

RESOLUTION NO. : 2005-058

NOTE RESOLUTION
(Road Fund)

A RESOLUTION AUTHORIZING THE ISSUANCE OF A TAX AND REVENUE ANTICIPATION NOTE, SERIES 2005A; APPROVING A FORM OF NOTE; AUTHORIZING DESIGNATED OFFICERS TO EXECUTE AND DELIVER THE NOTE; AUTHORIZING AND DIRECTING THE FILING OF NOTICE WITH THE STATE LOCAL DEBT OFFICER; PROVIDING FOR THE PAYMENT AND SECURITY OF THE NOTE; CREATING A SINKING FUND; MAKING CERTAIN FEDERAL INCOME TAX COVENANTS IN RESPECT OF THE NOTE; ACCEPTING THE PROPOSAL OF THE NOTE PURCHASER HEREINAFTER SET FORTH FOR THE PURCHASE OF THE NOTE; AND REPEALING INCONSISTENT RESOLUTIONS.

WHEREAS, the County of Hardin, Kentucky, duly organized pursuant to the laws of the Commonwealth of Kentucky and existing as a political subdivision of the Commonwealth of Kentucky (the "Governmental Agency") anticipates the receipt of both current taxes and current revenues during the fiscal year ending June 30, 2006; and

WHEREAS, the Governmental Agency desires to borrow for the purpose of meeting current road fund expenses by issuing a note, to be repaid from those taxes and revenues which are required by law to be deposited in the Governmental Agency's road fund (the "Road Fund"), all in accordance with the Short-Term Borrowing Act of Kentucky as codified in §§ 65.7701 to 65.7721 of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, as required by the Act, the Judge/Executive, Fiscal Court Clerk and any designated officer or official of the Governing Body of the Governmental Agency (the "Designated Officers") have, not more than thirty (30) days before this date on which this Note Resolution is being adopted and furthermore hereby confirmed on this date, made an estimate, from taxes now levied and assessed and from other budgeted revenues, of the taxes and revenues to be received and the expenditures to be made under the Road Fund during the period when such note will be outstanding and have certified that estimate by a duly executed document, attached hereto as Annex B (the "Certificate as to Collections and Expenditures-Road Fund"); and

WHEREAS, Kentucky Association of Counties Advance Revenue Program, a trust organized and existing under the laws of the Commonwealth of Kentucky ("KARP"), has established a program (the "Program") for the purchase of tax and revenue anticipation notes (the "Notes") issued by governmental agencies and to, thereupon, cause the execution and delivery of certificates of participation (the "Certificates") or assignment of the Notes, pursuant to a Trust Agreement dated as of July 1, 2005 (the "Trust Agreement") between KARP and J. P. Morgan Trust Company, N.A., Lexington, Kentucky, (the "Trustee") with respect thereto in order to provide an efficient system of cash flow borrowing for Governmental Agencies in Kentucky, and KARP has submitted an acceptable proposal (the "Proposal") for the purchase of the Notes under the Program;

NOW, THEREFORE, BE IT RESOLVED by the Fiscal Court of the County of Hardin, Commonwealth of Kentucky, as follows:

Section 1 -- Authorization. The Governmental Agency hereby authorizes the issuance of a note in the aggregate principal amount and with the specific terms (the "Note") set forth in the form of Note attached hereto as Annex A and authorizes participation in the Program, including the execution and delivery of the Certificates or assignment of the Note pursuant to the Trust Agreement. The interest rate on the Note shall, except to the extent a penalty rate may apply (as set forth in the Note) due to a default by the Governmental Agency, be the rate set forth in the Proposal, subject to acceptance thereof by a Designated Officer; provided that such stated interest rate shall not exceed ____ percent (____%) per annum.

Section 2 -- Form. The Note shall be issued as a fully registered Note, shall be designated "Road Fund Tax and Revenue Anticipation Note, Series 2005A" and shall be substantially in the form set forth in Annex A. The Note shall be of a single denomination, which shall be in an integral multiple of \$5.00 in the principal amount of \$ 177,900. The Note shall bear interest at the stated interest rate on the principal amount thereof, payable at maturity, except to the extent a penalty rate may apply due to a default by the Governmental Agency.

The Note shall not be subject to redemption prior to maturity, shall be negotiable, shall be dated July 1, 2005, and, subject to the provisions of Section 7 hereof, shall be payable as to principal and interest on June 30, 2006 in such coin or currency of the United States of America as shall be legal tender for the payment of public and private debts at the time and place of payment.

Section 3 -- Execution and Delivery of Notes; Disbursement of Funds. The Note shall be executed by the Judge/Executive and duly attested by the Fiscal Court Clerk. To the extent that any one signature on a Note is manual, the other signature may be facsimile. The Designated Officers are further authorized and directed to deliver the Note to KARP or its assignee, upon the terms and conditions provided herein and in the Proposal, receive the proceeds therefor, execute and deliver such certificates and other closing documents and take such other action as may be necessary or appropriate in order to effectuate the proper issuance, sale and delivery of the Note including, but not limited to, the Certificate as to Collections and Expenditures-Road Fund substantially in the form of Annex B hereto (which includes a calculation of the cumulative cash flow deficit of the Road Fund calculated in accordance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code") and United States Treasury Department Regulations 1.148-1 et seq.), the Settlement and Receipt Certificate substantially in the form of Annex C hereto, the opinion of counsel to the Governmental Agency substantially in the form of Annex D hereto and an IRS Form 8038-G.

Each Governmental Agency participating in the Program is the issuer of its Note which, when combined with the Notes of other Governmental Agencies participating in the Program, may be evidenced by Certificates which represent an interest in the Note of each Governmental Agency such that each Governmental Agency participating in the Program is severally, and not jointly, liable on such Certificates, in the proportion that the face amount of each Governmental Agency's Note bears to the total aggregate face amount of the Notes issued by all Governmental Agencies participating in the Program. The Governmental Agency authorizes and directs the Trustee to prepare and execute the Certificates or assign the Note and to deliver the Certificates or Note upon payment of the purchase price thereof, as contemplated by the Program.

Upon purchase and delivery of the Note there shall be established with the Trustee a disbursement account in the name of the Governmental Agency to be known as Road Fund Tax and Revenue Anticipation Note, Series 2005A Disbursement Account (the "Disbursement Account"), which shall be the Disbursement Account required to be established under the Trust Agreement. An amount equal to the principal amount of each Note shall be deposited in the applicable Disbursement Account upon delivery of a Note. The Governmental Agency may withdraw amounts from the Disbursement Account on the date of delivery of a Note and thereafter on the first business day of each month to and including the first business day of January.

Disbursements from the Disbursement Account shall be made upon the written order of an Authorized Officer, subject to any Program limitations regarding withdrawals for purposes of refinancing. The Governmental Agency may redeposit amounts in a Disbursement Account only to the extent amounts were not previously withdrawn for purposes of refinancing and otherwise only as permitted by Program limitations and, in any event, only up to an amount that, together with other amounts on deposit in the Disbursement Account (exclusive of any interest earned), does not exceed the original principal amount of its related Note. On January 31, 2006, all amounts in a Disbursement Account required to discharge this Resolution under Section 16 hereof shall be transferred by the Trustee to the related Sinking Fund Account established under Section 7 hereof. Earnings on amounts on deposit in a Disbursement Account which remain herein after discharge of this Resolution shall be payable to the Governmental Agency as provided in the Trust Agreement.

Section 4 -- Payment. Payment of or on account of the interest on and principal of any Note shall be made directly to the Trustee as assignee of KARP under the Trust Agreement. All such payments shall be valid and effective to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid.

Section 5 -- Filing. KARP is hereby authorized to undertake and complete all filings of notices or information which may be required by law to be filed by the Governmental Agency, including, but not limited to, the filing with the State Local Debt Officer required by the Act.

Section 6 -- Security. As security for payment of the Note, the Governmental Agency pledges and grants to the owner, from time to time, of the Note, a first lien and charge on, and security interest in, all of the current taxes and current revenues to be received during the period that the Note will be outstanding which are required by law to be deposited in the Road Fund and all amounts at any time on deposit in the Disbursement Account.

In the event of any default on the Note or hereunder, the Governmental Agency agrees to pay the reasonable expenses of the owner thereof (including court costs and attorney's fees) incurred in collecting the amounts due.

Section 7 -- Sinking Fund. Payment of Note. The Trustee is hereby appointed Sinking Fund Depository with respect to the Note.

There is hereby established with the Trustee a sinking fund in the name of the Governmental Agency to be known as Road Fund Tax and Revenue Anticipation Note, Series 2005A Sinking Fund (the "Sinking Fund"), which shall be the Sinking Fund Account required to be established under the Trust Agreement. The Governmental Agency covenants to deposit to the Disbursement Account for transfer to the related Sinking Fund, and the Designated Officer is hereby authorized and directed to deposit, notwithstanding the maturity date of the Note, a Sinking Fund payment on January 31, 2006 in the amount required to discharge this Note Resolution under the provisions of Section 16 hereof, less any amounts transferred to the Sinking Fund from the related Disbursement Account as provided in Section 3 hereof. The Trustee shall, without further authorization from the Governmental Agency, withdraw from the Sinking Fund, at the maturity date of the Note, the amounts necessary to pay principal of, and interest on, the Note to the owners of the same, but only upon surrender of the Note against which payment is to be made.

If the Governmental Agency shall fail or refuse to make any required deposit in the Disbursement Account for transfer to the Sinking Fund, as provided in the preceding paragraph, the Trustee shall (i) notify any agency of the Commonwealth of Kentucky or any political subdivision thereof which may collect and distribute taxes or revenues for the Governmental Agency to seek any available necessary or proper remedial action; and (ii) upon being indemnified against cost and expense, exercise any remedy provided in the Act or at law or in equity for the benefit of the owners of the Certificates evidencing interests in the Note or any assignee of the Note, and shall disburse all funds so collected to the holders of the Certificates or assignee of the Note as provided in the Trust Agreement for payments with respect to the Note.

Section 8 -- Limited Obligation. The Note shall be continually secured by a lien on the Road Fund and the right of payment under the Note is limited to the taxes and revenues which are required by law to be deposited in the Road Fund. The Governmental Agency hereby covenants with the owners from time to time of the Note that if funds are not available for the full payment of the Note within the fiscal year in which issued, then the Governmental Agency will include the amounts necessary to pay the Note in its budget for the next fiscal year, to the extent then permitted by applicable law.

Section 9 -- Determinations and Covenants. The Governmental Agency hereby covenants with KARP and the Trustee that it will make no use of the proceeds of the Note which, if such use had been reasonably expected on the date of issue of the Note, would have caused the Note to be an "arbitrage bond" within the meaning of § 148 of the Code and the Regulations thereunder and that it will comply with the requirements of the Code and the Regulations throughout the term of the Note. The Governmental Agency further covenants with KARP that it will provide written notice to KARP within 15 days of any issuance which results in the aggregate amount of all tax exempt obligations (including the Note) issued by such Governmental Agency, or a subordinate governmental unit within its jurisdiction, in the 2005 calendar year to exceed \$5,000,000. The Governmental Agency further covenants and agrees with KARP that it will provide written notice to KARP as soon as such determination is made, but in no event later than April 1, 2006, if the Governmental Agency's cumulative cash flow deficit within six months after the date of issuance of the Note did not exceed 90% of the principal amount of the Note. The Governmental Agency covenants and agrees with KARP that if the aforementioned deficit test is not met, the Governmental Agency will promptly calculate whether rebate to the U.S. Treasury is necessary, and if so, establish a rebate account, cause a timely rebate payment to be made to the U.S. Treasury and pay all costs and expenses associated therewith. The Governmental Agency further covenants with KARP that it will provide all information that may be required to comply with the requirements of Securities and Exchange Commission Rule 15c2-12.

Section 10 -- Events of Default. Each of the following events is hereby defined as, and is declared to be and to constitute, an "Event of Default" hereunder:

(a) If default shall be made in the due and punctual payment of principal of or any interest on the Note, including failure to make a sinking fund payment under Section 7; or

(b) If the Governmental Agency shall default in the performance of any covenant, agreement or condition on its part to be performed under the Note or this Note Resolution other than a default in payment, and such default shall continue for a period of 30 days, after written notice thereof by KARP, the Trustee or the Registered Owners of at least 5% of the Certificates Outstanding relating to the Note.

Section 11 -- Enforcement of Covenants and Conditions. In any case of an Event of Default, the owner of the Note may take such action or actions for the enforcement of its rights, including commencement of an action for mandamus or other appropriate action to require the Governmental Agency to comply with the terms of this Note Resolution.

Section 12 -- Remedies. In any case of an Event of Default, the remedies available hereunder shall be subject to the provisions regarding remedies as are set forth in Article V of the Trust Agreement.

Section 13 -- Award. The Designated Officers are hereby authorized to sell the Note at private sale by negotiation to KARP, at no less than par, in accordance with the Program and the Proposal, acceptance of the Proposal to be evidenced by the execution thereof by a Designated Officer.

Section 14 -- Acknowledgement of Certificates; Registered Owner; Limitation of Liability. In accordance with the Trust Agreement, if Certificates are issued thereunder, the Registered Owners of Certificates, or assignees of the Note, for purposes of this Note Resolution, to the extent of their interest, shall be treated as owners of the Note to the extent of the percentage of the principal amount of their Certificate relative to the principal amount of all outstanding Certificates and shall be entitled to all rights and security of the owner of the Note hereunder. The Governmental Agency participating in the Program recognizes the rights of the owners of the Certificates, acting directly or through the Trustee, to enforce the obligations and covenants contained in the Note and this Note Resolution; provided that in no event shall the Governmental Agency be liable for any obligations, covenants or damages except those which arise out of the Notes herein authorized and this Note Resolution, and, in particular, the Governmental Agency shall not be liable for any obligations, liabilities, acts or omissions of KARP or any other Governmental Agency participating in the Program.

Section 15 -- Note Resolution a Contract; Amendment. This Note Resolution shall be a contract with the owner, from time to time, of the Note. This Note Resolution may be amended, without the consent of the owners of the Certificates or assignees of the Note, but only for the purpose of (i) adding to the covenants and agreements of the Governmental Agency, additional covenants, or to surrender any right or power therein reserved to the Governmental Agency, (ii) curing any ambiguity, correcting defects, or supplementing any ambiguous provision contained herein, (iii) answering questions arising under this Note Resolution or (iv) for any other purpose which shall not adversely affect the interests of the owners of the Certificates or assignee of the Note.

Section 16 -- Discharge of Resolution. If the Governmental Agency shall pay or cause to be paid, or there shall otherwise be paid, to the owner of the Note the total principal and interest due or to become due thereon through maturity, in the manner stipulated therein and in the Note Resolution, then the pledge of current taxes and current revenues under this Note Resolution, and all covenants, agreements and other obligations of the Governmental Agency hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied. Whenever there shall be paid into the Sinking Fund, the Sinking Fund installment described in Section 7 hereof, on or prior to the date required for such payment, the Note shall be deemed no longer outstanding hereunder and the lien created hereby shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 17 -- Severability. If any one or more of the provisions of this Note Resolution should be determined by a court of competent jurisdiction to be contrary to law then such provisions shall be deemed to be severable from all remaining provisions and shall not affect the validity of such other provisions.

Section 18 -- Inconsistent Actions. All prior resolutions or parts thereof inconsistent herewith are hereby repealed.

Section 19 -- Effective Date. This Resolution shall become effective immediately upon adoption, as provided by law.

DULY ADOPTED at, and recorded in the minutes of, a properly constituted meeting of the Governing Body of the Governmental Agency held on the date set forth below.

Dated: 6/28/05 2005

COUNTY OF Hardin KENTUCKY


County Judge/Executive
Harry L. Berry

ATTEST:


Fiscal Court Clerk
Kenneth L. Tabb

ANNEX A
ROAD FUND
TAX AND REVENUE ANTICIPATION NOTE
SERIES 2005A

Issuance Date: July 1, 2005
Maturity Date: June 30, 2006

Interest Rate: _____ % Principal Amount: \$ 177,900

The County of Herdin, Kentucky (the "Governmental Agency"), for value received and intending to be legally bound, hereby acknowledges itself indebted and promises to pay to Kentucky Association of Counties Advance Revenue Program ("KARP") or its assignee, the just principal sum set forth above, together with interest thereon from the Issuance Date hereof at the stated Interest Rate, per 360 day year, composed of twelve 30-day months, on the Maturity Date hereof, at the principal corporate trust office of J. P. Morgan Trust Company, N.A., Lexington, Kentucky, as trustee, in such coin or currency of the United States of America as at the time and place of payment is legal tender for the payment of public and private debts all as hereinafter contained and in the Note Resolution authorizing the same adopted within thirty (30) days of the date hereof. This Note is not subject to early redemption or prepayment at any time.

This Note is issued under and pursuant to the Short-Term Borrowing Act as codified in §§ 65.7701 to 65.7721 of the Kentucky Revised Statutes (the "Act"). The obligation evidenced hereby is a borrowing in anticipation of current taxes and current revenues to be received by the Governmental Agency and required by law to be deposited in the Governmental Agency's Road fund (the "Road Fund") during the fiscal year in which this Note has been issued and is to be repaid from such taxes and revenues once received. In the event of any default hereunder, the Governmental Agency will pay the reasonable costs and expenses incurred in collection of the amounts due hereunder. The Governmental Agency hereby pledges and grants to KARP or its assignee, a first lien and charge on, and security interest in, its current taxes and current revenues to be received during the period when this Note is outstanding and required by law to be deposited in the Road Fund, in order to secure the payment of the principal indebtedness evidenced hereby and the interest hereon.

This Note is executed and delivered pursuant to a Note Resolution adopted by the Governmental Agency upon the affirmative vote of at least a majority of those members who were present at a meeting at which there was a quorum of its Governing Body at a public meeting duly and regularly held, and after filing proper notice with the State Local Debt Officer of the Commonwealth of Kentucky.

No recourse shall be had for the payment of the principal of or the interest on this Note, or for any claim based hereon, against any officer, agent or employee, past, present or future, of the Governmental Agency, as such, either directly or through the Governmental Agency, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise; all such liability of such officers, agents or employees is hereby renounced, waived and released as a condition of and as consideration for the issuance, execution and acceptance of this Note.

Notwithstanding the Interest Rate set forth above, if the Governmental Agency fails to make the sinking fund deposit on or before the date required for such deposit under the Note Resolution, this Note shall bear interest from such date until the date of payment at the per annum rate equal to the prime rate plus two percent to and including the date of final payment hereunder.

It is hereby certified that all acts, conditions and things required to be done, to occur or be performed precedent to and in the issuance of this Note, or in the creation of the obligations of which this Note is evidence, have been done, have occurred and have been performed in regular and due form and manner as required by law, and that the repayment obligation represented by this Note is not in excess of any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Governmental Agency has caused this Note to be signed in its name by its Judge/Executive, duly attested by the Fiscal Court Clerk, all as of the date set forth above.

Dated: 6/28/05 2005

COUNTY OF Herdin, KENTUCKY

ATTEST

Kenneth L. Tabb
Fiscal Court Clerk

Harry L. Berry
County Judge/Executive

Kenneth L. Tabb

ASSIGNMENT

The above Road Fund Tax and Revenue Anticipation Note is hereby assigned to J. P. Morgan Trust Company, N.A., Lexington, Kentucky, as Trustee under a Trust Agreement dated as of July 1, 2005 between such Trustee and Kentucky Association of Counties Advance Revenue Program, a Kentucky trust.

KENTUCKY ASSOCIATION OF COUNTIES ADVANCE
REVENUE PROGRAM

Dated: July 1, 2005

By: _____
Chairman

ANNEX B-1

County of Hardin, Kentucky
(the "Governmental Agency")

**CERTIFICATE AS TO ROAD FUND COLLECTIONS AND EXPENDITURES (SMALL GOVERNMENTAL ISSUER - \$5,000,000
OR LESS ISSUER OF TAX-EXEMPT DEBT)**

**FOR ROAD FUND TAX AND REVENUE ANTICIPATION NOTES,
SERIES 2005A**

The undersigned duly authorized officer of the above-named Governmental Agency (the "Governmental Agency"), who is charged, among others, with the responsibility of issuing and delivering the Road Fund Tax and Revenue Anticipation Notes, Series 2005A (the "Note"), certifies that:

1. It has been estimated that, with reference to Schedule A attached hereto, for the fiscal year ending June 30, 2006, (i) Balance Forward is the cash balance attributable to the Governmental Agency's Road Fund as of July 1, 2005, (ii) the amounts of moneys shown as Receipts will be received by the Governmental Agency from taxes currently levied and assessed and other current revenues (including, without limitation, subsidies, reimbursements and interest earnings, including expected interest earnings on Note proceeds), and (iii) that the amounts shown as Expenditures will be expended.
2. There are no amounts in a Road Fund Account or any other account available for the payment of the deficit shown on Schedule A which may be invaded to pay such deficit without a legislative, judicial or contractual requirement that any such account be reimbursed.
3. The estimates set forth in Schedule A are in accordance with the duly adopted budget of the Governmental Agency and take into account the actual past and anticipated collection and expenditure experience of the Governmental Agency, including receipt of state road aid funds in the Road Fund on or after the _____ day of August (which date is after the regularly scheduled meeting date of the governing body of the Governmental Agency at which expenditures for that month are approved) and current economic conditions.
4. The maximum amount to be borrowed is no greater than the anticipated cash flow deficit determined by subtracting budgeted anticipated expenditures from the sum of budgeted anticipated receipts plus any cash as of July 1, 2005 and/or reserve account available for working capital expenditures for the July 1, 2005 - June 30, 2006 fiscal year as reflected in Schedule A.
5. The aggregate principal amount of the Note, plus the principal amount of any and all other borrowings pursuant to tax or revenue anticipation notes currently outstanding in the fiscal year ending June 30, 2006, does not exceed 85% of the sum of such Estimated Receipts during the period beginning on the date hereof and ending on the last day of said fiscal year.
6. The Note, which is being issued to finance the anticipated cash flow deficit of the Governmental Agency, as computed above, by the payment of ordinary and necessary Road Fund expenses incurred during the fiscal year, is being issued at this time in order to pay current expenses prior to receipt of revenues and all sale proceeds (and investment proceeds) will be promptly deposited in the Road Fund and expended by the maturity date for the Note.
7. On the basis of the foregoing estimates and the facts and circumstances now in existence and herein set forth, it is not expected that the proceeds of the Note will be used in a manner that would cause the Note to be an "arbitrage bond" within the meaning of § 148 of the Internal Revenue Code of 1986, as amended (the "Code") or the Treasury Regulations thereunder.
8. The Governmental Agency has general taking power. Ninety-five percent (95%) or more of the net proceeds of the Note is to be used for its local governmental activities or for the activities of a governmental unit jurisdiction of which is entirely within the jurisdiction of the Governmental Agency. The Note is not part of an issue that is a private activity bond and during the calendar year in which the Note is to be issued, the Governmental Agency does not reasonably expect that the aggregate principal amount of the Note, plus the aggregate principal amount of all other tax-exempt obligations issued and to be issued by the Governmental Agency, or by a subordinate governmental unit within its jurisdiction, will exceed \$5,000,000.
9. To the best of our knowledge and belief, the expectations stated herein are reasonable and there are no other facts, estimates or circumstances which would materially change the conclusions set out herein.
10. The Governmental Agency has not been advised of any listing or contemplated listing by the Internal Revenue Service to the effect that these certifications with respect to its obligations may not be relied upon, nor has any notice to that effect been published in the Internal Revenue Bulletin.
11. The certifications contained herein are made pursuant to § 65.7705 of the Kentucky Revised Statutes and § 148 of the Code and the Regulations thereunder.

DULY EXECUTED as of a date not more than thirty (30) days before the date of adoption of the Resolution authorizing the Notes and confirmed on the date of such adoption.

Dated: 6/28/05, 2005

COUNTY OF Hardin, KENTUCKY

By: [Signature]

Title: Hardin County Judge/Executive
Harry L. Berry

ANNEX B-2

County of Hardin, Kentucky
(the "Governmental Agency")

**CERTIFICATE AS TO ROAD FUND COLLECTIONS AND EXPENDITURES
FOR ROAD FUND TAX AND REVENUE ANTICIPATION NOTES,
SERIES 2005A**

The undersigned duly authorized officer of the above-named Governmental Agency (the "Governmental Agency"), who is charged, among others, with the responsibility of issuing and delivering the Road Fund Tax and Revenue Anticipation Note, Series 2005A (the "Note"), certifies that:

1. It has been estimated that, with reference to Schedule A attached hereto, for the fiscal year ending June 30, 2006, (i) Balance Forward is the cash balance attributable to the Governmental Agency's General Fund as of July 1, 2005, (ii) the amounts of moneys shown as Receipts will be received by the Governmental Agency from taxes currently levied and assessed and other current revenues (including, without limitation, subsidies, reimbursements and interest earnings, including expected interest earnings on Note proceeds), and (iii) that the amounts shown as Expenditures will be expended.

2. There are no amounts in a Road Fund Account or any other account available for the payment of the deficit shown on Schedule A which may be invaded to pay such deficit without a legislative, judicial or contractual requirement that any such account be reimbursed.

3. The estimates set forth in Schedule A are in accordance with the duly adopted budget of the Governmental Agency and take into account the actual past and anticipated collection and expenditure experience of the Governmental Agency, including receipt of state road aid funds in the Road Fund on or after the _____ day of August (which date is after the regularly scheduled meeting date of the governing body of the Governmental Agency at which expenditures for that month are approved) and current economic conditions.

4. The maximum amount to be borrowed is no greater than the anticipated cash flow deficit determined by subtracting budgeted anticipated expenditures from the sum of budgeted anticipated receipts plus any cash as of July 1, 2005 and/or reserve account available for working capital expenditures for the July 1, 2005 - June 30, 2006 fiscal year as reflected in Schedule A.

5. The aggregate principal amount of the Note, plus the principal amount of any and all other borrowings pursuant to tax or revenue anticipation notes currently outstanding in the fiscal year ending June 30, 2006, does not exceed 85% of the sum of such Estimated Receipts during the period beginning on the date hereof and ending on the last day of said fiscal year.

6. The Note, which is being issued to finance the anticipated cash flow deficit of the Governmental Agency, as computed above, by the payment of ordinary and necessary Road Fund expenses incurred during the fiscal year, is being issued at this time in order to pay current expenses prior to receipt of revenues and all sale proceeds (and investment proceeds) will be promptly deposited in the Road Fund and expended by the maturity date for the Note.

7. On the basis of the foregoing estimates and the facts and circumstances now in existence and herein set forth, it is not expected that the proceeds of the Note will be used in a manner that would cause the Note to be an "arbitrage bond" within the meaning of § 148 of the Internal Revenue Code of 1986, as amended (the "Code") or the Treasury Regulations thereunder.

8. The Governmental Agency has an expected cumulative cash flow deficit occurring within six months of the date of issuance of the Note that exceeds ninety percent (90%) of the principal amount of the Note.

9. To the best of our knowledge and belief, the expectations stated herein are reasonable and there are no other facts, estimates or circumstances which would materially change the conclusions set out herein.

10. The Governmental Agency has not been advised of any listing or contemplated listing by the Internal Revenue Service to the effect that these certifications with respect to its obligations may not be relied upon, nor has any notice to that effect been published in the Internal Revenue Bulletin.

11. The certifications contained herein are made pursuant to § 65.7705 of the Kentucky Revised Statutes and § 148 of the Code and the Regulations thereunder.

DULY EXECUTED as of a date not more than thirty (30) days before the date of adoption of the Resolution authorizing the Notes and confirmed on the date of such adoption.

Dated: 6/28, 2005

COUNTY OF Hardin, KENTUCKY

By: [Signature]
Title: Harry L. Berry
Hardin County Judge/Executive

ANNEX C

County of Herdin, Kentucky
(the "Governmental Agency")

SETTLEMENT CERTIFICATE AND RECEIPT

FOR ROAD FUND TAX AND REVENUE ANTICIPATION NOTES,
SERIES 2005A

I, the undersigned Fiscal Court Clerk of the Governing Body of the above-named Governmental Agency, do hereby certify in connection with the issuance of the Road Fund Tax and Revenue Anticipation Note, Series 2005A (the "Note"), that:

1. The persons named below are now, and have been at all times relevant to the authorization and issuance of the Note, the duly elected or appointed incumbents of the designated offices of the Governmental Agency, and the signature, if any, appearing on any and all documents related to this transaction, including particularly, the Note, is such person's genuine signature:

| <u>Name</u> | <u>Official Title</u> |
|------------------------|-----------------------|
| <u>Harry L. Berry</u> | Judge/Executive |
| <u>Kenneth L. Tabb</u> | Fiscal Court Clerk |

2. The attached is a complete and accurate transcript (the "Transcript") of all of the proceedings of the Governmental Agency taken with regard to the authorization, issuance and sale of the Note; that the copies of the Resolution authorizing the Note (the "Road Fund Note Resolution") and agreements, certifications and other proceedings of the Governmental Agency contained in this Transcript are true, complete and correct as of this date; and that neither the Road Fund Note Resolution or other proceedings have been rescinded, repealed or amended and all are as of this date in full force and effect.

3. All meetings of the Governing Body, and of its committees and any other public bodies, at which the formal actions contained in the Transcript were taken, or at which deliberations that resulted in such formal actions were held, were open meetings, and such formal actions were taken and any such deliberations took place while such meetings, after proper notice, were open to the public, in compliance with all legal requirements including KRS §§ 61.805 to 61.850.

4. The Certificate as to Collections and Expenditures attached to the Road Fund Note Resolution is hereby reaffirmed and republished as of the date hereof.

5. The Note has been sold pursuant to the Road Fund Note Resolution upon receipt of an acceptable proposal at negotiated sale to Kentucky Association of Counties Advance Revenue Program for a price equal to the principal amount thereof, receipt of which sum is hereby acknowledged.

6. There is no litigation pending or threatened affecting the Governmental Agency, the validity of the incurring of the obligations of the Governmental Agency in respect of the Note or affecting the validity of any action taken by the Governing Body of the Governmental Agency in connection with the authorization or issuance of the Note or otherwise affecting the validity of the Note or the security thereof.

7. The Governmental Agency (i) has not defaulted in any previous indebtedness, (ii) has had no Road Fund deficit as of the end of any of its last three fiscal years and (iii) has collected no less than 90% of taxes payable to it during the previous fiscal year.

IN WITNESS WHEREOF, I have hereunto set my hand.

Dated: 6/28 2005

COUNTY OF Herdin, KENTUCKY
Kenneth L. Tabb
Fiscal Court Clerk
Kenneth L. Tabb



KEN M. HOWARD
HARDIN COUNTY ATTORNEY
100 Public Square
P.O. Box 884
Elizabethtown, Kentucky 42702-0884

Civil Division
(270) 765-4749

Criminal Division
(270) 765-6726

Child Support Division
(270) 769-5380

Facsimile
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June 28, 2005

Kentucky Association of Counties
Advance Revenue Program
Frankfort, Kentucky 40601

**RE: County of Hardin, Kentucky ("Governmental Agency") Road Fund
Tax and Revenue Anticipation Note, Series 2005 A ("Note")**

Gentlemen:

I am an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and am the attorney for the Governmental Agency. I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally, I am familiar with the Note and the resolution of the Governmental Agency authorizing the Note (the "Road Fund Note Resolution").

I have reviewed the form of Note, the Road Fund Note Resolution authorizing the execution and delivery of the Note and the proceedings of the Governmental Agency with respect to the Note.

Based upon my review I am of the opinion that:

(1) The Governmental Agency is a duly organized and existing political subdivision of the Commonwealth of Kentucky validly existing under the Constitution and statues of the Commonwealth of Kentucky.

(2) The Road Note Resolution has been duly and properly adopted by the Governmental Agency and the Note has been duly authorized, executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency. Each of the Road Fund Note Resolution and the Note is enforceable in accordance with its respective terms, except to the extent that the enforceability thereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

(3) The Governmental Agency has all necessary power and authority to adopt the Road Fund Note Resolution and to perform and consummate all transactions contemplated thereby, and to execute and deliver the documents and instruments to be executed and delivered by it in connection with the issuance of the Note.

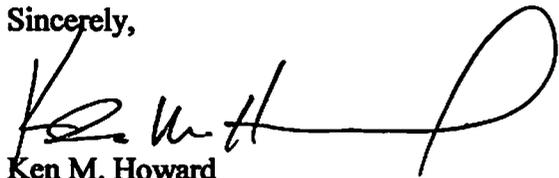
(4) The issuance of the Note and the adoption of the Note Resolution do not and will not conflict with, violate or constitute a default under any court or administrative order, decree or ruling, or any law, statute, ordinance or regulation, or any agreement, indenture, mortgage, lease, note or other obligation or instrument, binding upon the Governmental Agency, or any of its properties or assets, and the Governmental Agency has obtained each and every authorization, consent, permit, approval of license of, or filing or registration with (other than filings related to securities laws, if any), any court or governmental department, commission, board, bureau, agency or instrumentality, or any specifically granted exemption from any of the foregoing, that is necessary to the valid execution and delivery of the Note.

(5) To the best of my knowledge after due inquiry there is no action, suit, proceeding or investigation at law or in equity before any court, public board or body pending or threatened against, affecting or questioning (i) the valid existence of the Governmental Agency, (ii) the right or title of the members, magistrates, commissioners and officers, as applicable, of the Governmental Agency to their respective positions, (iii) the authorization, execution, adoption or enforceability of the Road Fund Note Resolution or the authorization, execution, delivery or enforceability of the Note or the application of any monies or security therefore, or (iv) that would have material adverse impact on the ability of the Governmental Agency to perform its obligations under the Note or Road Fund Note Resolution.

(6) None of the proceedings or authority heretofore had or taken by the Governmental Agency for the authorization, execution or delivery of the Note has or have been repealed, rescinded, or revoked.

(7) All proceedings and actions of the Governmental Agency with respect to which the Note is to be issued and delivered were had or taken at meetings properly convened and held in compliance with the applicable provisions of §§ 61.805 to 61.850 of the Kentucky Revised Statutes.

Sincerely,



Ken M. Howard
Hardin County Attorney

KMH:rt

Hardin Co.
(the "Governmental Agency")

**PROPOSAL
FOR PURCHASE OF
TAX AND REVENUE ANTICIPATION NOTES, SERIES 2005A**

Kentucky Association of Counties Advance Revenue Program (the "Purchaser") hereby offers to purchase, and the above-named Governmental Agency, hereby agrees, by proper execution of the Proposal as authorized by a duly adopted General Fund Note Resolution and/or Road Fund Note Resolution, as appropriate (the "Note Resolution"), to sell its General Fund and/or Road Fund Tax and Revenue Anticipation Note, Series 2005A (the "Note") which, in addition to the terms and provisions as are contained in the Note Resolution, shall have the following terms:

KARP Payment Rate: _____% (_____% nominal interest rate)
General Fund Principal Amount: \$ 1,979,100
Road Fund Principal Amount: \$ 177,900
Price: _____%

Dated: July 1, 2005
Maturity Date: June 30, 2006
Early Redemption or Prepayment: Not permitted, mandatory sinking fund payment
required on January 31, 2006

As conditions precedent to the obligation of the Purchaser to purchase the Note, the Governmental Agency shall prepare and deliver, or caused to be prepared and delivered, the following documents, all in form and substance satisfactory to the Purchaser:

1. For each Note, executed copies of (a) the duly adopted Note Resolution, (b) the Certificate as to Collections and Expenditures, and (c) the Settlement Certificate and Receipt.
2. An opinion of the County Attorney for each Note, dated July 1, 2005, regarding the valid existence of the Governmental Agency; the due and proper adoption of the Note Resolution; the due authorization, execution and delivery of the Note; the absence of material litigation; compliance with open meetings law; and such other matters as may be requested by the Purchaser.
3. The Note, duly executed and delivered.
4. An executed copy of this Proposal.

The Governmental Agency also agrees to execute an IRS Form 8038-G or 8038-GC which must be filed with respect to each Note.

DULY EXECUTED by an authorized officer of the Purchaser as of the date set forth below.

Dated: _____, 2005

KENTUCKY ASSOCIATION OF COUNTIES ADVANCE REVENUE
PROGRAM

By: _____

ACCEPTED:

Dated: June 28, 2005

HARDIN COUNTY, Governmental Agency

By: [Signature], Designated Officer

Harry L. Berry, Hardin County Judge/Executive