

LOAN RESOLUTION
(Public Bodies)A RESOLUTION OF THE Board of DirectorsOF THE Hardin County Water District No. 1

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS

Provide water to customers

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Hardin County Water District No. 1*(Public Body)*

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

One Million Three Hundred Eighteen Thousand & 00/100pursuant to the provisions of KRS 74; and**WHEREAS**, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:**NOW THEREFORE**, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legal ly permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0121. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the Government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed \$ _____

under the terms offered by the Government; that the General Manager

and _____ of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

The vote was: Yeas 5 Nays 0 Absent 0

IN WITNESS WHEREOF, the Board of Directors _____ of the

Hardin County Water District No. 1 _____ has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this August _____, 16th _____ day of 2016

(SEAL)

By *James Bruce*

 James Bruce
 Title General Manager

Attest: *Ronald Hackman*

 Ronald Hackman
 Title Secretary

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Secretary of the Hardin County Water District No. 1
hereby certify that the Board of Directors of such Association is composed of
5 members, of whom, 5 constituting a quorum, were present at a meeting thereof duly called and
held on the 16th day of August, 2016; and that the foregoing resolution was adopted at such meeting
by the vote shown above, I further certify that as of August 9, 2019,
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been
rescinded or amended in any way.

Dated, this 9th day of August, 2019



Ronald Hockman

Title Secretary

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presentation. Mr. Bruce said he would make it a goal to at least have an initial presentation for the Board at the January, 2017 meeting.

Board Monitoring Reports: Mr. Bruce presented the General Manager's Report and provided an update on the Louisville Water Interconnect project. He noted that the Jefferson County (District 5) Kentucky Department of Highways (DoH) had requested that the District move construction of the water line out of the 31W shoulder due to some structural issues with the shoulder of Dixie Highway as well as future projects to widen the road. He noted that the LWC had requested the line be constructed and planned, in accordance with the DoH permit already granted.

He provided updates on other District projects, and discussion ensued. Mr. Bruce then briefed the Board on a meeting between Judge Executive Harry Berry, Mr. James Jeffries, General Manager of HCWD2 and himself on November 1st at which it was decided that the Districts would not proceed with any merger plans at this time, and unless decided differently at a future date, to not continue to discuss a merger between the two. He said he understood that Judge Berry would also communicate this decision to the two Board's Chairmen.

Mr. Pyles presented the Operations Managers Report and answered all Board questions.

Mr. Bruce introduced Mr. Jim Boyken, P.E., HCWD1 Civil Engineer, and noted that Mr. Clifford was on vacation. Mr. Boyken presented the Engineering Manager's Report and answered all Board questions.

Consent Agenda: Treasurer Tindall asked to pull item number 5 (Sale of Surplus Vehicles) for discussion. Secretary Hockman made a motion to approve consent agenda items 4 and 6. (Approve the adoption of the 2017 Series Bond Resolution, as required to proceed with a future RD bond sale and authorize the General Manager or any required Board officers to execute the resolution and adopt as required; Accept highest quotes from buyers for the sale of scrap iron, copper.) Treasurer Tindall seconded the motion and motion passed.

Sale of Surplus Vehicles: Treasurer Tindall asked that staff verify the bids for the surplus vehicles before notifying any of the bidders. He said he noticed that the bid summary showed he had bid on four vehicles when he in fact had only bid on two. He also noted that before he bid on any vehicles, he contacted the Chairman to ensure that there was no conflict and as these were sealed bids open to the public, employees and Board members were allowed to submit bids in accordance with District policy. Secretary Hockman made a motion to declare four trucks as surplus and authorize staff to sell and deliver to the highest bidder per the actual bid forms received for each truck, and subject to the terms of the bids. Commissioner Williams seconded the motion and motion passed. Treasurer Tindall abstained from the vote under the terms that he submitted two bids.

After a brief discussion with Mr. Wilson, Commissioner Williams made a motion to hire a private investigator to take photos for the District. Commissioner Shelton seconded the motion and the motion passed.

Surplus Property Discussion: Mr. Bruce presented the item and explained how the list of surplus properties was developed. He then answered all Board questions. Treasurer Tindall made a motion to authorize staff to release all unused easements back to the property owners and forego selling any other property at this time. The motion was seconded by Secretary Hockman and motion passed.

Proposed Reorganization Plan: Mr. Bruce presented the item and delivered a slide presentation outlining the reorganization. Secretary Hockman noted that he would not be open to immediate discussion regarding self-operation of the Fort Knox Sewer System, which was a part of the proposed reorganization plan, as he plans to abstain due to familial conflict. Treasurer Tindall made a motion to approve the General Manager's proposed reorganization plan, without any decision on the self-operations of Ft. Knox sewer, and to authorize him to prepare a summary of budget impacts, schedule of implementation and final job descriptions for final review and

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approval at a future Board meeting, and that the discussion of self-operations of Ft. Knox sewer be at a future meeting along with an analysis of costs and cost savings. Motion was seconded by Commissioner Williams and motion passed.

General Manager's Employment Contract Modification: Mr. Bruce stated that the Board had previously asked him to postpone his retirement for one year and asked him what his contract negotiations would be to do so. He noted that there were three items in consideration and referenced the proposed contract that was sent to the Board prior to the meeting. Secretary Hockman asked questions regarding the proposed vacation time allowance, and Mr. Bruce answered. Treasurer Tindall made a motion to approve the revised employment contract for the General Manager as outlined in the version sent to the Board. Commissioner Williams seconded the motion and motion passed.

Radcliff Sewer Ultraviolet Disinfection System Bids: Mr. Bruce presented the item and offered to answer any questions. Treasurer Tindall made a motion to retract previously awarded bid to N.E. Zabkar and re-award to the lowest, responsive bidder, Herrick Company, for the amount of \$405,400 and also to notify Zabkar that they have been disqualified from consideration of any future bids. Commissioner Shelton seconded the motion and motion passed.

Closed Session: At 1:30 P.M., Mr. Bruce noted the need for a closed session to discuss both personnel and litigation. Secretary Hockman made a motion to enter into closed session in order to discuss the issues in accordance with KRS.61.810.1.c, litigation and KRS 61.810.1.f. personnel. Commissioner Williams seconded the motion and the motion passed. Mr. Bruce remained while all other staff exit the room. Chairman Gossett reconvened open session at 1:54 P.M.

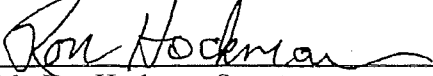
Adjourn: Being no further business before the Board, Secretary Hockman made a motion to adjourn at 1:54 P.M. Motion was seconded by Commissioner Shelton and motion passed.

(Minutes submitted by Andrea Palmer, Executive Assistant)

APPROVAL OF MINUTES

I hereby certify that the foregoing minutes were duly approved by the Board of Commissioners of the Hardin County Water District No. 1 at a meeting held on the date shown below:

HARDIN COUNTY WATER DISTRICT No.1



Mr. Ron Hockman, Secretary

12-21-16

Date Approved