faith and credit of the District is not assigned or pledged to the payment of the principal of the Series 2022A Bonds or the interest thereon or other costs incident thereto.

Section 7. Form of Series 2022A Bonds. The Series 2022A Bonds shall be issued only in the form of bonds registered as to payment of both principal and interest in substantially the form attached hereto as Exhibit B, with necessary and appropriate variations, omissions, and insertions as permitted or required by this Series 2022A Bond Resolution or customary practice.

Section 8. Mutilated, Lost, Stolen, or Destroyed Series 2022A Bonds. If any Series 2022A Bond is mutilated, lost, stolen, or destroyed, the District may execute and deliver a new Series 2022A Bond of like series, date, maturity, and denomination as that mutilated, lost, stolen, or destroyed; provided that, in the case of any mutilated Series 2022A Bond, such Series 2022A Bond shall first be surrendered to the District, and in the case of any lost, stolen, or destroyed Series 2022A Bond, there shall be first furnished to the District evidence of such loss, theft, or destruction satisfactory to it and such indemnity as the District may require. If any such Series 2022A Bond shall have matured, in lieu of issuing a duplicate Series 2022A Bond, the District may pay the same without surrender thereof. The District may charge the holder or owner of such Series 2022A Bond its reasonable fees and expenses in this connection.

Section 9. Registration, Authentication, Transfer, and Exchange of Series 2022A Bonds. So long as any Series 2022A Bonds remain outstanding, the District shall keep and maintain at its office in Elizabethtown, Kentucky, complete registration books for the Series 2022A Bonds and shall provide for the registration and transfer of Series 2022A Bonds in accordance with the terms of this Series 2022A Bond Resolution. Each Series 2022A Bond shall be transferable only upon presentation and surrender thereof at the office of the District, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Holder or its authorized representative. Upon receipt of any such Series 2022A Bond, duly endorsed for transfer or accompanied by any assignment for transfer, the District shall transfer such Series

2022A Bond within a period of three days by reissuing such Series 2022A Bond, duly executed by the District, and delivering the same to the new Registered Holder thereof forthwith.

Each Series 2022A Bond shall be exchangeable upon the presentation and surrender thereof at the office of the District for a Series 2022A Bond or Series 2022A Bonds of the same maturity, in authorized denominations of \$100,000 plus increments of \$0.01 in excess thereof, in an aggregate principal amount or amounts equal to the unpaid principal amount of the Series 2022A Bond or Series 2022A Bonds presented for exchange. The District shall and is hereby authorized to authenticate and deliver Series 2022A Bonds delivered in exchange in accordance herewith. Each Series 2022A Bond delivered in exchange for a surrendered Series 2022A Bond shall constitute an original contractual obligation of the District and shall be entitled to the benefits and security of this Series 2022A Bond Resolution to the same extent as the Series 2022A Bond or Series 2022A Bonds in lieu of which any Series 2022A Bond is delivered in exchange. Any Series 2022A Bonds surrendered for exchange shall be cancelled by the District and the District shall maintain a complete record of all exchanges, transfers, and cancellations of Series 2022A Bonds.

No service charge or other transfer fee shall be charged to any Bondholder in connection with any transfer or exchange of a Series 2022A Bond. However, the Registered Holder of any Series 2022A Bond may be required to pay an amount equal to any tax or other governmental charge, if any, that may be imposed in connection with the transfer or exchange of any Series 2022A Bond.

Section 10. Destruction of Series 2022A Bonds. Whenever any outstanding Series 2022A Bond shall be delivered to the District for cancellation thereof pursuant to this Series 2022A Bond Resolution, upon payment of the principal amount or interest represented thereby or for replacement or exchange, such Series 2022A Bonds, following such replacement or exchange, shall be promptly cancelled and destroyed by the District and a certificate of destruction evidencing such destruction shall be maintained in the records of the District. All Series 2022A Bonds which have been redeemed shall not be reissued but shall be cancelled and destroyed by the District in accordance with this Section 10.

Section 11. Parity Declaration. The District finds and declares that the Series 2022A Bonds, when issued, shall rank on a basis of parity and equality as to security and source of payment with the Existing Parity Bonds (excluding the Series 2010A Bonds, once refunded by the District using the proceeds of the Series 2022A Bonds), inasmuch as the District is in compliance with all covenants and undertakings in connection with the Existing Parity Bonds and can and shall, before the delivery of the Series 2022A Bonds, satisfy the parity bond coverage requirements and conditions of Section 9 of the Series 1989 Bond Resolution and the Existing Parity Bond Resolutions.

Section 12. Disposition of Series 2022A Bond Proceeds; Refunding of Series 2010A Bonds; Call For Redemption of Series 2010A Bonds.

(a) Disposition of Series 2022A Bond Proceeds; Refunding of Series 2010A Bonds. All sums received as Series 2022A Bond proceeds shall be applied as follows:

(i) There shall first be paid from the Series 2022A Bond proceeds, by or on the written order of the Chairman or Secretary-Treasurer, the contractual fee of the District's Financial Advisor and bond counsel, rating service fees, and any other necessary or desirable fees and expenses with respect to the issuance of the Series 2022A Bonds and the refunding of the Series 2010A Bonds. For this purpose, the District may cause a special trust account to be established and applied upon direction of the Chairman or Secretary-Treasurer for payment of such expenses within sixty days of issuance of the Series 2022A Bonds; provided any balance in the special account not needed to pay expenses shall be transferred to the Sinking Fund to be used to pay interest first due on the Series 2022A Bonds.

(ii) Upon written direction of the Chairman or Secretary-Treasurer, a sufficient portion of the Series 2022A Bond proceeds together with such other legally available funds of the District as may be necessary (including the portion of the Sinking Fund and Debt Service Reserve Fund allocable to the Series 2010A Bonds), calculated as of the issuance of the Series 2022A Bonds and the simultaneous defeasance of the Series 2010A Bonds, shall be applied to the current refunding of the Series 2010A Bonds by the payment to The Cecilian Bank, Elizabethtown, Kentucky, the paying agent and bond registrar of the Series 2010A Bonds, for irrevocable deposit into a special subaccount of the "1989 Water System Revenue Bond and Interest Sinking Fund" previously established by the District, of an amount equal to the entire outstanding principal amount of the Series 2010A Bonds plus all interest accrued thereon to the date of such payment, which shall occur on the earliest practicable redemption date for the Series 2010A Bonds.

(iii) Any remaining Series 2022A Bond proceeds shall be deposited in the Sinking Fund for payment of interest first due on the Series 2022A Bonds.

(b) Call For Redemption of Series 2010A Bonds. The Chairman or Secretary-Treasurer is authorized and directed to act on behalf of the District in causing the call for redemption on the next practicable redemption dates, and the redemption, payment and discharge on those dates of the Series 2010A Bonds at par plus accrued interest, applying the amounts on deposit in the special subaccount in the Sinking Fund as set out in subsections (a)(ii) above, all pursuant to the terms of the Series 2010A Bond Resolution.

Section 13. Defeasance of Series 2010A Bonds. The District hereby determines and declares that when the deposits set out in subsection (a)(ii) of Section 12 above are made (upon delivery and receipt of the proceeds of the Series 2022A Bonds) and other actions are provided to be taken pursuant to the Series 2010A Bond Resolution as conditions precedent to the redemption of the Series 2010A Bonds, then the pledges and liens securing the Series 2010A Bonds pursuant to the Series 2010A Bond Resolution shall be deemed to have been defeased, released, and discharged, and the payment of the Series 2010A Bonds shall be deemed to have been satisfied, provided that the provisions of the Series 2010A Bond Resolution with respect to

redemption of the Series 2010A Bonds shall continue in effect until they are fully paid on their redemption date.

Section 14. Operation and Revenues of System; Funds and Accounts. It is hereby resolved and provided that from and after issuance and delivery of the Series 2022A Bonds, and so long as any of the Series 2022A Bonds or parity bonds remain outstanding and unpaid, the System shall continue to be operated on a fiscal year basis beginning each January 1 and ending on the last day of the following December, as at present, and on that basis the income and revenues of the System shall be collected, segregated, accounted for, invested, and distributed as follows:

(a) Revenue Fund. A separate and special fund or account of the District, distinct and apart from all other funds and accounts, was previously created and continued, and is hereby continued, designated, and identified as the District's "Water Revenue Fund". The moneys in the Revenue Fund from time to time shall be used, disbursed, and applied by the District, as permitted by applicable statutes, and in accordance with pre-existing contractual commitments, as follows:

(b) Sinking Fund. A separate and special fund or account of the District, distinct and apart from all other funds and accounts, was created in and by the Series 1989 Bond Resolution and designated and identified as the "1989 Water System Revenue Bond and Interest Sinking Fund", which shall continue to be maintained so long as any Parity Bonds are outstanding; and all moneys deposited therein from time to time shall be used, disbursed, and applied, and are hereby irrevocably pledged, solely for the purpose of paying the principal of and interest on any Parity Bonds.

There shall be set aside and transferred on or before the twentieth day of each month from the Revenue Fund, as a first charge thereon, and deposited in the Sinking Fund sums sufficient to pay when due the principal and interest requirements on the Parity Bonds. Specifically, there shall be paid into the Sinking Fund on or before the twentieth day of each month, on account of the Parity Bonds, not less than the following:

(i) a sum which together with other funds available in the Sinking Fund for such purpose will be equal to one-sixth of the next succeeding interest installment to become due on all Parity Bonds then outstanding; provided that before the first interest payment date next succeeding the issuance of the Series 2022A Bonds an amount shall be paid into the Sinking Fund sufficient to make up any insufficiency therein in order to pay the interest due on such first interest payment date; and

(ii) a sum which together with other funds available in the Sinking Fund for such purpose will be equal to one-twelfth of the principal of all Parity Bonds maturing on the next succeeding January 1; provided that before the first principal payment date next succeeding the issuance of the Series 2022A Bonds an amount shall be paid into the Sinking

Fund sufficient to make up any insufficiency therein in order to pay the principal due on such first principal payment date.

If Additional Parity Bonds are issued pursuant to the conditions and restrictions hereinafter prescribed in that connection, the monthly deposits to the Sinking Fund shall be increased to provide for payment of interest thereon and the principal thereof as the same respectively become due.

If for any reason there should be a failure to pay into the Sinking Fund the full amounts above stipulated, then an amount equivalent to such deficiency shall be set apart and paid into the Sinking Fund from the first available income and revenues of the System, subject to the aforesaid priorities.

(c) Debt Service Reserve Fund. A separate and special fund or account of the District, distinct and apart from all other funds and accounts, was created in and by the Series 1989 Bond Resolution and designated and identified as the “1989 Water System Revenue Bond Debt Service Reserve Fund”, which shall continue to be maintained so long as there are outstanding any Reserve Parity Bonds and Additional Parity Bonds herein permitted to be issued on a parity with the Series 2022A Bonds, except those Additional Parity Bonds the original purchaser or purchasers of which waive the benefit of, and any claim to, the Debt Service Reserve Fund. It is hereby established that the Purchaser, as a condition to purchasing the Series 2022A Bonds will be required to elect, for itself and on behalf of all subsequent holders of the Series 2022A Bonds, and is deemed to hereby so elect, to waive the benefit of and any claim to the Debt Service Reserve Fund.

(d) Depreciation and Operation and Maintenance Funds. The District previously created and continued special funds identified as the “Water Depreciation Fund” and the “Operation and Maintenance Fund”. The Depreciation Fund and the Operation and Maintenance Fund shall continue in effect with the District making monthly transfers to them, on or before the 20 day of each month, from the Revenue Fund as follows:

(i) To the Depreciation Fund there shall be deposited monthly the deposits required by the existing bond resolutions of the District. There shall be deposited to the Depreciation Fund, as received, the proceeds of all property damage insurance (except public liability) maintained in connection with the System, and the cash proceeds of any surplus, worn-out or obsolescent properties of the System, if the same shall be sold upon order of the Commission. Any fees which may be levied and collected by the Commission of the District for the privilege of connecting to the System shall be paid, as received, into the Depreciation Fund.

The Depreciation Fund shall be available and may be withdrawn and used by the District, upon appropriate certification as to the authorization for such withdrawal, for the purpose of paying the costs of unusual or extraordinary maintenance, repairs, renewals, or replacements, not included in the annual budget of Current Expenses, and the costs of constructing additions and improvements to the System which will either enhance its revenue-producing capacity or provide



a higher degree of service. The Depreciation Fund shall also be available for transfer to the Sinking Fund to avoid default in connection with any bonds payable therefrom.

(ii) To the Operation and Maintenance Fund there shall next be deposited monthly from the Revenue Fund amounts sufficient to pay as they accrue the Current Expenses of operating and maintaining the System pursuant to the annual budget, for which provision is hereinafter made, and to accrue an operation and maintenance reserve not in excess of anticipated requirements for a two-month period pursuant to the annual budget.

Moneys in the Depreciation Fund and in the Operation and Maintenance Fund, to the extent not needed within the next thirty days for authorized purposes, may, upon order of the Commission of the District, be invested in Investment Obligations being subject to redemption or conversion into cash at not less than par no later than the time moneys shall be needed for the indicated purposes. All investments of moneys in each of the Depreciation Fund and the Operation and Maintenance Fund shall be carried thereof; all income from investments and any profit from the sale thereof shall be credited thereto; and any expenses incident to the investment or reinvestment, together with any loss from forced conversion of investments into cash, shall be charged thereto.

Section 15. Rebate Fund. The Hardin County Water District No. 2 Water System Refunding Revenue Bonds, Series 2022A Rebate Fund (the “Rebate Fund”), is hereby created. Amounts from time to time held in the Rebate Fund, if any, shall be invested in Investment Obligations (to the extent practicable), shall not be subject to the pledge of this Series 2022A Bond Resolution, shall not constitute a part of the funds held for the benefit of the holders of the Series 2022A Bonds and shall be dedicated to the United States of America to the extent of any obligation on the part of the District to rebate to the United States Cumulative Excess Earnings.

Within five days after the end of each Computation Period and within five days after the payment in full of all outstanding Series 2022A Bonds, the District shall calculate the amount of Cumulative Excess Earnings as of the end of that Computation Period or the date of such payment, and shall also determine the amount then on deposit in the Rebate Fund. If the amount then on deposit in the Rebate Fund is in excess of the Cumulative Excess Earnings, the District shall forthwith deposit that excess amount in the Sinking Fund. If the amount then on deposit in the Rebate Fund is less than the Cumulative Excess Earnings, the District shall within five days deposit in the Rebate Fund an amount sufficient to cause the Rebate Fund to contain an amount equal to the Cumulative Excess Earnings. Within thirty days after the end of the fifth anniversary date of the issuance of the Series 2022A Bonds and every such fifth anniversary date thereafter, the District shall pay to the United States in accordance with Code Section 148(f) from the moneys then on deposit in the Rebate Fund an amount equal to 90% (or such greater percentage not in excess of 100% as the District may direct) of the Cumulative Excess Earnings as of the end of such fifth anniversary date. Within sixty days after the payment in full of all outstanding Series 2022A Bonds, the District shall pay to the United States in accordance with Code Section 148(f) from the moneys then on deposit in the Rebate Fund an amount equal to 100% of the

Cumulative Excess Earnings as of the date of such payment and any moneys remaining in the Rebate Fund following such payment shall be paid to the Sinking Fund.

Section 16. Covenants To Series 2022A Bondholders. The District hereby irrevocably covenants and agrees with the Registered Holders of the Series 2022A Bonds that so long as the same or any part thereof or interest thereon remain outstanding and unpaid:

(a) It will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth, and by the terms and provisions of this Series 2022A Bond Resolution.

(b) It will at all times operate the System on a revenue-producing basis, and will permit no free services to be rendered or afforded thereby.

(c) It will maintain the System in good condition through application of revenues accumulated and set aside for operation and maintenance, as herein provided; and will make unusual or extraordinary repairs, renewals and replacements, as the same may be required, through application of revenues accumulated and set aside for such purposes.

(d) So long as any Parity Bond is outstanding, it will not sell or otherwise dispose of any of the System facilities or any part thereof, and, except as provided for in this Series 2022A Bond Resolution, it will not create or permit to be created any charge or lien on the revenues thereof ranking equal or before the charge or lien of the Parity Bonds. Notwithstanding the foregoing, the District may at any time permanently abandon the use of, or sell at fair market value, any of its System facilities, provided that:

(i) it is in compliance with all covenants and undertakings in connection with all of its bonds then outstanding and payable from the revenues of the System;

(ii) it will, in the event of sale, apply the proceeds to either (1) redemption of outstanding bonds in accordance with the provisions governing prepayment of bonds in advance of maturity, or (2) replacement of the facility so disposed of by another facility the revenues of which shall be incorporated into the System as hereinbefore provided; and

(iii) it certifies, before any abandonment of use, that the facility to be abandoned is no longer economically feasible of producing net revenues.

(e) It will establish, enforce, and collect rates and charges for services rendered and facilities afforded by the System; and the same shall be reasonable and just, taking into account and consideration the cost and value of the System, the costs of operating the same and maintaining it in a good state of repair, proper and necessary allowances for depreciation and for additions and extensions, and the amounts necessary for the orderly retirement of all outstanding bonds as aforesaid and the accruing interest thereon, and the accumulation of any required reserves; and such rates and charges shall be adequate to meet all such requirements as

provided in this Series 2022A Bond Resolution, and shall, if necessary, be adjusted from time to time in order to comply herewith.

On or before the date of issuance of the Series 2022A Bonds, the District will adopt a budget of Current Expenses for the System for the remainder of the then current fiscal year of the System, and thereafter, on or before the first day of each fiscal year so long as any Series 2022A Bonds are outstanding, it will adopt an annual budget of Current Expenses for the ensuing fiscal year, and will file a copy of each such budget, and of any amendments thereto, in the office of the District's Secretary-Treasurer, and furnish copies thereof to the holder of any Series 2022A Bond upon request. The District covenants that the Current Expenses incurred in any year will not exceed the reasonable and necessary amounts therefor, and that it will not expend any amount or incur any obligations for operation, maintenance, and repairs in excess of the amounts provided for Current Expenses in the annual budget, except upon resolution duly adopted by the Commission of the District determining that such expenses are necessary in order to operate and maintain the System. At the same time, and in like manner, the District agrees that it will prepare an estimate of cash income and revenues to be derived from operation of the System for each fiscal year, and to the extent that the cash income and revenues are insufficient to provide an amount equal to at least 110% of all payments required to be made into the Sinking Fund during such ensuing fiscal year, and to pay Current Expenses, the District covenants and agrees that it will revise its rates and charges for services rendered by the System, so that the same will be adequate to meet such coverage requirement.

(f) It will not at any time make any reduction in any prevailing schedule of rates and charges for use of the services and facilities of the System without first obtaining the written determination of a consulting engineer of national reputation that the proposed reduction will not adversely affect the ability of the District to meet all the requirements set forth in this Series 2022A Bond Resolution.

(g) It will at all times segregate the revenues of the System from all other revenues, moneys and funds of the District and will promptly and regularly make application and distribution thereof into the special funds provided in this Series 2022A Bond Resolution, in the amounts and with due regard for the priorities herein attributed thereto.

(h) It will keep proper books of record and account, separate and clearly distinguishable from all other municipal records and accounts, showing complete and correct entries of all transactions relating to the System, and the same shall be available and open to inspection by any Series 2022A Bondholder, and any agent or representative of a Series 2022A Bondholder.

(i) It will, within ninety days after the end of each fiscal year, cause an audit to be made of the books of record and account pertinent to the System, by an independent state-licensed accountant not in the employ of the District on a monthly salary basis, showing all receipts and disbursements, and reflecting in reasonable detail the financial condition and records of the System, including the status of the several funds hereinbefore created, the status of the

insurance and fidelity bonding, the number and type of connections, and the current rates and charges, with comments of the auditor concerning whether the books and records are being kept in compliance with this Series 2022A Bond Resolution and in accordance with recognized accounting practices, and will promptly cause a copy of the District's audited financial statements for such fiscal year to be filed in the office of the Secretary-Treasurer where it will be available for public inspection, and will promptly mail a copy thereof to the original recipient of Series 2022A Bonds issued hereunder. If requested to do so, the District will furnish to any bondholder a condensed form of the balance sheet, and a condensed form of the operating report, in reasonable detail. All expenses incurred in causing such audits to be made, and copies distributed, shall constitute proper expenses of operating and maintaining the System, and may be paid from revenues allocated for such purposes, as herein provided.

(j) Any holder of Series 2022A Bonds may either at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance by the District and its officers and agents of all duties imposed or required by law or this Series 2022A Bond Resolution in connection with the operation of the System, including the making and collecting of sufficient rates and segregation of the revenues and application thereof.

(k) If there be any default in the payment of the principal of or interest on any of the Series 2022A Bonds, then upon the filing of suit by any holder of the Series 2022A Bonds, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the District, with power to charge and collect rates sufficient to provide for the payment of any bonds or obligations outstanding against the System, and for the payment of Current Expenses, and to apply the revenues in conformity with this Series 2022A Bond Resolution and the provisions of the statute laws of the Commonwealth aforesaid.

(l) The District will cause each officer or other Person (other than depository banks) having custody of any moneys administered under the provisions of this Series 2022A Bond Resolution to be bonded at all times in an amount at least equal to the maximum amount of such moneys in his custody at any time; each such bond to have surety given by a surety corporation qualified to do business in the Commonwealth and approved by the Commission, and the premiums for such surety shall constitute a proper expense of operating the System, and may be paid from moneys available in the Operation and Maintenance Fund.

(m) It will procure, and at all times maintain in force, insurance of all insurable properties constituting parts of, or being appurtenant to, the System to the full insurable value thereof, against damage or destruction by fire, windstorm, and the hazards covered by the standard "extended coverage" policy endorsements or provisions, the premiums therefor to be paid from the Operation and Maintenance Fund; and will deposit all sums collected under the terms of such policies in the Depreciation Fund. Such insurance shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed 80% of the full insurable value of the damaged facility.

(n) The District will procure and at all times maintain public liability insurance relating to the operation of the System, with limits of not less than \$200,000 for one Person and \$500,000 for more than one Person involved in one accident to protect the District from claims for bodily injury or death; and not less than \$100,000 from claims for damage to property of others which may arise from the District's operation of the System.

(o) The District will carry suitable workers' compensation insurance in accordance with law.

(p) If the District owns or operates a vehicle in the operation of the System, the District will procure and at all times maintain vehicular public liability insurance with limits of not less than \$200,000 for one Person and \$500,000 for more than one Person involved in one accident to protect the District from claims for bodily injury or death, and not less than \$100,000 against claims for damage to property of others which may arise from the District's operation of vehicles.

Section 17. Statutory Mortgage Lien Acknowledged. A statutory mortgage lien upon the System, together with all appurtenances and additions thereto and extensions thereof, is granted and created by KRS 106.080 for the benefit and protection of the holders of the Series 2022A Bonds and parity bonds; and the statutory mortgage lien is hereby recognized and shall be effective upon delivery of the Series 2022A Bonds and shall continue in full force and effect so long as there shall remain unpaid any part of the principal of or interest on the Series 2022A Bonds.

Section 18. No Priority Among Series 2022A Bonds; Issuance of Additional Parity Bonds. The Series 2022A Bonds, together with all of the Parity Bonds, shall not be entitled to priority one over the other in the application of the income and revenues of the System regardless of the time or times of their issuance, it being the intention that there shall be no priority among such bonds, regardless of the fact that they may be actually issued and delivered at different times.

The District hereby reserves the right and privilege of issuing Additional Parity Bonds from time to time payable from the income and revenues of the System ranking on a parity with the Series 2022A Bonds to pay the costs of extensions, additions, and improvements to the System, provided that either of the conditions set forth in (a) or (b) below is met.

(a) The net income and revenues of the System for the fiscal year preceding the year in which such Additional Parity Bonds are to be issued were at least 120% of the maximum annual debt service requirement (principal and interest) for any year ending January 1 with respect to all Series 2022A Bonds and parity bonds which are then outstanding and the Additional Parity Bonds then proposed to be issued. The term net income and revenues as herein used is defined as gross income and revenues of the System (including all payments to the Revenue Fund and interest earnings accruing to the Sinking Fund and the Depreciation Fund)

less the sum of Current Expenses. Such showing of net income and revenues for such preceding fiscal year may be represented by the report of the auditors.

(b) A statement is filed with the Secretary-Treasurer of the District by (i) an independent certified public accountant or firm of certified public accountants not in the regular employ of the District on a monthly salary basis or (ii) an independent professional engineer or firm or firms of professional engineers not in the employ of the District on a monthly salary basis and of recognized excellent expertise and reputation in the field of water engineering and licensed in the Commonwealth, reciting the opinion based upon necessary investigation that the net income and revenues of the System as defined in (a) above for twelve consecutive months out of the 18 months preceding the issuance of the Additional Parity Bonds (with adjustments as hereinafter provided) were equal to at least 120% of the maximum annual debt service requirement (principal and interest) for any year ending January 1 with respect to the Parity Bonds then outstanding and the proposed Additional Parity Bonds. The net income and revenues may be adjusted for the purpose of the foregoing computations to reflect any revision in the schedule of rates or charges being imposed at the time of the issuance of any such Additional Parity Bonds, and also to reflect any increase in such net income and revenues by reason of the extensions, additions, and improvements to the System the cost of which (in whole or in part) is to be paid through the issuance of such Additional Parity Bonds; but such latter adjustments shall only be made if contracts for the immediate construction or acquisition of such extensions, additions, and improvements have been or will be entered into before the issuance of such Additional Parity Bonds. All such adjustments to reflect any revision of rates and charges or an increase in net income and revenues by reason of extensions, additions, and improvements to the System as aforesaid shall be based upon written certification by (a) an independent professional engineer or firm of professional engineers not in the employ of the District on a monthly salary basis and of recognized excellent expertise and reputation in the field of water engineering and licensed in the Commonwealth or (b) an independent certified public accountant or firm of certified public accountants not in the employ of the District on a monthly salary basis.

The District hereby further reserves the right and privilege of issuing Additional Parity Bonds for the purpose of refunding any Parity Bonds, or any portion thereof, as may be outstanding, provided that before any Additional Parity Bonds are issued for such purpose, there shall have been procured and filed with the Secretary-Treasurer of the District a statement by an independent certified public accountant or firm of independent certified public accountants reciting the opinion based upon necessary investigation that after the issuance of such Additional Parity Bonds, the net income and revenues, as adjusted and defined above, of the System for the fiscal year preceding the date of issuance of such Additional Parity Bonds, after taking into account the revised maximum annual debt service resulting from the issuance of such Additional Parity Bonds and from the elimination of the bonds being refunded thereby, are equal to not less than 120% of the maximum annual debt service requirement for any year ending January 1 with respect to such Additional Parity Bonds and all Parity Bonds then outstanding and payable from the Sinking Fund, and calculated in the manner specified above.

The original purchaser or purchasers of a series of Additional Parity Bonds may waive the benefit of and any claim to the Debt Service Reserve Fund, in which event such bonds shall not be secured by or payable from the Debt Service Reserve Fund; and the District may make it a condition to the original sale of any series of Additional Parity Bonds that the purchaser or purchasers thereof, by offering to purchase or by purchasing the same, has agreed to such waiver.

The interest payment dates for all such Additional Parity Bonds shall be semiannually on January 1 and July 1 of each year, and the principal maturities thereof shall be on January 1 of the year in which any such principal is scheduled to become due.

The Additional Parity Bonds, the issuance of which is restricted and conditioned by this Section 18, shall be understood to mean bonds payable from the income and revenues of the System on a parity with the Parity Bonds, and shall not be deemed to include or prohibit the issuance of other obligations the security and source of payment of which is subordinate and subject to the priority of the payments into the Sinking Fund for account of the Series 2022A Bonds and any other outstanding Parity Bonds.

Section 19. Defeasance. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the holders of all Series 2022A Bonds the total principal and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Series 2022A Bond Resolution, then the pledge of this Series 2022A Bond Resolution, and all covenants, agreements, and other obligations of the District to the Bondholders, shall thereon cease, terminate and become void and be discharged and satisfied.

Whenever there shall be deposited and held irrevocably in the Sinking Fund or an escrow fund established for such purpose either (a) moneys in an amount which shall be sufficient or (b) direct obligations of or obligations fully guaranteed by the United States of America, including such obligations issued or held in book-entry form, the principal of and interest on which when due (without consideration of reinvestment income) will provide moneys which, together with other moneys, if any, then on deposit in the Sinking Fund or such escrow fund, shall be sufficient to pay when due the principal of and interest on the Series 2022A Bonds or any part thereof to and including the date on which the Series 2022A Bonds or any of them will be redeemed in accordance with this Series 2022A Bond Resolution, or the maturity date or dates thereof, as the case may be, then and in any of the events all such Series 2022A Bonds shall be deemed to have been paid and discharged within the meaning and with the effect expressed above in this Section 19. Thereafter the holders of such Series 2022A Bonds shall be entitled only to payment out of the cash and obligations deposited as aforesaid. If the maturity or redemption date of any Series 2022A Bonds so paid and discharged is more than one year from the date of such deposit, the Paying Agent and Bond Registrar shall and is hereby instructed to mail, via first class mail, irrevocable notice thereof to the holders of such Series 2022A Bonds, such notice to contain a statement that the cash and obligations as provided above are held in the Sinking Fund or such escrow fund, that such Series 2022A Bonds are deemed to have been paid in accordance with this Section 19, and a statement of the maturities or redemption date or dates on which the moneys are or will become available for the payment of the amounts due.

The provisions of the immediately foregoing paragraph are subject to the limitation that no discharge and release of the pledge of this Series 2022A Bond Resolution shall be accomplished through the use of any funds or investments which, in the opinion of the District's Bond Counsel, would adversely affect the exclusion of interest on any such Series 2022A Bonds from gross income for federal income tax purposes.

Section 20. Sale of Series 2022A Bonds. It is hereby ordered that a Notice of Bond Sale be published in the newspapers required by law soliciting sealed, competitive bids for the purchase of the Series 2022A Bonds, the same to be received by a designated official of the District at the District's office in Elizabethtown, Kentucky, until a specified hour and day, as determined by the Chairman or Secretary-Treasurer of the District (which time for receipt of bids for the Series 2022A Bonds may be rescheduled by the Chairman or Secretary-Treasurer. The bids theretofore received shall be publicly opened and then considered by the Chairman or Secretary-Treasurer on the District's behalf, and the best bid shall be determined by the Chairman or Secretary-Treasurer with the advice and assistance of the District's Financial Advisor. The District reserves the right to increase by an amount not exceeding \$232,000 (in authorized denominations of \$100,000 plus increments of \$0.01 in excess thereof) or decrease by any amount (in authorized denominations of \$100,000 plus increments of \$0.01 in excess thereof) the total amount of Series 2022A Bonds sold to the best bidder by increasing or decreasing any of the stipulated principal maturities, and the right to adjust principal maturities without changing the total amount of Series 2022A Bonds sold. Upon any such adjustment, no rebidding or recalculating of the bids submitted will be required or permitted. The price at which such adjusted amount of Series 2022A Bonds will be sold will be at the same price per \$1,000 of Series 2022A Bonds as the price bid per \$1,000 for the aggregate principal amount of Series 2022A Bonds stipulated in the successful bid.

The Series 2022A Bonds shall be combined to comprise one maturity of Series 2022A Bonds scheduled to mature on the date set forth in the schedule in Section 4(a) and shall be subject to mandatory sinking fund redemption at par in the manner described in Section 5 on each of the dates and in the principal amounts as set out in said schedule (subject to adjustment as herein provided), except for the principal amount of Series 2022A Bonds scheduled to mature on the date of maturity of the Term Bonds, which shall mature on such date.

The Notice of Bond Sale shall be published as required by law, not less than seven days and not more than twenty-one days in advance of the date stated therein for the opening and consideration of purchase bids. In the Notice of Bond Sale and the accompanying sale documents (the "Limited Offering Documents"), hereinafter described, bidders shall be instructed, among other things, to offer a specified price in dollars and cents for the Series 2022A Bonds, to specify a single interest rate of their own choosing, to offer a price in dollars and cents for the entire issue of Series 2022A Bonds, and not to offer less than 100.0% of par value. The maximum coupon rate for the Series 2022A Bonds shall not exceed 7.0% per annum and the maximum purchase price for the Series 2022A Bonds (including premium) shall not exceed \$2,320,000.



The Series 2022A Bonds shall be awarded to the respondent who provides the best response to the Request for Proposals and prepared for the District by the Financial Advisor and not necessarily to the lowest bidder (the “Purchaser”). Evaluation of responses by the District shall consider the following criteria, and which criteria are not exclusive: (i) the net interest cost to the District achieved by the financing on the terms proposed by each bidder; (ii) the complexity of the legal structure and administration of each proposed refunding; (iii) closing fees and charges to be charged by each bidder; (iv) optional redemption and prepayment premiums, conditions, and restrictions to be imposed by each bidder; and (v) other material terms and conditions required by bidders that impact the value or effectiveness of the refunding and issuance of the Series 2022A Bonds for the District. Bidders shall be limited to institutions or persons having knowledge and experience in financial and business matters who are capable of evaluating the merits and risks of the Series 2022A Bonds, who are not purchasing for more than one account, and do not intend to redistribute the Series 2022A Bonds. To the extent deemed necessary by the Financial Advisor, the District hereby approves the preparation of the Limited Offering Documents related to the solicitation for the purchase of the Series 2022A Bonds to be prepared by the District or its bond counsel or Financial Advisor in the usual and customary form, and approves the distribution of such Limited Offering Documents to potential bidders. Upon application from any prospective bidder for the Series 2022A Bonds, the District will furnish any material information about the District and its finances which may be reasonably requested, but no official statement or similar documents will be provided.

Upon the occasion of the receipt of bids, and after examination and recommendation by the District’s Financial Advisor, the Chairman or the Secretary-Treasurer of the District is hereby authorized to, and shall, establish the rate of interest on, the total principal amount and mandatory sinking fund installments and other necessary or appropriate details of the Series 2022A Bonds by completion and execution of the Award Certificate establishing those terms and details, a copy of which document shall be filed in the official records of the District, provided that the interest rate on the Series 2022A Bonds shall not exceed 7.0% per annum.

On the date the District awards the Series 2022A Bonds to the Purchaser, the District and the Purchaser shall execute and delivery a Loan and Bond Purchase Agreement in the form attached hereto as Exhibit B (the “Purchase Agreement”). The Chairman and Secretary-Treasurer are hereby authorized and directed to execute and deliver the Purchase Agreement on behalf of the District, substantially in the form attached hereto, with such changes therein as the Chairman and Secretary-Treasurer shall approve, such approval to be conclusively evidenced by their execution and delivery thereof.

The Chairman and the Secretary-Treasurer of the District, and each of them, are further authorized to make such modifications to documents, including without limitation the provisions of this Series 2022A Bond Resolution that are not in conflict with other provisions hereof and are necessary or desirable in connection with any scheduling or rescheduling of the date of sale of the Series 2022A Bonds as provided in the first paragraph of this Section 20, and to enter into and to execute on behalf of the District any and all certificates, opinions, instruments and

documents necessary or desirable, upon the advice of counsel, to effectuate the issuance of the Series 2022A Bonds.

Section 21. Resolution as Contract. The provisions of this Series 2022A Bond Resolution shall constitute a contract between the District and the holders of the Series 2022A Bonds and any Additional Parity Bonds, and after the issuance of any of the bonds no material change, variation, or alteration of any kind in the provisions of this Series 2022A Bond Resolution shall be made in any manner without the consent of such holders and except as herein provided, until such time as all of such bonds issued hereunder and interest thereon have been paid or provided for in full by defeasance as provided in Section 19 or as otherwise provided herein.

Section 22. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Series 2022A Bond Resolution, is not a Business Day for the Paying Agent and Bond Registrar, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the date stipulated in this Series 2022A Bond Resolution, and no interest shall accrue for the period after such stipulated date.

Section 23. Severability. If any section, paragraph, clause, or provision of this Series 2022A Bond Resolution shall be held to be invalid or ineffective for any reason, the remainder of this Series 2022A Bond Resolution shall remain in full force and effect, it being expressly hereby found and declared that the remainder of this Series 2022A Bond Resolution would have been adopted despite the invalidity of such section, paragraph, clause, or provision.

Section 24. Repeal of Inconsistent Provisions. All resolutions and orders, or parts thereof, in conflict with the provisions of this Series 2022A Bond Resolution are, to the extent of such conflict, hereby repealed.

Section 25. Effective Date. This Series 2022A Bond Resolution shall be in full force and effect from and after its adoption, approval, and attestation as provided by law.

Section 26. Rules of Construction.

(a) General. The singular form of any word used herein, including the terms defined in Exhibit A attached hereto, shall include the plural, and vice versa. The use herein of a word of any gender shall include correlative words of all genders. Unless otherwise specified, the word “including” shall mean “including without limitation”, the word “or” shall mean “and/or”, and the word “any” shall mean “any and all.”

(b) References. Unless otherwise specified, references to Articles, Sections, and other subdivisions of this Series 2022A Bond Resolution are to the designated Articles, Sections, and other subdivisions of this Series 2022A Bond Resolution as originally executed.

The words “hereof,” “herein,” “hereunder,” and words of similar import refer to this Series 2022A Bond Resolution as a whole.

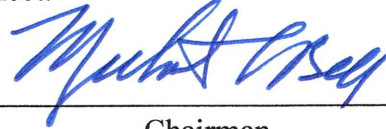
(c) Captions. The captions or headings in this Series 2022A Bond Resolution are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or sections of this Series 2022A Bond Resolution.

(d) Accounting Terms. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP.

[Signature page to follow]

SIGNATURE PAGE TO SERIES 2022A BOND RESOLUTION

ADOPTED BY THE COMMISSION OF THE HARDIN COUNTY WATER DISTRICT NO. 2 at a meeting held on November 16, 2021, signed by the Chairman, attested by the Secretary-Treasurer, and declared to be in full force and effect.



Chairman

Attest:



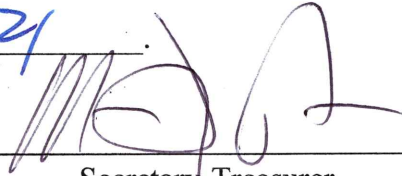
Secretary-Treasurer

CERTIFICATION

The undersigned, Secretary-Treasurer of the Commission of Hardin County Water District No. 2, hereby certifies that the foregoing is a true, complete, and correct copy of a Resolution adopted by the Commission of the District at a properly convened meeting of the Commission of the District held on November 16, 2021, signed by the Chairman and attested by me as Secretary-Treasurer, as shown by the official records in my custody and under my control.

WITNESS my hand this

Nov. 16, 2021



Secretary-Treasurer

EXHIBIT A  
TO  
SERIES 2022A BOND RESOLUTION

\* \* \* \* \*

DEFINITIONS

In addition to the words and terms elsewhere defined in this Series 2022A Bond Resolution, the following words and terms as used in this Series 2022A Bond Resolution shall have the following meanings unless the context or use indicates another or different meaning or intent:

“Additional Parity Bonds” means additional bonds issued by the District from time to time payable from the income and revenues of the System and ranking on a parity with the Existing Parity Bonds and the Series 2022A Bonds.

“Business Day” means (i) any day other than a Saturday, Sunday, federal holiday, or other day on which the New York Stock Exchange is regularly closed; and (ii) in all other cases, any other day on which commercial banks in Elizabethtown, Kentucky are required by law to be open for business.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, including, when appropriate, the statutory predecessor thereof, or any applicable corresponding provisions of any future laws of the United States of America relating to federal income taxation, and except as otherwise provided herein or required by the context hereof, includes interpretations thereof contained or set forth in the applicable regulations of the Department of the Treasury (including applicable final or temporary regulations and also including regulations issued pursuant to the statutory predecessor of the Code, the applicable rulings of the Internal Revenue Service (including published Revenue Rulings and private letter rulings), and applicable court decisions).

“Commission” means the District’s Board of Commissioners.

“Commonwealth” means the Commonwealth of Kentucky.

“Computation Period” means the period of time over which Excess Earnings are required to be computed under Code Section 148(f).

“Cumulative Excess Earnings” means the amount of all Excess Earnings earned from the date of original delivery of the Series 2022A Bonds through the end of the relevant computation date, less the amount of any Excess Earnings paid to the United States pursuant to Section 15.

“Current Expenses” means all reasonable and necessary costs of operating, repairing, maintaining, and insuring the System, but shall exclude any allowance for depreciation, payments into the Depreciation Fund for extensions, improvements, and extraordinary repairs and maintenance, and payments into the Sinking Fund and the Debt Service Reserve Fund.

“Debt Service Reserve Fund” means the “1989 Water System Revenue Bond Debt Service Reserve Fund” previously established by the District and continued in accordance with Section 14(c) for the benefit of the holders of the Reserve Parity Bonds.

“Depreciation Fund” means the “Water Depreciation Fund” previously established by the District and continued in accordance with Section 14(d) for the benefit of the holders of the Parity Bonds.

“District” means Hardin County Water District No. 2, a water district existing and operating under KRS Chapter 74 in Hardin and LaRue Counties, Kentucky.

“Excess Earnings” means an amount equal to the sum of (i) plus (ii) where:

- (i) is the excess of:
  - (a) the aggregate amount earned on all Nonpurpose Investments in which Gross Proceeds of the Series 2016A Bonds are invested (other than investments attributable to an excess described in this clause (i)), over
  - (b) the amount which would have been earned if such Nonpurpose Investments (other than amounts attributable to an excess described in this clause (i)) were invested at a rate equal to the Yield on the Series 2016A Bonds; and
- (ii) is any income attributable to the excess described in clause (i).

The sum of (i) plus (ii) shall be determined in accordance with Code Section 148(f).

“Existing Parity Bond Resolutions” means the Series 2010A Bond Resolution, the Series 2012A Bond Resolution, the Series 2016A Bond

Resolution, the Series 2016B Bond Resolution, and the Series 2016C Bond Resolution.

“Existing Parity Bonds” means the Series 2010A Bonds, the Series 2012A Bonds, the Series 2016A Bonds, the Series 2016B Bonds, and the Series 2016C Bonds.

“Exempt Parity Bonds” means the revenue bonds secured by the revenues of the District for which the original purchasers thereof waived the benefit provided by the Debt Service Reserve Fund, such bonds being the Series 2016A Bonds and the Series 2022A Bonds (once issued and outstanding).

“FDIC” means the independent agency of the United States federal government named the Federal Deposit Insurance Corporation.

“Financial Advisor” means Robert W. Baird & Co., Incorporated, Louisville, Kentucky.

“GAAP” means generally accepted accounting principles as defined by the Financial Accounting Standards Board and applicable to political subdivisions, or such other accounting methodology as may be adopted within the United States, as from time to time in effect that are consistently applied and, when used with respect to the District, are consistent with the District’s accounting practices.

“Gross Proceeds” has the meaning provided by Code Section 148(f).

“Investment Obligations” means any of the following:

- (i) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in Kentucky;
- (ii) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to (1) United States Treasury; (2) Export-Import Bank of the United States; (3) Government National Mortgage Corporation; and (4) Merchant Marine;

- (iii) Obligations of any corporation of the United States government, including but not limited to (1) Federal Home Loan Mortgage Corporation; (2) Federal Farm Credit Banks; (3) Bank for Cooperatives; (4) Federal Intermediate Credit Banks; (5) Federal Land Banks; (6) Federal Home Loan Banks; (7) Federal National Mortgage Association; and (8) Tennessee Valley Authority;
- (iv) Certificates of deposit or other interest-bearing accounts issued through a bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4);
- (v) Uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one of the three highest categories by a competent rating agency;
- (vi) Bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency;
- (vii) Commercial paper rated in the highest category by a competent rating agency;
- (viii) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- (ix) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one of the three highest categories by a competent rating agency;
- (x) Shares of mutual funds and exchange traded funds, each of which shall have the following characteristics:
  - (1) The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
  - (2) The management company of the investment company shall have been in operation for at least five years; and
  - (3) All of the securities in the mutual fund shall be eligible investments pursuant to this section;



- (xi) Individual equity securities if the funds being invested are managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed twenty-five percent of the equity allocation; and
- (xii) Individual high-quality corporate bonds that are managed by a professional investment manager that:
  - (1) Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
  - (2) Have a standard maturity of no more than ten years; and
  - (3) Are rated in the three highest rating categories by at least two competent credit rating agencies; and
- (xii) Such other investments as may be authorized by law, including without limitation those authorized KRS 66.480.

“KRS” means the Kentucky Revised Statutes.

“Nonpurpose Investments” has the meaning provided by Code Section 148(f).

“Operation and Maintenance Fund” means the “Water Operation and Maintenance Fund” previously established by the District and continued in accordance with Section 14(d) for the benefit of the holders of the Parity Bonds.

“Parity Bonds” means the Existing Parity Bonds (excluding the Series 2010A Bonds, once refunded by the District using the proceeds of the Series 2022A Bonds, the Series 2022A Bonds, and any Additional Parity Bonds herein permitted to be issued and outstanding.

“Person” means an individual, corporation, partnership, joint venture, trust, unincorporated organization, or any other juridical entity, or a foreign state or any agency or political subdivision thereof.

“Rebate Fund” has the meaning provided in Section 15.

“Record Date” has the meaning provided in Section 4(a).

“Registered Holder” and “Registered Holders” means the Person or Persons in whose name or names one or more Series 2022A Bonds are registered.

“Reserve Parity Bonds” means the Series 2010A Bonds, the Series 2012A Bonds, the Series 2016B Bonds, and the Series 2016C Bonds, being the District’s authorized and outstanding bonds secured by funds held in the Debt Service Reserve Fund.

“Revenue Fund” means the “Water Revenue Fund” previously established by the District and continued in accordance with Section 14(a) for the benefit of the holders of the Parity Bonds.

“Series 1989 Bond Resolution” means the Bond-authorizing Resolution adopted by the Commission on February 21, 1989, which authorized the execution, issuance, and delivery of the Series 1989 Bonds.

“Series 1989 Bonds” means the Hardin County Water District No. 2, Water System Revenue Bonds, Series of 1989, having been issued by the District pursuant to the Series 1989 Bond Resolution and being previously fully paid and defeased.

“Series 2010A Bond Resolution” means the Bond-authorizing Resolution adopted by the Commission on November 17, 2009, as amended and supplemented on June 15, 2010, which authorized the execution, issuance, and delivery of the Series 2010A Bonds.

“Series 2010A Bonds” means the Hardin County Water District No. 2, Water System Refunding Revenue Bonds, Series 2010A, having been issued by the District on July 28, 2010, in the original aggregate principal amount of \$5,625,000 pursuant to the Series 2010A Bond Resolution.

“Series 2012A Bond Resolution” means the Bond-authorizing Resolution adopted by the Commission on August 21, 2012, which authorized the execution, issuance, and delivery of the Series 2012A Bonds.

“Series 2012A Bonds” means the Hardin County Water District No. 2, Water System Refunding Revenue Bonds, Series 2012A, having been issued by the District on October 2, 2012, in the original aggregate principal amount of \$6,070,000 pursuant to the Series 2012A Bond Resolution.

“Series 2016A Bond Resolution” means the Bond-authorizing Resolution adopted by the Commission on March 15, 2016, which authorized the execution, issuance, and delivery of the Series 2016A Bonds.

“Series 2016A Bonds” means the Hardin County Water District No. 2, Water System Revenue Bonds, Series 2016A, issued by the District on September 21, 2018 in an original aggregate principal amount of \$3,400,000 pursuant to the Series 2016A Bond Resolution.

“Series 2016BC Bond Resolution” means the Bond-authorizing Resolution adopted by the Commission on June 23, 2016, which authorized the execution, issuance, and delivery of the Series 2016B Bonds and the Series 2016C Bonds.

“Series 2016B Bonds” means the Hardin County Water District No. 2, Water System Refunding Revenue Bonds, Series 2016B, issued by the District on August 9, 2016 in an original aggregate principal amount of \$2,180,000 pursuant to the Series 2016BC Bond Resolution.

“Series 2016C Bonds” means the Hardin County Water District No. 2, Water System Refunding Revenue Bonds, Series 2016C, issued by the District on August 9, 2016 in an original aggregate principal amount of \$2,430,000 pursuant to the Series 2016BC Bond Resolution.

“Series 2022A Bond Resolution” means this Series 2022A Resolution adopted by the Commission on November 16, 2021, which authorized the execution, issuance, and delivery of the Series 2022A Bonds.

“Series 2022A Bonds” means the Hardin County Water District No. 2, Water System Refunding Revenue Bonds, Series 2022A, to be issued by the District in an estimated original aggregate principal amount of \$2,320,000 (subject to adjust as provided herein) pursuant to this Series 2022A Bond Resolution.

“Sinking Fund” means the “1989 Water System Revenue Bond and Interest Sinking Fund” previously established by the District and continued in accordance with Section 14(b) for the benefit of the holders of the Parity Bonds.

“System” means the municipal water system owned and operated by the District.

“Term Bonds” means two or more consecutive annual principal maturities of the Series 2022A Bonds combined to comprise one principal maturity of Series 2022A Bonds pursuant to Section 4(a) and Section 20.

“Yield” has the meaning provided by Code Section 148(f).

EXHIBIT B  
TO  
SERIES 2022A BOND RESOLUTION

FORM OF SERIES 2022A BONDS

\* \* \* \* \*

No. \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
COMMONWEALTH OF KENTUCKY  
HARDIN COUNTY WATER DISTRICT NO. 2  
WATER SYSTEM REFUNDING REVENUE BOND SERIES 2022A

INTEREST RATE	MATURITY DATE	BOND DATE
_____ %	January 1, _____	_____

REGISTERED HOLDER: \_\_\_\_\_

PRINCIPAL AMOUNT: \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That Hardin County Water District No. 2 (the "District"), a statutory water district created, organized, and existing pursuant to Chapter 74 of the Kentucky Revised Statutes and situated in Hardin and Larue Counties, Kentucky, acting by and through its Commission, for value received, hereby promises to pay to the registered holder identified above, or registered assigns, solely and only from the special fund pledged for that purpose as hereinafter referred to and not otherwise, the principal amount set out above, on the maturity date set out above, and to pay interest from the same source on the unpaid balance of the amount at the interest rate per annum set out above, payable on the first days of January and July in each year, beginning July 1, 2022, until payment of the principal amount or until the date fixed for redemption if this Bond is called for prior redemption and payment on such redemption date is duly provided for. Each such interest payment shall represent interest accruing on this Bond from the later of the bond date set out above, or the most recent interest payment date (January 1 or July 1) to which interest has been paid or duly provided for.

Interest accruing on this Bond shall be payable as aforesaid by check or draft by the District and mailed to the person who is the registered holder hereof as of the close of business on the Record Date for such interest installment, which Record Date shall be the fifteenth day of the month (whether or not a business day) next preceding an interest payment date, at the address of such registered holder as it appears on the books of the District. Principal shall be paid when due upon delivery of this Bond for payment at the principal office of the District.

This Bond is one of a duly authorized issue of bonds of the District designated “Hardin County Water District No. 2, Water System Refunding Revenue Bonds, Series 2022A” (the “Bonds”), issued in the original principal amount of \$ \_\_\_\_\_, authorized and issued by the District pursuant to a Resolution duly adopted by its Commission (the “Bond Resolution”) for the purpose of refunding an outstanding series of bonds payable from the revenues of the District’s municipal water system (the “System”), and this Bond has been issued under and in full compliance with the Constitution and statutes of the Commonwealth of Kentucky, including among others Chapters 74 and 106 of the Kentucky Revised Statutes.

Reference is made to the Bond Resolution for provisions with respect to the nature and extent of the security, rights, duties, and obligations of the holders of the Bonds, the District and the Paying Agent and Bond Registrar, the terms upon which the Series 2022A Bonds are issued and the terms and conditions upon which the Series 2022A Bonds will be deemed to be paid at or before their scheduled maturity or redemption upon the making of provision for the payment thereof in the manner set forth in the Series 2022A Bond Resolution.

The Series 2022A Bonds are Term Bonds subject to mandatory sinking fund redemption in part, at the selection of the District by lot, from moneys in the special fund identified hereinafter, at par plus accrued interest to the redemption date, according to following schedule of mandatory sinking fund installments:

<u>January 1</u>	<u>Amount</u>
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031*	

The Series 2022A Bonds are not subject to optional redemption before their stated maturity dates.

At least fifteen but no more than thirty days before the redemption date of any Series 2022A Bond, the District shall cause a notice of redemption to be mailed postage prepaid by registered or certified mail to all registered holders of Series 2022A Bonds to be redeemed in whole or in part at their registered addresses; provided, however, no such notice shall be required for any mandatory sinking fund payment required in connection with any Term Bond identified herein. Failure to mail any notice or any defect therein in respect of any such Series 2022A Bond

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\* Maturity.

shall not affect the validity of the redemption of any other Series 2022A Bond. Such redemption notice shall set forth in detail the redemption provisions.

This Series 2022A Bond and the series of which it forms a part, together with additional bonds ranking on a parity therewith which have been previously issued and are outstanding and as may be hereafter issued and outstanding from time to time under the conditions and restrictions set forth in the Series 2022A Bond Resolution, are payable from and secured by a pledge of a fixed portion of the revenues to be derived from the operation of the System, which fixed portion shall be sufficient to pay the principal of and interest on this Series 2022A Bond and the series of which it forms a part, and such additional parity bonds, as and when the same become due and payable and which shall be set aside as a special fund for that purpose and identified as the “1989 Water System Revenue Bond and Interest Sinking Fund.”

This Series 2022A Bond and the series of which it forms a part do not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations. The District covenants that the System will be continuously operated as a revenue-producing undertaking and that it will fix and charge such rates for the services and facilities of the System so that the revenues therefrom will be sufficient to pay the interest on and principal of this series of Series 2022A Bonds and all other bonds ranking on a parity therewith as may be outstanding from time to time and also to pay the costs of operation and maintenance of the System.

This Series 2022A Bond is issued under and pursuant to the Constitution and statutory laws of the Commonwealth of Kentucky and its construction will be governed thereby.

This Series 2022A Bond shall be transferable only upon the presentation and surrender hereof at the principal office of the District duly endorsed for transfer or accompanied by an assignment duly executed by the registered holder or his authorized representative.

Series 2022A Bonds shall be exchangeable upon the presentation and surrender thereof at the principal office of the District for a Series 2022A Bond or Series 2022A Bonds of the same maturity, and in authorized denominations of \$100,000 plus increments of \$0.01 in excess thereof, in an aggregate principal amount or amounts equal to the unpaid principal amount of the Series 2022A Bond or Series 2022A Bonds presented for exchange. The District shall deliver Series 2022A Bonds delivered in exchange in accordance herewith.

A statutory mortgage lien upon the System, together with all future additions and improvements thereto, and extensions thereof, is created by Section 106.080 of the Kentucky Revised Statutes and by the Series 2022A Bond Resolution to and in favor of the registered holder of this Series 2022A Bond and outstanding parity bonds, and the same is hereby recognized as being effective and shall remain in effect until payment in full of the principal of and interest on this Series 2022A Bond and outstanding parity bonds.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen, and be performed precedent to and in the execution and delivery of this Series 2022A Bond have existed, have happened, and have been performed in due time, form, and manner as required by law; that the issuance of this Series 2022A Bond and the series of which it forms a part, together with all other obligations of the District, does not exceed or violate any constitutional or statutory limitation; and that a sufficient portion of the revenues of the System, after allowance for the vested rights and priorities as aforesaid, has been pledged to and will be set aside into the special fund by the District for the prompt payment of the principal of and interest on this series of Series 2022A Bonds and all other bonds which by their terms and by the provisions of the Series 2022A Bond Resolution are payable from the special fund.

This Series 2022A Bond is exempt from ad valorem taxation by the Commonwealth of Kentucky and by all of the political subdivisions thereof.

This Series 2022A Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been executed by the Paying Agent and Bond Registrar.

[Signature page to follow]

SIGNATURE PAGE TO SERIES 2022A BOND

IN WITNESS WHEREOF, Hardin County Water District No. 2, acting by and through its Commission, has caused this Series 2022A Bond to be executed with the manual or reproduced facsimile of the official signature of the Chairman of its Commission, to be sealed by an impression or a reproduced facsimile of an impression of the official seal of the District and to be attested by the manual or reproduced facsimile signature of the Secretary-Treasurer of its Commission, in each case as its duly authorized officer, all as of the date of this Series 2022A Bond, which is the bond date set out above.

(Facsimile of Seal  
of District)

HARDIN COUNTY WATER DISTRICT  
NO. 2

By: (manual or facsimile signature)  
Chairman of  
the District

ATTEST:

By: (manual or facsimile signature)  
Secretary-Treasurer  
of the District



ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells,  
assigns and transfers unto

---

(Name, Address and Social Security (or other Identifying) Number of  
Assignee)

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---

the within Series 2022A Bond and does hereby irrevocably constitute and appoint

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attorney to transfer the the Series 2022A Bond on the books kept for registration thereof with full  
power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature of this assignment must correspond with the name of the  
registered holder as it appears upon the face of the within Series 2022A Bond in  
every particular, without alteration or enlargement or any change whatever.

Signature guaranteed:

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EXHIBIT C  
TO  
SERIES 2022A BOND RESOLUTION  
FORM OF BOND PURCHASE AGREEMENT

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[\$[Par]  
HARDIN COUNTY WATER DISTRICT NO. 2  
WATER SYSTEM REFUNDING REVENUE BOND SERIES 2022A

BOND PURCHASE AGREEMENT

[Award Date]

Board of Commissioners of  
Hardin County Water District No. 2  
360 Ring Road  
Elizabethtown, Kentucky 42702

Gentlemen:

In response to the solicitation of Hardin County Water District No. 2 (the “District”), the undersigned (the “Purchaser”) has previously submitted its proposal dated [Proposal Date] (the “Proposal”), and the Purchaser hereby offers to enter into this Bond Purchase Agreement (this “Agreement”) with the District for the purchase by it and sale by the District of the Bonds of the District described below. This offer is made subject to acceptance by the District before the Closing (hereinafter defined), and upon acceptance this Agreement shall be in full force and effect in accordance with its terms and shall be binding upon both the District and the Purchaser.

1. Upon the terms and conditions and upon the basis of the representations herein set forth, the Purchaser hereby agrees to purchase from the District, and the District hereby agrees to sell to the Purchaser, the District’s Water System Refunding Revenue Bonds Series 2022A, in a principal amount of \$[Par], dated [Closing Date] (the “Bonds”). The Bonds have been authorized by a series bond resolution adopted by the District’s Board of Commissioners on [Award Date] (the “Resolution”), which Resolution sets out the terms of the Bonds. The Bonds shall mature as to principal and shall bear interest as set out in the Resolution and the Award Certificate executed by the Chairman of the District on [Award Date] (the “Award Certificate” and, together with the Resolution, the “Authorizing Legislation”). Reference is made to the Authorizing Legislation for a further description of the Bonds.

2. The District shall deliver to the Purchaser, or cause to be delivered to the Purchaser, after acceptance hereof by the District and at or before the Closing (hereinafter

defined), an executed or certified copy of the Authorizing Legislation and other documents required to be delivered under the terms of the Authorizing Legislation and this Agreement.

3. On [Closing Date], at 10:00 a.m. (local time), at the offices of the Purchaser in [ ] (the “Closing”), the District will deliver to the Purchaser the Bonds as a single Bond in fully registered form as provided in the Authorizing Legislation, registered to the Purchaser and duly executed, together with all other documents required by Bond Counsel, Dinsmore & Shohl LLP, Louisville, Kentucky; and the Purchaser will accept such delivery of the Bonds and will pay the District the purchase price thereof, by wire transfer or any other manner acceptable to the District and Bond Counsel, for application in accordance with the provisions of the Resolution. The Bonds will be made available for examination at or before Closing.

4. The Purchaser has entered into this Agreement in reliance upon the representations and agreements of the District herein and in the Authorizing Legislation and performance by the District of its obligations hereunder and thereunder, both as of the date hereof and as of the date of Closing. The Purchaser acknowledges and represents that the Bonds is being sold and originally issued to the Purchaser as a fully knowledgeable purchaser and that the Bonds is not being publicly distributed. The Purchaser has knowledge and extensive experience in financial and business matters, including the purchase of securities for investment, and is capable of evaluating the merits and risks of investment in the Bonds and is able to bear the economic risks of such investment in the Bonds. No official statement or prospectus has been prepared by the District in connection with the sale of the Bonds to the Purchaser and, in purchasing the Bonds, the Purchaser is acquiring it solely upon investigation independently made by it into the financial condition of the District and information regarding the District already furnished to or known to the Purchaser. The Purchaser understands the Bonds is payable solely from the sources set out in the Resolution. The Purchaser has received and reviewed the documentation described herein in connection with the issuance of the Bonds and has further received all materials and information requested by the Purchaser in connection with the issuance of the Bonds. The Purchaser represents that it is purchasing the Bonds for its own account and not with any intention of resale or distribution thereof; and the Purchaser represents that any future transfer or sale of the Bonds by the Purchaser to others will be carried out only on the basis of compliance with the requirements of the laws and regulations which are applicable to any such action, upon the advice of counsel. Notwithstanding the foregoing, the Purchaser may participate with other banks in the benefits of its ownership of the Bonds, provided that the District’s obligations under the Resolution and the Bonds shall extend only to the Purchaser. The District hereby represents and warrants to the Purchaser that to the District’s knowledge the materials and information provided by the District to the Purchaser described in this paragraph 4 are true and accurate; provided, however, no such representations or warranties are made with respect to forward-looking statements or financial projections contained therein.

5. The Purchaser’s obligations under this Agreement are and shall be subject to the following further conditions:

(a) At the Closing, the Authorizing Legislation and other related documents shall be in full force and effect and shall not have been amended, modified, or supplemented except as may have been agreed to in writing by the Purchaser;

(b) At the time of Closing, the Purchaser shall receive:

(i) any documents referred to in Section 2 above;

(ii) the approving opinion, dated as of the date of Closing, of Bond Counsel, to the general effect, among other things, that the Bonds is a valid special and limited obligation of the District, secured in the manner provided in the Resolution; that based on certain representations, warranties, and covenants of the District, interest on the Bonds is not included in gross income for federal and Kentucky income tax purposes; and that the Bonds have been designated by the District as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the U.S. Internal Revenue Code of 1986, as amended;

(iii) any commitment, closing, or bank counsel fee described by the Purchaser’s bid for the Bonds;

(iv) an opinion of counsel for the District in form satisfactory to the Purchaser and Bond Counsel; and

(v) such additional certificates, opinions, or other documents as the Purchaser or Bond Counsel may reasonably require to evidence the accuracy, as of the Closing, of the representations and warranties of the District in the Bonds-related documents and the due performance and satisfaction by the District at or before such time of all agreements then to be performed and all conditions then to be satisfied by the District;

(c) The Purchaser shall have the right before the Closing to cancel its obligations to purchase the Bonds if between the date hereof and the time of Closing: (i) legislation shall have been enacted by the Congress of the United States, a decision shall have been rendered by a Court of the United States or a ruling shall have been made or a regulation shall have been proposed or adopted by the Treasury Department or the Internal Revenue Service of the United States with respect to federal taxation of interest received on obligations of the general character of the Bonds which in the Purchaser’s reasonable opinion make untrue or incorrect in any material respect any statement or information contained in the documents relating to the issuance of the Bonds or causes such documents or information contained therein to be misleading in any material respect; or (ii) trading in securities generally on the New York Stock Exchange shall have been suspended or minimal prices shall have been established on such Exchange by the Securities and Exchange Commission or by such Exchange; or (iii) a general banking moratorium shall have been declared by federal or state authorities; and

(d) The conditions of the bid submitted by the Purchaser shall have been met by the District to the satisfaction of the Purchaser.

6. The District will furnish, or cause to be furnished, to the Purchaser by the May 1 immediately following the end of each fiscal year of the District, beginning with the fiscal year ending December 31, 2021, the District's audited financial statements for the fiscal year ending the immediately preceding December 31.

7. If the District shall be unable to satisfy the conditions precedent to Closing in Section 5 hereof, the Purchaser may elect to terminate this Agreement and thereafter neither the Purchaser nor the District shall have any further obligations hereunder.

[Signature page to follow]

SIGNATURE PAGE TO BOND PURCHASE AGREEMENT

IN WITNESS WHEREOF, the District and the Purchaser have caused this Bond Purchase Agreement to be executed in their respective corporate names by their duly authorized officers, all as of the date first written above.

[PURCHASER NAME]

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

Title: \_\_\_\_\_

Accepted this [Award Date].

HARDIN COUNTY WATER DISTRICT NO. 2

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

Michael L. Bell  
Chairman