

A RESOLUTION OF THE BOARD OF DIRECTORS OF HARDIN COUNTY SCHOOL DISTRICT FINANCE CORPORATION, PROVIDING FOR THE ISSUANCE OF \$15,465,000 PRINCIPAL AMOUNT (WHICH MAY BE INCREASED OR DECREASED BY THE AMOUNT OF \$1,545,000) OF SCHOOL BUILDING REFUNDING REVENUE BONDS, SERIES OF 2012, DATED THE DATE OF ISSUANCE (THE "REFUNDING BONDS"), WHICH REFUNDING BONDS MAY BE ISSUED IN TWO SERIES AND DESIGNATED SERIES A OF 2012 AND SERIES B OF 2012, IN ACCORDANCE WITH SECTIONS 162.120 THROUGH 162.300 AND 162.385 AND SECTION 58.180 OF THE KENTUCKY REVISED STATUTES, FOR THE PURPOSE OF REFUNDING PRIOR TO THEIR RESPECTIVE MATURITIES CERTAIN OF THE OUTSTANDING HARDIN COUNTY SCHOOL DISTRICT FINANCE CORPORATION SCHOOL BUILDING REVENUE BONDS, SERIES OF 2003, DATED JULY 1, 2003 AND CERTAIN OF THE OUTSTANDING HARDIN COUNTY SCHOOL DISTRICT FINANCE CORPORATION SCHOOL BUILDING REVENUE BONDS, SERIES OF 2004, DATED JUNE 1, 2004 (THE "PRIOR ISSUES") THROUGH THE DEPOSIT AND INVESTMENT IN ESCROW OF THE NET PROCEEDS OF THE REFUNDING BONDS; PROVIDING FOR THE PAYMENT OF PRINCIPAL OF AND INTEREST ON SAID PRIOR ISSUES AS SAME MATURE OR BY REDEMPTION IN ADVANCE OF MATURITY; PROVIDING FOR THE CREATION OF CERTAIN FUNDS TO EFFECT THE DEFEASEMENT OF THE RIGHTS OF THE OWNERS OF THE BONDS OF THE PRIOR ISSUES AND THE TRANSFERS OF CERTAIN AMOUNTS INTO CERTAIN FUNDS; PROVIDING FOR THE PAYMENT OF SAID REFUNDING BONDS AND THE INTEREST THEREON, PROVIDING FOR THE RIGHTS OF THE REGISTERED OWNERS OF SAID REFUNDING BONDS AND THE ENFORCEMENT THEREOF; AND PROVIDING FOR AN ADVERTISED PUBLIC COMPETITIVE SALE OF SAID REFUNDING BONDS.

WHEREAS, the Board of Education of Hardin County School District formed the Hardin County School District Finance Corporation (the "Corporation") pursuant to the provisions of Sections 162.120 through 162.300 and 162.385 of the Kentucky Revised Statutes (the "Act") which authorized the issuance of the Corporation's School Building Revenue Bonds, Series of 2003, dated July 1, 2003 (the "Series 2003 Bonds"), and the Corporation's School Building Revenue Bonds, Series of 2004, dated June 1, 2004, (the "Series 2004 Bonds"), (collectively, the "Prior Bonds") for the purpose of financing improvements at East Hardin Middle, West Hardin Middle and a new Sonora/Upton Elementary School (the "Projects"), and

WHEREAS, the Board agreed to use and occupy the school improvements constructed from the proceeds of the Series 2003 Bonds and the Series 2004 Bonds (collectively, the "Prior Issues") pursuant to the terms of two certain Contract Lease & Options (the "Prior Leases") by and between the Board and the Corporation whereunder the school improvements financed from the proceeds of said Prior Issues were leased from the from the Corporation to the Board for one year at a time, with the option in the Board to renew the Prior Leases each year, at annual rentals sufficient to pay the principal and interest requirements becoming due on the Bonds of the Prior Issues and provide for the insurance and maintenance of the school Projects, and

WHEREAS, pursuant to the provisions of Section 157.611 through 157.640 of the Kentucky Revised Statutes the Kentucky School Facilities Construction Commission (the "Commission") entered into a Participation Agreement with the Board with respect to the Series 2004 Bonds whereunder the Commission has agreed to pay annually directly to the Paying Agent a stated Agreed Participation equal to approximately 37.9% of the annual debt service requirements for the 2004 Series Bonds and has agreed to enter an Adjusted Agreed Participation Agreement to pay the same amount each year to be applied to the requirements of the Refunding Bonds, and

WHEREAS, the conditions of the municipal bond market are much more favorable at the present time than in 2003 and on 2004 on the dates on which the Bonds of the Prior Issues were sold making it possible for the Board and Commission to realize a substantial savings in interest costs by refinancing the debt represented by the Prior Issues through the issuance of a sufficient principal amount of the Hardin County School District Finance Corporation School Building Refunding Revenue Bonds, Series of 2012 (the "Refunding Bonds"), which Refunding Bonds may be issued as one series of bonds or two series of bonds designated Series A of 2012 and Series B of 2012, to provide funds which shall be deposited in the special Escrow Fund or Funds hereinafter identified for transfer to the Prior Bond Funds hereinafter identified and applied solely for the purpose of retiring certain of the Series 2003 Bonds and certain of the Series 2004 Bonds (the "Defeased Bonds") prior to their stated maturities, and

WHEREAS, the refunding of the Defeased Bonds is authorized by the provisions of Sections 162.120 through 162.300, 162.385 and Section 58.180 of the Kentucky Revised Statutes, within the meaning of the decision of the Court of Appeals of Kentucky in the case of Hemlepp v. Aronberg, 369 S.W.2d 121, and

WHEREAS, the Corporation desires to cooperate with the Board in order to effect the savings in interest costs made possible by the lower interest rates now prevalent in the municipal bond market and effect the retirement of the Defeased Bonds now permitted by the Internal Revenue Code of 1986, as amended (the "Code") and the applicable U.S. Treasury Department Regulations promulgated thereunder;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF HARDIN COUNTY SCHOOL DISTRICT FINANCE CORPORATION, AS FOLLOWS:

SECTION 1. DEFINITIONS. As used in this Resolution, unless the context required otherwise:

"2012 Bond Fund" or "Bond Fund" refers to the "Hardin County School District Finance Corporation School Building Refunding Revenue Bond and Interest Redemption Fund Series of 2012" established hereunder for the payment of the Refunding Bonds.

"Bond Resolution" refers to this Resolution authorizing the Hardin County School District Finance Corporation School Building Refunding Revenue Bonds, Series of 2012, to be dated as hereinafter set forth and setting forth in detail the terms, conditions and covenants governing the issue of said Refunding Bonds.

"Board" means the Board of Education of Hardin County School District, Elizabethtown, Kentucky.

"Bonds" or "Refunding Bonds" shall be used synonymously and shall be deemed to refer to the principal amount the Hardin County School District Finance Corporation School Building Refunding Revenue Bonds, Series of 2012 authorized herein, or any of said Bonds, which Refunding Bonds may be issued as in two series of bonds designated Series A of 2012 and Series B of 2012.

"Bond Counsel" and "Special Tax Counsel" means Steptoe & Johnson PLLC, Louisville, Kentucky.

"Code" means the Internal Revenue Code of 1986, as amended.

"Corporation" means Hardin County School District Finance Corporation, acting by and through its Board of Directors.

"Defeased Bonds" means certain of the Series 2003 Bonds maturing July 1, 2014 and thereafter and certain of the Series 2004 Bonds maturing June 1, 2015 and thereafter or such lesser amount as the Corporation may determine.

"Escrow Agent" means The Bank of New York Mellon Trust Company, N.A., Louisville, Kentucky, acting in the capacity of Escrow Agent under said Escrow Agreement.

"Escrow Agreement" means the contract or contracts among the Board, the Corporation and the Escrow Agent setting forth the provisions relating to the maintenance of the 2012 Escrow Fund or Funds and the deposit of the proceeds of the Refunding Bonds and the purchase of the Investments and transfer to the Prior Bond Funds to pay the Defeased Bonds.

"Escrow Fund" or "2012 Escrow Fund" means the "Hardin County School District Finance Corporation School Building Refunding Revenue Bond Escrow Fund of 2012" established under the Escrow Agreement to receive the proceeds of the Refunding Bonds and hold the Investments for transfer to the Prior Bond Funds to retire as the same become due or in advance of maturity all Bonds of the Prior Issues.

"Fiscal Agent" or "Financial Advisor" means J.J.B. Hilliard, W.L. Lyons, LLC, Louisville, Kentucky.

"Investments" means Direct Obligations of the United States Government or Obligations which are fully guaranteed by the United States Government, including U.S. Treasury Obligations, State and Local Government Series or Certificates of Deposit of banks which are members of the Federal Deposit Insurance Corporation fully collateralized by said U.S. Obligations.

"Lease" or "2012 Lease" refers to the Lease Agreement or Agreements dated as of the date of issuance of the Refunding Bonds authorized to be executed by the Corporation hereunder in conjunction with the Refunding Bonds.

"Paying Agent" or "Bond Registrar" means The Bank of New York Mellon Trust Company, N.A., Louisville, Kentucky, acting in its capacity as Paying Agent or Bond Registrar for the Refunding Bonds.

"Permitted Adjustment" means the 10% permitted increase or decrease in the authorized principal amount of the Refunding Bonds as set forth in detail in this Bond Resolution.

"Prior Bond Resolutions" means the Resolutions adopted by the Board of Directors of the School District Finance Corporation authorizing the Prior Bonds.

"Prior Issues" or "Prior Bonds" refers to the Corporation's School Building Revenue Bonds, Series of 2003, dated July 1, 2003 ("Series 2003 Bonds") outstanding as of April 1, 2012 in the aggregate principal amount of \$8,620,000, and the Corporation's School Building Revenue Bonds, Series of 2004, dated June 1, 2004 ("Series 2004 Bonds") outstanding as of April 1, 2012 in the aggregate principal amount of \$6,810,000.

"Prior Leases" refers to two certain Contract, Lease and Options, dated as of July 1, 2003 and June 1, 2004 between the Board and the Corporation and executed in conjunction with the Prior Issues.

"Prior Bond Funds" refers to the School Building Revenue Bond and Interest Redemption Fund of July 1, 2003 and School Building Revenue Bond and Interest Redemption Fund of June 1, 2004 established by the Prior Bond Resolutions to provide for the payment of the Prior Bonds.

"Prior Paying Agent" means US Bank, National Association, Louisville, Kentucky as successor to Wachovia Bank & Trust Company, Louisville, Kentucky for the 2003 and 2004 Bonds.

"Projects" means improvements at East Hardin Middle, West Hardin Middle and a new Sonora/Upton Elementary School.

"Remaining Bonds" means the Series 2003 Bonds maturing June 1, 2012 through June 1, 2014 and the Series 2004 Bonds maturing July 1, 2012 and July 1, 2013.

2. AUTHORIZATION OF REFUNDING REVENUE BONDS. That for the purposes recited in the preamble hereto there are hereby authorized and ordered to be issued and sold the negotiable "School Building Refunding Revenue Bonds, Series of 2012" of said Corporation, in the aggregate principal amount of \$15,465,000 to be dated the date of issuance. Such Refunding Bonds may be issued as one series or as two series designated Series A of 2012 and Series B of 2012 as determined by the President and Secretary of the Corporation upon the advice of the Fiscal Agent without further action of the Board of Directors. All such Refunding Bonds to be in denominations in multiples of \$5,000 within the same maturity. Said Refunding Bonds shall be issued in fully registered (both principal and interest) form, bear interest from date, payable June 1, 2012 and semiannually thereafter on December 1 and June 1 of each year (or such other semiannual dates as shall be determined), at interest rates not exceeding the legal maximum as may be fixed by the Secretary after the determination of the best purchase offer as a result of the advertised sale of said Refunding Bonds, and shall mature on June 1, of the respective years as set out below.

The principal maturities of said Refunding Bonds are as follows:

<u>YEAR</u>	<u>PRINCIPAL MATURITIES*</u>	<u>YEAR</u>	<u>PRINCIPAL MATURITIES*</u>
2012	\$ 155,000	2018	\$ 695,000
2013	170,000	2019	710,000
2014	215,000	2020	2,245,000
2015	675,000	2021	2,325,000
2016	680,000	2022	3,085,000
2017	690,000	2023	3,160,000
		2024	660,000

*Subject to Permitted Adjustment and subject to revision if the Refunding Bonds are issued as two series.

Notwithstanding anything contained in this Resolution to the contrary, said \$15,465,000 of Refunding Bonds shall be offered for sale in accordance with the provisions hereof and the determination of the best purchase bid for said Refunding Bonds shall be made on the basis of all bids submitted for exactly \$15,465,000 principal amount of Refunding Bonds offered for sale under the terms and conditions herein specified; provided, however, that the right shall be reserved in the Corporation to increase or decrease the principal amount of Refunding Bonds actually awarded by an amount up to \$1,545,000 (the "Permitted Adjustment"); and provided that the Refunding Bonds may be issued as two series. Said Permitted Adjustment may be made in any or all maturities and the purchase price for the Refunding Bonds awarded shall be adjusted to reflect the same price per \$5,000 of Refunding Bonds awarded as the price bid. The right is reserved in the Corporation to defease less than the full rice amount of said Prior Issues in the event market conditions dictate an adjustment to generate maximum interest cost savings.

In the event the Purchaser of the Bonds elects to exercise its option to designate certain principal maturities as Term Bonds, the Bond Registrar/Paying Agent shall select by lot a principal amount of Bonds equal to the serial principal maturity

originally scheduled to mature on the principal due date as reflected by the successful bid and shall notify the Registered Owners of the Bonds so selected for mandatory redemption not less than thirty days prior to said principal due date by regular United States mail.

Said Refunding Bonds shall bear interest from their dated date, payable on June 1, 2012, and semiannually thereafter on December 1 and June 1 of each year; interest being payable by the Paying Agent hereinafter designated directly to the Registered Owners of said Refunding Bonds (as of the 15th day of the month preceding the due date) by remittances made through regular United States Mail. Refunding Bonds shall be payable at maturity upon their surrender to the Paying Agent.

3. PLACE OF PAYMENT; EXECUTION OF BONDS; AND PROVISIONS AS TO PRIOR REDEMPTION.

That both principal of and interest on said Refunding Bonds shall be payable at or by The Bank of New York Mellon Trust Company, N.A., Louisville, Kentucky, which bank is hereby designated as the Paying Agent and Bond Registrar in connection with the issuance of said Refunding Bonds. Principal and interest shall be payable without deduction for exchange or collection charges in lawful money of the United States of America. Under the Lease all fees and expenses of the Paying Agent and Bond Registrar shall be the responsibility of the Board and shall be considered as additional rentals under the Lease.

Said Refunding Bonds shall be executed on behalf of the Corporation with the duly authorized, reproduced facsimile signature of the President, attested by the authorized, reproduced facsimile signature of the Secretary, and said officers, by the execution of appropriate certifications, shall adopt as and for their own proper signatures their respective facsimile signatures as same appear on the Refunding Bonds. It shall not be necessary for a reproduced facsimile of the corporate seal of the Corporation to appear on said Bond Certificates in order for same to be legal and binding debt instruments of the Corporation.

The Bonds maturing on or after June 1, 2023 are subject to redemption at the option of the Corporation prior to their stated maturities on any date falling on or after June 1, 2022, in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

Notwithstanding anything contained herein to the contrary, no Bond Certificate shall be valid or binding upon the Corporation unless and until it is validated by the manual signature of the duly authorized representative of the Bond Registrar.

The Refunding Bonds shall be in substantially the same form as the Bond Certificate attached to this Resolution as Exhibit A, with appropriate substitutions or modifications.

Notwithstanding the provisions of this Bond Resolution regarding the use of Bond Certificated and their authentication by the Bond Registrar, at the direction of the Financial Advisor, the Bond Registrar, shall be authorized to utilize the "Book-Entry Only System" for the issuance and transfer of the Bonds in order to eliminate the need for physical movement of Bond Certificated throughout the term of the Bonds.

The President and Secretary of the Corporation are hereby authorized and directed, as is the Bond Registrar, to enter into such agreements with the Depository Trust Company ("DTC") and/or Cede & Co., an affiliate of DTC, as are necessary to implement the "Book Entry Only System".

In the event the "Book-Entry Only System" is utilized, principal and interest payment on the Bond shall be made directly to DTC or at DTC's direction.

The President and Secretary are authorized to execute a blanket "Letter of Representations" and such "Operational Arrangements" as DTC or Cede & Co. may require to authorize the "Book-Entry Only System" for the issue of Bonds described in this Bond Resolution.

4. REFUNDING BONDS TO CONSTITUTE LIMITED INDEBTEDNESS OF CORPORATION. That the Refunding Bonds issued and outstanding from time to time under the restrictions and conditions set forth in this Resolution shall be payable solely from and secured by a pledge of the fixed amount of the gross income and revenues to be derived from the leasing of the school Projects identified herein, which are to be set aside into a special fund or funds and pledged for that purpose and identified as the "Hardin County School District Finance Corporation School Building Refunding Revenue Bond and Interest Redemption Fund of 2012" (the "Bond Fund"), which Bond Fund may be designated Series A of 2012 and Series B of 2012 if the Refunding Bonds are issued as two series. Said Refunding Bonds shall constitute a limited indebtedness of the Corporation within the meaning of Kentucky law and shall be payable from and secured by said Bond Fund only and the rental revenues derived from the lease of the Projects properties identified herein; provided, however, said liens and pledges rank on the basis of parity with the liens and pledges securing the Remaining Bonds.

By the adoption of this Resolution, the Corporation covenants that it will fix and maintain rentals and charges for the use of the Project properties, including all improvements thereon, adequate to maintain the Bond Fund referred to in the preceding paragraph at levels sufficient to meet the principal and interest requirements on the Refunding Bonds as the same become due and sufficient to maintain funds adequate to pay the costs of depreciation, maintenance and insurance of the Project properties.

5. DETERMINATION BY BOARD OF DIRECTORS THAT REFUNDING OF PRIOR ISSUES IS TO THE BEST ADVANTAGE AND IN THE PUBLIC INTEREST OF THE COMMISSION AND THE BOARD OF EDUCATION. That in accordance with the provisions of Kentucky law it is hereby determined that the Refunding Bonds shall be issued for the purpose of refunding and refinancing all of the Bonds of the Prior Issues through the escrow of the proceeds of the Refunding Bonds for the purpose of providing for the payment of the principal of, interest on and redemption premium of the Defeased Bonds prior to their stated maturities.

That it is hereby determined that the present conditions of the municipal bond market are much more favorable at the present time than they were when the Prior Issues were sold, making it possible for the Commission, the Board and the Corporation to realize a substantial savings in interest costs by refinancing the debt represented by the Defeased Bonds through the issuance of the Refunding Bonds herein authorized; the Board has concurred in such determination.

6. DISPOSITION OF PROCEEDS OF REFUNDING BONDS; INVESTMENT PROVISIONS. That upon the sale and delivery of the Refunding Bonds and upon receipt by the Corporation of the purchase price thereof, it is hereby acknowledged and ordered that:

(a) That shall first be deducted and paid therefrom the fee of the Fiscal Agent J.J.B. Hilliard, W.L. Lyons, LLC, Louisville, Kentucky, according to the terms of the approved Contract of said Fiscal Agent which is approved by the Board of Directors, and there shall further be paid the fee of the Paying Agent/Bond Registrar, the Rating Agency's fee, if any, and any other pertinent expenses of the issuance of the Refunding Bonds, including Bond Counsel and Special Tax Counsel, which 2012 Escrow Fund may be designated as Series A of 2012 and Series B of 2012 if the Refunding bonds are issued as two series.

(b) An amount equal to the accrued interest collected from the purchaser of the Refunding Bonds for the period from the date of the Refunding Bonds to the date of delivery shall be deposited into the "Hardin County School District Finance Corporation School Building Refunding Revenue Bond and Interest Redemption Fund of 2012."

(c) The entire remainder of the monies from the purchasers of the Refunding Bonds, together with a sum in cash to be paid by the Board, if required, shall be deposited with the Escrow Agent in a certain special escrow account hereby created and established and which is hereby designated as the "Hardin County School District School Building Refunding Revenue Bond Escrow Fund of 2012" (the "2012 Escrow Fund"), which 2012 Escrow Fund may be designated as Series A of 2012 and Series B of 2012 if the Refunding bonds are issued as two series; provided, however, that prior to or simultaneously with the delivery of the Refunding Bonds, the Corporation shall obtain a commitment or commitments for the investment of such remaining proceeds only in Investments hereinbefore set forth, sufficient to accomplish the purposes intended, which Investments shall be scheduled to mature at such times and in such amounts as are necessary to pay the principal of and interest on for certain Bonds of the Prior Issues prior to their stated maturities. The Treasurer of the Corporation is hereby authorized to act on behalf of the Corporation in obtaining such a commitment or commitments directly or through the Fiscal Agent or Special Tax Counsel, as designee of such officer.

(d) Amounts on deposit in the 2012 Escrow Fund shall be earmarked and held for credit to the account of the Prior Bond Funds and transferred in ample time to the paying agent bank holding said Prior Bond Funds. The amounts so deposited in the 2012 Escrow Fund and all such Investments therein shall be held in said 2012 Escrow Fund, subject to the following substantial terms and conditions:

(i) The amount to be provided by such Investments shall be sufficient to provide for (a) the payment of the accruing interest requirements of the Series 2003 Bonds due July 1, 2012 through July 1, 2013; (b) \$8,505,000 principal of the Series 2003 Bonds maturing July 1, 2014 and thereafter on July 1, 2013; (c) the payment of the accruing interest requirements of the Series 2004 Bonds due June 1, 2012 through June 1, 2014 and (d) \$5,545,000 principal of the Series 2004 Bonds maturing June 1, 2015 and thereafter on June 1, 2014. THE RIGHT BEING HEREBY RESERVED IN THE CORPORATION to elect to redeem all or any part of the Defeased Bonds prior to their stated maturities, or to elect to permit any part of the Defeased Bonds to mature at their stated maturities to the extent permitted by the Code. Notwithstanding the foregoing, upon the establishment of the method of payment for Defeased Bonds under the Escrow Agreement upon the

recommendation of Special Tax Counsel, said method shall not be subject to change following the delivery of the Refunding Bonds. The Paying Agent for the Defeased Bonds shall be directed to notify the Registered Owners of the Defeased Bonds so selected for prior redemption.

(ii) All such Investments, at the option of the Corporation, be redeemed and/or reinvested and/or applied to the purchase of any of the Bonds of the Prior Issues, to the extent consistent with the foregoing and to the extent permissible without causing the Refunding Bonds to become (taxable) arbitrage bonds within the meaning of the applicable Arbitrage Regulations under the Code.

In order to effect the provisions of this Section 6, the President and Secretary are hereby authorized to execute an Escrow Agreement or Agreements with the Escrow Agent in substantially the same form as set forth in Exhibit B to this Resolution. Said Escrow Agreement shall provide for the investment of the net proceeds of the Refunding Bonds in accordance with the provisions of subparagraphs (c) and (d) of this Section 6 following the determination of the exact principal amount of Refunding Bonds to be issued and delivered, the establishment of the interest rates on said Refunding Bonds, and the determination of the exact method of payment and retirement of the Bonds of the Prior Issue.

Upon the deposit of the required amount in the 2012 Escrow Fund, the Paying Agents for the Defeased Bonds are authorized and directed to give the respective required notices of redemption to the Owners of the Defeased Bonds so called for redemption.

7. DEFEASED BONDS OF THE PRIOR ISSUES SHALL BE FULLY PROVIDED FOR THROUGH ESCROW OF THE PROCEEDS OF THE REFUNDING BONDS. That provisions having been made in Section 6 of this Resolution and in the Escrow Agreement for the orderly payment prior to their stated maturities of all of the Defeased Bonds of the Prior Issues, the required redemption premium, and the interest requirements thereon, it is hereby recognized and acknowledged that as of the date of delivery of the Refunding Bonds, provisions will have been made for the performance of all covenants and agreements of the Board and the Corporation incident to the issuance of the Defeased Bonds, and that accordingly, and in compliance with all that has been heretofore provided, the Board, the Commission will have no further obligation with reference to the aforesaid Defeased Bonds of the Prior Issues, except to assure that the Defeased Bonds of the Prior Issues are paid from the funds so escrowed in accordance with the provisions of the Escrow Agreement and this Resolution.

It is expressly provided and covenanted that all of the provisions for the payment of the principal of, interest on the Defeased Bonds of the Prior Issues from said 2012 Escrow Fund, shall be strictly observed and followed in all respects, and the income from said 2012 Escrow Fund shall not be applied for any purpose other than the payment of the interest on said Defeased Bonds as same becomes due according to their terms, or the payment of principal of, and interest on the Remaining Bonds and redemption premium for the Defeased Bonds of the Prior Issues prior to their stated maturities, after which time any surplus remaining in said 2012 Escrow Fund shall be transferred to the "Bond Fund" and the rentals due from the Board under the Lease shall be reduced for the rental period then in effect at the time the transfer of such surplus is made.

The Board and Corporation hereby expressly retain all options and rights contained in the proceedings authorizing the Bonds of the Prior Issues to redeem said Bonds, in whole or in part, prior to the maturity dates thereof, provided no such redemption shall be made if the effect of such redemption would be to cause the Refunding Bonds, or any part thereof, to become (taxable) arbitrage bonds within the meaning of the Code; provided, however, that upon execution by the Board, and the Corporation of the Escrow Agreement, the terms and conditions relating to the redemption of the Defeased Bonds of the Prior Issues prior to their stated maturities shall be fixed and shall constitute a contract between the Corporation, the Board and the Registered Owners of the Defeased Bonds which shall not be subject to amendment.

8. APPROVAL OF LEASE AGREEMENT. That the rights of the Registered Owners of the Defeased Bonds of the Prior Issues having been Defeased by the deposit of the net proceeds of the Refunding Bonds in the 2012 Escrow Fund and the rights of the Registered Owners of the Defeased Bonds of the Prior Issues in and to the income and revenues derived from the lease of the school building Projects by the Corporation to the Board under the Prior Leases having been terminated, the President and Secretary are hereby authorized and empowered to execute the Lease, a copy of which is attached hereto as Exhibit C and incorporated by reference as fully as if copied herein. It is specifically provided in the Lease that such instrument shall not become effective until the deposit in the 2012 Escrow Fund by the Board of the required cash sum, if any, and the deposit of the net proceeds of the Refunding Bonds in an amount sufficient to provide for the retirement of the Defeased Bonds of the Prior Issues in accordance with the terms of this Resolution and the Escrow Agreement.

9. FISCAL YEAR; BOND FUND ESTABLISHED; INSURANCE AND MAINTENANCE FUNDS. The school Projects properties securing the Refunding Bonds herein authorized shall be operated on a fiscal year basis, commencing July 1 of each year, and on that basis the income and revenues from said Projects shall be set apart into a separate and special fund to be used for the retirement of the aforesaid Refunding Bonds and maintaining said properties.

There shall be and there is hereby created an account to be known as the "Hardin County School District Finance Corporation School Building Refunding Revenue Bond and Interest Redemption Fund of 2012" (the "Bond Fund") to be deposited with the Paying Agent, into which there shall first be set aside from the proceeds of the sale of the Refunding Bonds the amount received from the purchaser of said Refunding Bonds representing accrued interest. Thereafter, there shall also be set aside into said Bond Fund in ample time from the gross income and revenues derived from the rental of the Projects not less than the amounts sufficient to pay the principal and interest requirements of said Refunding Bonds as established upon the sale thereof, which amounts are hereby exclusively pledged to and shall be used only for the purpose of paying the interest on and the principal of said Refunding Bonds as and when same become due. The payment of rentals due by the Board under the Lease representing the principal and interest requirements on the Refunding Bonds shall be considered timely if made by the Board on the 15th day of the month preceding an interest due date.

In any event there shall be set aside into said Bond Fund and there are hereby pledged such amounts as may from year to year be necessary to meet the principal and interest requirements of the Refunding Bonds herein authorized then outstanding. The rental payments specified in the Lease are hereby pledged by the Corporation as the security and source of payment of the Refunding Bonds and so long as any of such Refunding Bonds remain outstanding the terms and amounts of said rental payments shall not be reduced.

There shall also be set aside sufficient revenues in a depreciation fund to be expended in making good any depreciation of said Projects and appurtenances and in paying the cost of any extensions, additions or improvements.

The balance of the income and revenues remaining after the aforesaid payments into the Bond Fund and depreciation fund have been made shall be set aside into a maintenance fund and used for the maintenance of said school Projects and to pay the cost of insuring said property against loss or damage by fire, lightning, windstorm or other hazard in an amount substantially equal to either at least the amount of the Refunding Bonds at any time outstanding or the maximum insurable value of the improvements, whichever is greater. Such insurance shall be for the use and benefit of the Registered Owners of any Refunding Bonds to the extent same are outstanding.

It is further agreed that in case the Projects on the leased premises are totally destroyed by fire, lightning, windstorm or other hazard covered by insurance, the Corporation shall have the right to expend such proceeds to restore the properties; that if such proceeds are not expended by the Corporation for the restoration of said properties at the earliest practicable date, then all such insurance proceeds shall be used for the purpose of redeeming said outstanding Refunding Bonds, and said Projects shall be and become the properties of the Board upon all of such Refunding Bonds and the interest thereon being completely paid and retired, in which case the Corporation shall convey the properties constituting the Projects to the Board free and clear of all encumbrances. In the event of partial destruction by fire, lightning, windstorm or other hazard covered by insurance, the insurance proceeds shall be used solely and only for the purpose of making the necessary replacements and repairs to the Projects, provided further, however, that if following said partial or complete destruction, any principal or interest payment is due and there are not other funds available for said payments, such insurance proceeds must be applied to prevent a default in said payments.

10. CORPORATION'S COVENANTS TO PERFORM OBLIGATIONS. The Corporation hereby covenants and agrees with the Registered Owners of the Refunding Bonds herein authorized that it will faithfully and punctually perform all duties imposed hereunder or under the Prior Leases and the Lease with reference to said Projects which are required by the Constitution and laws of Kentucky, including the making and collection of reasonable and sufficient rentals for said properties, and will segregate the revenues of said properties and make application of the rentals received to the funds established hereunder.

The Corporation further binds and obligates itself not to sell, mortgage or in any manner dispose of said properties until all of the Refunding Bonds shall have been paid in full both as to principal and interest; subject to the Board's option to purchase said properties as set forth in Section 11.

11. BOARD'S OPTIONS TO PURCHASE PROPERTIES. The Refunding Bonds are issued subject to the Board having the right on any date to purchase from the Corporation, and to secure the release from the statutory mortgage liens and pledges of revenues securing the Bonds of either of the properties constituting the Projects herein described and identified for a price equal to the proportionate principal amount of said Bonds then outstanding on the date upon which said option is exercised, plus a sum equal to the accrued interest on said principal amount of Refunding Bonds to said date upon which said option is exercised, plus a further sum sufficient to accomplish the complete redemption and retirement (or defeasance) of such principal amount of said Refunding Bonds; subject to the rights of the owners of the Remaining Bonds.

FIRST OPTION

EAST HARDIN MIDDLE SCHOOL

The Board shall have the right on any date to purchase from the Corporation and secure the release from the statutory mortgage lien and pledge of revenues securing the Bonds, the property hereinafter described and identified as Tract I for a price of \$4,639,500*, together with a sum equal to the interest on a principal amount of said Bonds equal to said sum to the date upon which the option is exercised.

SECOND OPTION

WEST HARDIN MIDDLE SCHOOL

The Board shall have the additional right on any date to purchase from the Corporation and to secure the release from the statutory mortgage lien and pledge of revenues securing the Bonds, all of the property hereinafter described and identified as Tract II for a price of \$4,639,500*, plus accrued interest as provided in the first option hereinbefore set forth. This option shall be exercised only at the time and in the manner specified in connection with the first option above set forth.

THIRD OPTION

SONORA / UPTON ELEMENTARY SCHOOL

The Board shall have the additional right on any date to purchase from the Corporation and to secure the release from the statutory mortgage lien and pledge of revenues securing the Bonds, all of the property hereinafter described and identified as Tract III for a price of \$6,186,000*, plus accrued interest as provided in the first option hereinbefore set forth. This option shall be exercised only at the time and in the manner specified in connection with the first option above set forth.

As the Bonds are paid in the regular course of business, the principal amount of Bonds so retired shall be credited ratably on each of the Options set forth above, and thereafter the price at which the Board may exercise any of said Options shall thus be reduced; i.e., for each Bond which matures and is paid in the regular course of business, 30% of the principal amount thereof shall be credited on the first option price, 30% of the principal amount thereof shall be credited on the second option price and 40% of the principal amount thereof shall be credited on the second option price.

If the Board shall desire to exercise either of said options, it may do so by giving notice of its election in writing to the Corporation at least ninety (90) days prior to the date upon which it desires to exercise said options. Thereupon, the Corporation shall direct the Paying Agent to call for payment a principal amount of said Bonds equal to the required option price, such call to be strictly in accordance with the provisions of such Bonds and of this Bond Resolution. Notwithstanding anything contained in this Resolution to the contrary, the Board shall have the right to exercise its option to purchase through the defeasance of the Bonds in the event said Bonds are not immediately subject to prior redemption on the date the option is exercised; provided, however, that sufficient funds shall be deposited by the Board in escrow to provide for the principal and interest requirements becoming due on said amount of Bonds, and all expenses incident to the defeasance of said Bonds, until such time as said Bonds are fully paid and retired.

12. STATUTORY MORTGAGE LIENS CREATED; PLEDGES OF REVENUES FROM LEASE OF PROPERTIES. For the protection of the Registered Owners of the Refunding Bonds, statutory mortgage liens and pledges of the gross revenues derived from said Projects and all improvements thereon are granted pursuant to KRS Section 162.200, which liens and pledges of revenues are hereby recognized and declared to be valid and binding upon the Corporation and the properties constituting the Projects herein referred to and shall take effect immediately, such statutory mortgage liens and pledges of revenues being subject to the terms and conditions as set out in the form of the Bond Certificate referred to in Section 3 hereof and the rights of the Owners of the Remaining Bonds. Any Registered Owner of said Refunding Bonds, either at law or in equity, by suit or other legal proceedings, may enforce and compel the performance of all duties required of the Corporation by the Constitution, Statutes of Kentucky, the Lease, and this Resolution, including the charging and collection of sufficient rent, the segregation of income and the application thereof, insofar as the failure to perform such duties affects the interest of said Registered Owner of the Refunding Bonds herein authorized.

If there be any default in the payment of the principal of or interest on any of said Refunding Bonds, then upon the filing of suit by any Registered Owner, any court having jurisdiction of the action may appoint a receiver to administer the properties, with power to charge and collect rents sufficient to provide for the payment of interest and principal required by said Refunding

Bonds and maintain the maintenance and insurance fund herein provided for. The reasonable legal fees and the court costs, if any, incurred by any Registered Owner of such Refunding Bonds in connection with the obtaining of the appointment of such a receiver shall be paid from the revenues of such Projects.

Notwithstanding the foregoing the statutory mortgage lien and pledge of rental revenues is limited to the exact location of the building or buildings constituting the Project and the right is reserved in the Board under the Contract Lease & Option to release or convey said unoccupied real estate.

13. NO PRIORITY AMONG REFUNDING BONDS. The Refunding Bonds authorized to be issued hereunder shall not be entitled to priority one over the other, regardless of the fact that they may be issued and delivered at different times.

14. COVENANT TO KEEP PROPER RECORDS. So long as any of the Refunding Bonds are outstanding, the Corporation shall require the Board to keep proper books and records (separate from all other records and accounts) of all transactions regarding said Refunding Bonds. It shall require the Board to furnish the original purchaser of said Refunding Bonds and to the Registered Owner of any of said Refunding Bonds, upon written request, not more than thirty (30) days after the close of each fiscal period, complete operating and income statements certified by the auditors or auditors of the Board, and will require the Board to grant to any Registered Owner or Owners of twenty-five per cent (25%) of the Refunding Bonds then outstanding the right at all reasonable times to inspect the Projects and all records and accounts of the Corporation or the Board relating thereto.

15. CONDITIONS OF BOND SALE. That said Refunding Bonds shall be sold at public sale after advertising according to law, and the Secretary of the Corporation is hereby authorized and directed to make such advertising; the Secretary is also hereby authorized to reestablish the "dated" date of the Refunding Bonds without further authorization in the event it is necessary to reoffer the Refunding Bonds for sale. The specific terms, bidding conditions and restrictions governing the sale of said Refunding Bonds shall be as set forth in the forms of "Notice of Bond Sale," "Official Terms and Conditions of Bond Sale" and "Official Bid Form" which have been prepared by Steptoe & Johnson, PLLC, Bond and Special Tax Counsel, Louisville, Kentucky, are attached to and made a part of this Resolution as Exhibits D, E and F, respectively, and which forms having been examined and considered, are hereby approved. The Secretary is hereby directed to utilize said forms in connection with the sale of said Refunding Bonds.

Upon the receipt of the sealed, competitive bids after the required advertisement, the Secretary of the Corporation, in conjunction with the Fiscal Agent for the Board and the Corporation, shall calculate the best purchase offer and the exact principal amount of Refunding Bonds to be awarded, after calculating the Permitted Adjustment, if any, and accept the offer to purchase said Refunding Bonds on behalf of the Corporation without further action by the Board of Directors.

By the adoption of this Bond Resolution the Board of Directors of the Corporation hereby delegates to the Fiscal Agent the authority to execute the Official Bid Form submitted by the successful bidder on behalf of the Corporation and Board which shall then become the Bond Purchase Agreement.

16. MISAPPLICATION OF BOND PROCEEDS NOT TO AFFECT VALIDITY OF REFUNDING BONDS. If for any reason the funds obtained by the sale of said Refunding Bonds are not properly allocated or if there is any misapplication of said proceeds, such improper allocation shall not affect the validity of any Refunding Bonds issued in accordance with this Resolution.

Notwithstanding anything in this Bond Resolution to the contrary, by the adoption of this Bond Resolution the Board of Directors of the Corporation hereby authorizes J.J.B. Hilliard, W.L. Lyons, LLC, Financial Advisor to the Corporation and Steptoe & Johnson PLLC, Bond Counsel to the Corporation to act for and on behalf of the Corporation in all matters relating to the authorization, issuance and sale of the Bonds and the disposition of the proceeds thereof as fully as if said Financial Advisor and Bond Counsel were duly authorized officers of the Corporation.

17. LEGAL DESCRIPTION OF LEASED PROPERTIES. The school building Projects and appurtenances refinanced from the proceeds of the Refunding Bonds and which are subject to the statutory mortgage liens and pledges of revenues securing said Refunding Bonds are located upon the sites described in Exhibit G to this Resolution which is incorporated in full herein by reference. Notwithstanding anything contained herein to the contrary, said statutory mortgage liens and revenue pledges are restricted in their application to the exact locations of the said buildings and appurtenances constituting the Projects, with rights of way for ingress and egress, and the right is specifically reserved by the Corporation and/or the Board to construct upon any unoccupied portions of the school sites described in Exhibit G hereto other structures and improvements for school purposes, which structures and improvements shall not be subject to any extent to said statutory mortgage liens and revenue pledges.

18. FEDERAL TAX COVENANTS. The Corporation shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Corporation on the Refunding Bonds shall be excludable from the gross income of the recipients thereof for Federal income tax purposes under any valid provision of the Internal Revenue Code of 1986, as amended, and the Regulations promulgated thereunder (the "Code").

Neither the Corporation nor the Board shall permit at any time or times any of the proceeds of the Refunding Bonds to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause such Refunding Bonds to be "arbitrage bonds" as defined in Section 148 of the Code, as then in effect.

The Corporation further covenants that prior to the issuance of said Refunding Bonds and as a condition precedent to such issuance, the Corporation shall certify by issuance of a certificate of the Treasurer of the Corporation, supplemental to this Resolution, that on the basis of the facts, estimates and circumstances in existence on the date of issue of said Refunding Bonds, it is not expected that the proceeds of said Refunding Bonds will be used in a manner which would cause such obligations to be "arbitrage bonds" under the Code. The Treasurer of the Corporation is hereby designated and charged by the Corporation's Board of Directors with the responsibility for issuing the Refunding Bonds herein authorized.

The Board reasonably expects to have issued on its behalf debt obligations in a principal amount in excess of \$15,000,000 during the calendar year ending December 31, 2012 and for that reason the Corporation has been advised by Bond Counsel that the Construction Fund or Bond Fund or any other fund or account established under the provisions of this Refunding Bond Resolution are subject to the "rebate requirements" on excess earnings in favor of the United States of America imposed by the Code. Nevertheless, Bond Counsel has advised the Corporation and the Board that the construction fund will be exempt from "rebate requirements" even if the \$15,000,000 annual limit is exceeded, if the proceeds deposited in the Construction Fund are expended (calculated from the date said Bonds are delivered) 10% within six months, 45% within twelve months, 75% within eighteen months; and 100% within twenty-four months. Notwithstanding the foregoing, the Corporation covenants and agrees that in the event it is subsequently determined by the Corporation or the Board, upon advice of nationally recognized bond counsel, that the Bond Fund, Construction Fund, or any other fund established under this Resolution are subject to said rebate requirements and do in fact generate earnings from "non-purpose investments" in excess of the amount which said investments would have earned at a rate equal to the "yield" on the Bonds, plus any income attributable to such excess, there shall be established a separate and special fund with the Paying Agent to be designated as the "Excess Earnings and Rebate Fund," which shall be utilized for the collection and payment of any excess generated from investments and the remittance thereof to the United States on or before a date five years and thirty days from the date said Bonds are delivered, and once every five years thereafter until the final retirement of the Bonds; the last installment, to the extent required, to be made no later than sixty days following the date on which funds sufficient for the complete retirement of the Bonds are deposited with the Paying Agent or any escrow agent.

The Board is a separate political subdivision of the Commonwealth, derives its powers independently of the County and is not subject to control by the County and has acknowledged that it cannot designate the Bonds as "qualified tax-exempt obligations" under the terms of the Board's Resolution authorizing its participation. The Board of Directors of the Corporation, by the adoption of this Resolution, hereby likewise acknowledges that it cannot designate the Bonds as "qualified tax-exempt obligations" within the meaning of the Code Section 265(b)(3) and the Corporation hereby certifies that it does reasonably anticipate, based upon representations to it by the Board, that the total principal amount of tax-exempt obligations which it will issue, during the calendar year ending December 31, 2012, will exceed \$10,000,000.

19. OFFICIAL STATEMENT AUTHORIZED. J.J.B. Hilliard, W.L. Lyons, LLC, Louisville, Kentucky, Fiscal Agent for the Corporation and the Board, having prepared a Preliminary Official Statement in conjunction with the Board and the Corporation in regard to the sale of the Refunding Bonds containing all pertinent information concerning said Refunding Bonds; the Preliminary Circular portion of said Preliminary Official Statement having been reviewed by the Board of Directors and the Board, same is hereby authorized, ratified and approved, acknowledge same on behalf of the Corporation. The President and Secretary are also authorized to execute said Fiscal Agent's contract on behalf of the Corporation, which contract is hereby authorized, ratified and approved.

20. REGISTRATION OF REFUNDING BONDS; DUTIES OF BOND REGISTRAR AND PAYING AGENT: The Bank of New York Mellon Trust Company, N.A., Louisville, Kentucky is hereby designated as the Bond Registrar, Paying Agent and Escrow Agent for the Refunding Bonds. The Bond Registrar and Paying Agent shall receive compensation for its services in accordance with its Agreement with the Corporation and the Board and the President and Secretary of the Corporation are hereby authorized and empowered to execute said Agreement on behalf of the Corporation upon said Agreement being executed and tendered to the Corporation by the Board and the Bond Registrar/Paying Agent in substantially the same form as that

attached hereto and made a part of this Resolution as Exhibit H. The Lease authorized under Section 1 of this Resolution shall contain provisions whereby the Board shall be responsible for and shall pay the fees and charges of the Bond Registrar/Paying Agent as additional rentals thereunder.

The duties of the Bond Registrar shall be as follows:

(a) To register all Bond Certificates in the name of the Registered Owner thereof in accordance with the provisions of the Code;

(b) Upon being supplied with properly authenticated assignment satisfactory to said Bond Registrar (in the sole discretion of said Bond Registrar), to transfer the ownership of Bond Certificates from one Registered Owner to another within three (3) business days of the receipt of proper authentication by said Bond Registrar;

(c) To cancel and destroy (or remit to the Corporation for destruction) all exchanged or matured Bond Certificates, and to maintain adequate records relative thereto;

The duties of the Paying Agent shall be as follows:

(a) To maintain the Bond Fund established under this Resolution and to invest the same in accordance with the provisions hereof;

(b) To remit, but only to the extent that all required funds are made available to the Paying Agent by the Board, semiannual interest payments direct to the Registered Owner of each Bond by regular United States Mail; said interest payments shall be deposited in the United States Mail no later than each interest due date. Matured or redeemed Refunding Bonds shall be payable upon presentation to the Paying Agent. For interest payment purposes, the Paying Agent shall be entitled to rely on its records as Bond Registrar as to the ownership of each Bond as of the 15th day of the month preceding an interest due date and the Paying Agent's checks shall be drawn and mailed accordingly;

(c) To notify each Registered Owner to be prepaid and to redeem Refunding Bonds prior to their stated maturity upon their presentation in accordance with the provisions of Section 2 of this Resolution upon being supplied with sufficient funds, and

(d) To supply the Board and Commission with a written accounting evidencing the payment of interest and principal within thirty days following each due date.

The Bond Registrar/Paying Agent shall be entitled to the advice of Counsel and shall be protected for any acts taken by it in good faith and reliance upon such advice. The Bond Registrar/ Paying Agent shall not be liable for any action taken or omitted to be taken by it in good faith and believed by it to be within its discretion or the power conferred upon it by this Resolution or its Agreement with the Corporation and Board, or be responsible for the consequences of any oversight or error of judgment.

The Bond Registrar/Paying Agent may at any time resign from its duties set forth in this Resolution and in its Agreement with the Corporation and the Board by filing its resignation with the Secretary of the Corporation and notifying the original purchaser or purchasers of the Refunding Bonds herein authorized. Thereupon, the Corporation, with the concurrence of the Board, shall designate a successor Bond Registrar/Paying Agent which shall be an incorporated bank or trust company. Notwithstanding the foregoing in the event of the resignation of the Bond Registrar/Paying Agent, provisions shall be made for the orderly transition of the books, records and accounts relating to the Refunding Bonds to the successor Bond Registrar/Paying Agent in order that there will be no delinquencies in the payment of interest or principal due on the Refunding Bonds.

21. CORPORATION'S COVENANT TO MAINTAIN CORPORATE EXISTENCE. The Corporation covenants that so long as any of the Refunding Bonds remain outstanding and unpaid it will not amend its Articles of Incorporation in any manner adversely affecting the security and rights of the Registered Owners of said Refunding Bonds.

The Corporation further covenants that so long as any of the Refunding Bonds are outstanding and unpaid it will maintain its corporate existence and continue in good standing as a non-profit, non-stock, Kentucky corporation and that it will in each year file all reports, including the required annual "Certificate of Continued Existence", and comply with all other requirements existence as a lawfully constituted Kentucky corporation and "on-behalf-of" entity authorized to act for the Board under Revenue Ruling 63-20.

22. CONTRACTUAL NATURE OF RESOLUTION AND SEC DISCLOSURE COVENANT. This Resolution shall constitute a contract between the Corporation and all who may become the Registered Owners of the Refunding Bonds, and any bonds subsequently issued ranking on a parity therewith, and after the issuance and delivery of such Refunding Bonds, no change, variation or alteration of any kind in the provisions of this Resolution shall be made in any manner except for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein.

The President and Secretary are hereby authorized to execute a Continuing Disclosure Agreement with the Board in order to comply with the Disclosure Rules of the Securities and Exchange Commission.

23. SEVERABILITY. If any section, paragraph or clause hereof shall be held invalid, the invalidity of said section, paragraph or clause shall not affect any of the remaining provisions of this Resolution.

24. CONFLICTS REPEALED. All resolutions or parts thereof in conflict with the provisions of this Resolution are hereby repealed and this Resolution shall take effect and be in force upon its adoption.

Adopted February 16, 2012

President

Attest:

Secretary