

RESOLUTION NO. 2011-06-04-1

A Resolution concerning the establishment of the South-West Lake Maxinkuckee Conservancy District, purchase of treatment capacity from the Town of Culver, the construction by the South-West Lake Maxinkuckee Conservancy District of a sewage works, the issuance of revenue bonds to provide the cost thereof, the collection, segregation and distribution of the revenues of the sewage works, the safeguarding of the interests of the owners of said revenue bonds, other matters connected therewith, including the issuance of bond anticipation notes, and repealing resolutions inconsistent herewith.

WHEREAS, the South-West Lake Maxinkuckee Conservancy District (“District”) has been established for the purpose of constructing and operating sewage works, and will continue to own and operate said sewage works pursuant to IC 14-33, and other applicable laws as in effect on the date of delivery of the bonds issued hereunder (“Act”); and

WHEREAS, the Board of Directors of the District now finds that the District has been established pursuant to the Act, that construction plans, specifications and estimates have been prepared and filed by the engineers employed by the District for the construction of said sewage works and treatment capacity has been purchased from the Town of Culver (as more fully set forth in summary fashion in Exhibit A hereto and made a part hereof) (“Project”), which construction plans and specifications have been submitted to all governmental authorities having jurisdiction, particularly the Indiana Department of Environmental Management (“Department”), and have been approved by the aforesaid governmental authorities and are incorporated herein by reference and open for inspection at the office of the Secretary as required by law; and

WHEREAS, the District has advertised for and received bids for the construction of said Project; and

WHEREAS, on the basis of engineering estimates and construction bids, and the reasonable costs of establishment of the District, including but not limited to the purchase of

treatment capacity from the Town of Culver, the estimated cost of said Project, including necessary engineering, legal financial advisory and administrative fees, is in an amount not exceeding Two Million Five Hundred Thousand Dollars (\$2,500,000); and

WHEREAS, the Board of Directors of the District has been advised that the Project is to be financed by the issuance of sewage works revenue bonds of the District, issued in one or more series, and, if necessary, bond anticipation notes (“BANs”) in an aggregate amount not to exceed Two Million Five Hundred Thousand Dollars (\$2,500,000); and

WHEREAS, the bonds to be issued pursuant to this resolution will be payable solely from and constitute a first charge against the Net Revenues (as hereinafter defined) of the sewage works, and are to be issued subject to the provisions of the laws of the Act, and the terms and restrictions of this resolution; and

WHEREAS, the District desires to authorize the issuance of BANs hereunder, in one or more series, if necessary, payable from the proceeds of sewage works revenue bonds issued hereunder and to authorize the refunding of BANS, if issued; and

WHEREAS, the Board of Directors hereby declares that monthly rates and charges have been enacted in connection with the Project for future connections to the Project and that the monthly rates and charges should be designated as Net Revenues of the sewage works that may be pledged to the payment of the bonds issued hereunder; and

WHEREAS, the Board of Directors may authorize the assessment of exceptional benefits as provided by the Act which exceptional benefits should be designated as Net Revenues of the sewage works that may be pledged to the payment of the bonds issued hereunder; and

WHEREAS, the District may enter into one or more Financial Assistance Agreements with the Indiana Finance Authority (“Authority”) as part of its wastewater loan program

established and existing pursuant to IC 4-4-11 and IC 13-18-13 (“SRF Program”), pertaining to all or a portion of the Project and the financing thereof (each a “Financial Assistance Agreement”); and

WHEREAS, the District may accept other forms of financial assistance, as and if available, from the SRF Program; and

WHEREAS, the Board of Directors now finds that all conditions precedent to the adoption of a resolution authorizing the issuance of said revenue bonds and BANS, have been complied with in accordance with the provisions of the Act; now, therefore,

BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE SOUTH-WEST LAKE MAXINKUCKEE CONSERVANCY DISTRICT THAT:

Section 1. Authorization of Project; Rates and Charges. (a) The District has been duly established pursuant to the Act, purchased treatment capacity from the Town of Culver and shall proceed with the construction of the Project in accordance with the plans and specifications heretofore prepared and filed by Commonwealth Engineers, Inc., the consulting engineers employed by the District, which plans and specifications are now on file or will be subsequently placed on file in the office of the Secretary of the District, and are hereby approved, and by reference made a part of this resolution as fully as if the same were attached hereto and incorporated herein. The cost of the Project shall not exceed the sum of Two Million Five Hundred Thousand Dollars (\$2,500,000), plus investment earnings on the BAN and bond proceeds, if any, without further authorization from this Board of Directors. The terms “sewage works,” “sewage works system,” “works,” “system,” and words of like import where used in this resolution shall be construed to mean the Treatment Works, as defined in the Financial Assistance Agreement, and includes the establishment of the District, the treatment capacity

purchased from the Town of Culver, the Project and all other structures and property of the District's sewer utility constructed pursuant to this resolution, and all real estate and equipment used in connection therewith and appurtenances thereto, and all extensions, additions and improvements thereto and replacements thereof now or any time hereafter constructed or acquired in accordance with the Act. The Project shall be constructed in accordance with the plans and specifications heretofore mentioned, which Project is hereby approved. The Project shall be constructed and the bonds herein authorized shall be issued pursuant to and in accordance with the Act.

(b) Pursuant to IC 14-33, the District hereby designates any rates and charges collected pursuant to the Rate Resolution 2011-02-1 and any exceptional benefits assessments assessed and collected pursuant to the Act as Net Revenues of the sewage works and such rates and charges and exceptional benefits may be pledged by the District to the payment of the bonds authorized in this resolution. Special benefits assessments shall not be included in the definition of Net Revenue and are not pledged to the payment of bonds authorized in this resolution.

Section 2. Issuance of BANs and Bonds. (a) The District shall issue, if necessary, its BANs, in one or more series, for the purpose of procuring interim financing to apply on the cost of said Project. The District may issue its BANs in an aggregate amount not to exceed Two Million Five Hundred Thousand Dollars (\$2,500,000), provided, however, that such aggregate amount may not exceed the cost of the Project, to be designated "Sewage Works Bond Anticipation Notes, Series \_\_\_\_\_," to be completed with the appropriate series designation. Said BANs shall be sold at not less than 99% of their par value, shall be numbered consecutively from 1 upward, shall be in any multiple of One Dollar (\$1) as stated in the purchase agreement for said BANs, shall be dated as of the date of delivery thereof, and shall bear interest at a rate not to

exceed Six Percent (6.00%) per annum (the exact rate or rates to be determined through negotiations with the purchase of the BANs). Interest on the BANs shall be payable at maturity or upon redemption. The BANs will mature no later than four (4) years after their date of delivery. The BANs may have principal payable at maturity or annually on January 1, of each year ending no later than four (4) years after their date of delivery. The BANs are subject to renewal or extension at an interest rate or rates not to exceed Six Percent (6.00%) per annum or at a price not less than 100% of their par value if sold to the Authority (the exact rate or rates to be determined through negotiations with the purchaser of the BANs). The term of the BANs and all renewal BANs may not exceed four (4) years from the date of delivery of the initial BANs. The BANs shall be registered in the name of the purchasers thereof. Notwithstanding anything in this resolution to the contrary, any series of BANs issued hereunder, may bear interest that is taxable and included in the gross income of the owners thereof. If any such BANs are issued on a taxable basis, the designated name shall include the term "Taxable" as the first word in the designated name.

The BANs shall be issued pursuant to IC 5-1.5-8-6.1 if sold to the Indiana Bond Bank, pursuant to IC 4-4-11 and IC 13-18-13 if sold to the Authority or pursuant to IC 5-1-14-5 if sold to a financial institution or any other purchaser. The District shall pledge to the payment of the principal of and interest on the BANs the proceeds from the issuance of revenue bonds pursuant to and in the manner prescribed by the Act. The revenue bonds will be payable solely out of and constitute a first charge against the Net Revenues (herein defined as gross revenues after deduction only for the payment of the reasonable expenses of operation, repair and maintenance) of the sewage works of the District. The Net Revenues are hereby pledged to the payment of the bonds pursuant to the Act and IC 5-1-14-4.

(b) The District is hereby authorized to issue its sewage works revenue bonds in one or more series (“Bonds”), in the aggregate principal amount not to exceed Two Million Five Hundred Thousand Dollars (\$2,500,000), provided, however, that such aggregate amount may not exceed the cost of the Project, to be designated “Sewage Works Revenue Bonds of 20\_\_,” to be completed with the year in which the Bonds are issued and the appropriate series designation, if any, for the purpose of procuring funds to apply on the cost of said Project, refunding the BANs, if issued, and issuance costs. The Bonds shall be issued and sold at a price not less than 100% of the par value thereof if sold to the Authority and not less than 97% of the par value thereof if sold to another purchaser. The Bonds shall be issued in fully registered form in denominations of \$1 or integral multiples thereof if sold to the Authority, or in denominations of \$1,000 or integral multiples thereof if sold to another purchaser, numbered consecutively from 1 up, originally dated as of the first day of the month in which they are sold or delivered, or the date of delivery, to be determined by the Secretary, with the advice of the District’s financial advisor, provided, however, that the Bonds shall be dated the date of delivery if sold to the Authority. The Bonds shall bear interest at a rate or rates not exceeding Six Percent (6.00%) per annum (the exact rate or rates to be determined by bidding or through negotiation). Interest is payable semiannually on January 1 and July 1, in each year, commencing on the first January 1 or the first July 1 following the delivery of the Bonds as determined by the Secretary, with the advice of the District’s financial advisor. Principal shall be payable in lawful money of the United States of America, and such Bonds shall mature annually on January 1, or be subject to mandatory sinking fund redemption on January 1, over a period ending no later than twenty years after substantial completion on the Project (as determined under the Financial Assistance Agreement for any Bonds sold to the Authority) and in such amounts that either will (i) produce

as level annual debt service as practicable or, if the Bonds are sold to the Authority, (ii) allow the District to meet the coverage requirements of the Authority. If the Bonds are sold to the Authority, such debt service schedule shall be finalized and set forth in the Financial Assistance Agreement. Each series of Bonds shall rank on a parity with the other with respect to the pledge of Net Revenues under this resolution.

All or a portion of the Bonds may be issued as one or more term bonds, upon election of the purchaser. Such term bonds shall have a stated maturity or maturities on January 1 on the dates as determined by the purchaser but no later than the final serial maturity of the Bonds as established in accordance with the above paragraph. The term bonds shall be subject to mandatory sinking fund redemption and final payment(s) at maturity at 100% of the principal amount thereof, plus accrued interest to the redemption date, on dates which correspond to the principal payment dates hereinafter set in accordance with the above paragraph.

Interest on the Bonds and BANs shall be calculated according to a 360-day calendar year containing twelve 30-day months.

Notwithstanding anything contained herein, the District may accept any other forms of financial assistance, as and if available, from the SRF Program (including without limitation any forgivable loans, grants or other assistance whether available as an alternative to any Bond or BAN related provision otherwise provided for herein or as a supplement or addition thereto). If required by the SRF Program to be eligible for such financial assistance, one or more of the series of the Bonds issued hereunder may be issued on a basis such that the payment of the principal of or interest on such series of Bonds is junior and subordinate to the payment of the principal of and interest on other series of Bonds issued hereunder (and/or any other revenue bonds secured by a pledge of Net Revenues, whether now outstanding or hereafter issued), all as

provided by the terms of such series of Bonds as modified pursuant to this authorization. Such financial assistance, if any, shall be as provided in the Financial Assistance Agreement and the Bonds of each series of Bonds issued hereunder (including any modification made pursuant to the authorization in this paragraph to the form of the Bond otherwise contained herein).

(c) The Chairman and Secretary are hereby authorized to select and appoint a qualified financial institution to serve as Registrar and Paying Agent for the Bonds (“Registrar” or “Paying Agent”). The Registrar is hereby charged with the responsibility of authenticating the Bonds. The Secretary is hereby authorized to enter into such agreements or understandings with the Registrar as will enable the institution to perform the services required of a registrar and paying agent. The Secretary is further authorized to pay such fees as the Registrar may charge for the services it provides as Registrar and Paying Agent and such fees may be paid from the Sewage Works Sinking Fund established to pay the principal of and interest on the Bonds and fiscal agency charges.

(d) As to the BANs and as to the Bonds, if sold to the SRF Program, or any other purchaser that does not object to such designation, the Secretary may serve as Registrar and Paying Agent and is hereby charged with the duties of a Registrar and Paying Agent.

(e) For any Bonds or BANs which are sold to the Authority, the principal of and interest thereon shall be paid by wire transfer to such financial institution if and as directed by the Authority on the due date of such payment or, if such due date is a day when financial institutions are not open for business, on the business day immediately after such due date. So long as the Authority is the owner of said Bonds or BANs, such Bonds and BANs shall be presented for payment as directed by the Authority.



For any Bonds or BANs not sold to the Authority or if wire transfer payment is not required, the principal of the Bonds and BANs shall be payable at the principal office of the Paying Agent and all payments of interest on the Bonds and BANs shall be paid by check, mailed one business day prior to the interest payment date to the registered owners thereof as the names appear as of the fifteenth day of the month preceding the interest payment date (“Record Date”) and at the addresses as they appear on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by such registered owner on or before such Record Date. If payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall be instructed to wire transfer payments by 1:00 p.m. (New York City time) so such payments are received at the depository by 2:30 p.m. (New York City time). All payments on the BANs and Bonds shall be made in any coin or currency of the United States of America, which on the date of such payment, shall be legal tender for the payment of public and private debts.

(f) Each Bond and BAN shall be transferable or exchangeable only upon the books of the District kept for that purpose at the principal corporate trust office of the Registrar by the registered owner in person, or by its attorney duly authorized in writing, upon surrender of such Bond or BAN together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner, or its attorney duly authorized in writing, and thereupon a new fully registered Bond, Bonds or BANs, as the case may be, in the same aggregate principal amount and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange

therefor. The costs of such transfer or exchange shall be borne by the District. The District and the Registrar and Paying Agent for the Bonds and BANs may treat and consider the person in whose name such Bonds are registered as the absolute owner thereof for all purposes including for the purpose of receiving payment of, or on account of, the principal thereof and interest due thereon.

The Registrar and Paying Agent may at any time resign as Registrar and Paying Agent upon giving 30 days' notice in writing to the District and by first class mail to each registered owner of the Bonds or BANs then outstanding, and such resignation will take effect at the end of such 30 day period or upon the earlier appointment of a successor registrar and paying agent by the District. Any such notice to the District may be served personally or sent by registered mail. The Registrar and Paying Agent may be removed at any time as Registrar and Paying Agent by the District, in which event the District may appoint a successor registrar and paying agent. The District shall notify each registered owner of the Bonds and BANs then outstanding by first class mail of the removal of the Registrar and Paying Agent. Notices to the registered owners of the Bonds and BANs shall be deemed to be given when mailed by first class mail to the addresses of such registered owners as they appear on the registration books kept by the Registrar.

Upon the appointment of any successor registrar and paying agent by the District, the Secretary is authorized and directed to enter into such agreements and understandings with such successor registrar and paying agent as will enable the institution to perform the services required of a registrar and paying agent for the Bonds and BANs. The Secretary is further authorized to pay such fees as the successor registrar and paying agent may charge for the services it provides as registrar and paying agent and such fees may be paid from the Sewage Works Sinking Fund continued in Section 11 hereof.

Any predecessor registrar and paying agent shall deliver all of the Bonds or BANs and any cash or investments in its possession with respect thereto, together with the registration books, to the successor registrar and paying agent.

(g) Interest on any Bonds sold to the Authority shall be paid from the date or dates which are set forth in the Financial Assistance Agreement. Interest on all other Bonds which are authenticated on or before the Record Date which precedes the first interest payment date shall be paid from their original date. Interest on Bonds authenticated subsequent to the Record Date which precedes the first interest payment date thereon shall be paid from the interest payment date to which interest has been paid as of the date on which such Bonds are authenticated, unless a Bond is authenticated between the Record Date and the interest payment date in which case the interest shall be paid from such interest payment date.

(h) The District has determined that it may be beneficial to the District to have the Bonds held by a central depository system pursuant to an agreement between the District and The Depository Trust Company, New York, New York (“Depository Trust Company”) and have transfers of the Bonds effected by book-entry on the books of the central depository system (“Book Entry System”). The Bonds may be initially issued in the form of a separate single authenticated fully registered Bond for the aggregate principal amount of each separate maturity of the Bonds. In such case, upon initial issuance, the ownership of such Bonds shall be registered in the register kept by the Registrar in the name of CEDE & CO., as nominee of the Depository Trust Company.

With respect to the Bonds registered in the register kept by the Registrar in the name of CEDE & CO., as nominee of the Depository Trust Company, the District and the Paying Agent shall have no responsibility or obligation to any other holders or owners (including any beneficial

owner (“Beneficial Owner”)) of the Bonds with respect to (i) the accuracy of the records of the Depository Trust Company, CEDE & CO., or any Beneficial Owner with respect to ownership questions, (ii) the delivery to any bondholder (including any Beneficial Owner) or any other person, other than the Depository Trust Company, of any notice with respect to the Bonds including any notice of redemption, or (iii) the payment to any bondholder (including any Beneficial Owner) or any other person, other than the Depository Trust Company, of any amount with respect to the principal of, or premium, if any, or interest on the Bonds except as otherwise provided herein.

No person other than the Depository Trust Company shall receive an authenticated Bond evidencing an obligation of the District to make payments of the principal of and premium, if any, and interest on the Bonds pursuant to this resolution. The District and the Registrar and Paying Agent may treat as and deem the Depository Trust Company or CEDE & CO. to be the absolute bondholder of each of the Bonds for the purpose of (i) payment of the principal of and premium, if any, and interest on such Bonds; (ii) giving notices of redemption and other notices permitted to be given to bondholders with respect to such Bonds; (iii) registering transfers with respect to such Bonds; (iv) obtaining any consent or other action required or permitted to be taken of or by bondholders; (v) voting; and (vi) for all other purposes whatsoever. The Paying Agent shall pay all principal of and premium, if any, and interest on the Bonds only to or upon the order of the Depository Trust Company, and all such payments shall be valid and effective fully to satisfy and discharge the District’s and the Paying Agent’s obligations with respect to principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. Upon delivery by the Depository Trust Company to the District of written notice to the effect that the Depository Trust Company has determined to substitute a new nominee in place of

CEDE & CO., and subject to the provisions herein with respect to consents, the words “CEDE & CO.” in this resolution shall refer to such new nominee of the Depository Trust Company. Notwithstanding any other provision hereof to the contrary, so long as any Bond is registered in the name of CEDE & CO., as nominee of the Depository Trust Company, all payments with respect to the principal of and premium, if any, and interest on such Bonds and all notices with respect to such Bonds shall be made and given, respectively, to the Depository Trust Company as provided in a representation letter from the District to the Depository Trust Company.

Upon receipt by the District of written notice from the Depository Trust Company to the effect that the Depository Trust Company is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of the Depository Trust Company hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, then the Bonds shall no longer be restricted to being registered in the register of the District kept by the Registrar in the name of CEDE & CO., as nominee of the Depository Trust Company, but may be registered in whatever name or names the bondholders transferring or exchanging the Bonds shall designate, in accordance with the provisions of this resolution.

If the District determines that it is in the best interest of the bondholders that they be able to obtain certificates for the fully registered Bonds, the District may notify the Depository Trust Company and the Registrar, whereupon the Depository Trust Company will notify the Beneficial Owners of the availability through the Depository Trust Company of certificates for the Bonds. In such event, the Registrar shall prepare, authenticate, transfer and exchange certificates for the Bonds as requested by the Depository Trust Company and any Beneficial Owners in appropriate amounts, and whenever the Depository Trust Company requests the District and the Registrar to

do so, the Registrar and the District will cooperate with the Depository Trust Company by taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the fully registered Bonds of any Beneficial Owner's Depository Trust Company account or (ii) to arrange for another securities depository to maintain custody of certificates for and evidencing the Bonds.

If the Bonds shall no longer be restricted to being registered in the name of the Depository Trust Company, the Registrar shall cause said Bonds to be printed in blank in such number as the Registrar shall determine to be necessary or customary; provided, however, that the Registrar shall not be required to have such Bonds printed until it shall have received from the District indemnification for all costs and expenses associated with such printing.

In connection with any notice or other communication to be provided to bondholders by the District or the Registrar with respect to any consent or other action to be taken by bondholders, the District or the Registrar, as the case may be, shall establish a record date for such consent or other action and give the Depository Trust Company notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

So long as said Bonds are registered in the name of the Depository Trust Company or CEDE & CO. or any substitute nominee, the District and the Registrar and Paying Agent shall be entitled to request and to rely upon a certificate or other written representation from the Beneficial Owners of the Bonds or from the Depository Trust Company on behalf of such Beneficial Owners stating the amount of their respective beneficial ownership interests in the Bonds and setting forth the consent, advice, direction, demand or vote of the Beneficial Owners as of a record date selected by the Registrar and the Depository Trust Company, to the same extent as if such consent, advice, direction, demand or vote were made by the bondholders for purposes of this resolution and the

District and the Registrar and Paying Agent shall for such purposes treat the Beneficial Owners as the bondholders. Along with any such certificate or representation, the Registrar may request the Depository Trust Company to deliver, or cause to be delivered, to the Registrar a list of all Beneficial Owners of the Bonds, together with the dollar amount of each Beneficial Owner's interest in the Bonds and the current addresses of such Beneficial Owners.

Section 3. Redemption of BANs and Bonds. (a) The BANs are prepayable by the District, in whole or in part, on any date, upon 7 days' notice to the owner of the BANs, without any premium.

(b) The Bonds of this issue are redeemable at the option of the District, but no sooner than ten (10) years after their date of delivery, or any date thereafter, on sixty (60) days' notice, if sold to the Authority, and on thirty (30) days' notice if sold to another purchaser, in whole or in part, in inverse order of maturity if sold to the Authority, or in the order of maturity as determined by the District if sold to any other purchaser, and by lot within a maturity, at face value, together with a premium no greater than 2.0%, plus accrued interest to the date of redemption. The exact redemption features shall be established by the Secretary, with the advice of the District's financial advisor, prior to the sale of the Bonds.

If any Bond is issued as a term bond, the Paying Agent shall credit against the mandatory sinking fund requirement for the Bonds maturing as term bonds, and corresponding mandatory redemption obligation, in the order determined by the District, any Bonds maturing as term bonds which have previously been redeemed (otherwise than as a result of a previous mandatory redemption requirement) or delivered to the Registrar for cancellation or purchased for cancellation by the Paying Agent and not theretofore applied as a credit against any redemption obligation. Each Bond maturing as a term bond so delivered or canceled shall be credited by the

Paying Agent at 100% of the principal amount thereof against the mandatory sinking fund obligation on such mandatory sinking fund date, and any excess of such amount shall be credited on future redemption obligations, and the principal amount of the Bonds to be redeemed by operation of the mandatory sinking fund requirement shall be accordingly reduced; provided, however, the Paying Agent shall credit only such Bonds maturing as term bonds to the extent received on or before forty-five (45) days preceding the applicable mandatory redemption date.

Each authorized denomination principal amount shall be considered a separate bond for purposes of optional and mandatory redemption. If less than an entire maturity is called for redemption at one time, the Bonds to be called shall be selected by lot within a maturity by the Registrar. If some Bonds are to be redeemed by optional redemption and mandatory sinking fund redemption on the same date, the Registrar shall select by lot the Bonds for optional redemption before selecting the Bonds by lot for the mandatory sinking fund redemption.

(c) In either case, notice of such redemption shall be given not less than sixty (60) days, if the Bonds are sold to the Authority, and thirty (30) days, if the Bonds are sold to another purchaser, prior to the date fixed for redemption by mail unless the notice is waived by the registered owner of a Bond to be redeemed. Such notice shall be mailed to the address of the registered owners as shown on the registration records of the District as of the date which is sixty-five (65) days, if the Bonds are sold to the Authority, and forty-five (45) days, if the Bonds are sold to another purchaser, prior to such redemption date. The notice shall specify the date and place of redemption and sufficient identification of the Bonds called for redemption. The place of redemption may be determined by the District. Interest on the Bonds so called for redemption shall cease on the redemption date fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price on the date so named.



Coincidentally with the payment of the redemption price, the Bonds so called for redemption shall be surrendered for cancellation.

Section 4. Execution of Bonds and BANs; Pledge of Net Revenues to Bonds; Negotiability. Each of the BANs and Bonds shall be executed in the name of the District by the manual or facsimile signature of the Chairman, attested by the manual or facsimile signature of its Secretary who shall affix the seal of the District, if any, to each of the Bonds and BANs manually or shall have the seal imprinted or impressed thereon, by facsimile. These officials, by the execution of a Signature and No Litigation Certificate, shall adopt as and for their own proper signatures their facsimile signatures appearing on the Bonds. In case any officer whose signature or facsimile signature appears on the Bonds shall cease to be such officer before the delivery of the Bonds, the signature of such officer shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

The Bonds shall have all of the qualities and incidents of negotiable instruments under the laws of the State of Indiana, subject to the provisions for registration herein.

The Bonds shall also be authenticated by the manual signature of the Registrar and no Bond shall be valid or become obligatory for any purpose until the certificate of authentication thereon has been so executed.

The Bonds and any bonds ranking on a parity therewith, as to both principal and interest, shall be payable from and secured by an irrevocable pledge of and shall constitute a first charge upon the Net Revenues of the sewage works of the District. The District shall not be obligated to pay said Bonds or the interest thereon except from the Net Revenues of said sewage works, and said Bonds shall not constitute an indebtedness of the District within the meaning of the provisions and limitations of the constitution of the State of Indiana.

Section 5. Form of Bonds. The form and tenor of the Bonds shall be substantially as follows, all blanks to be filled in properly and all necessary additions and deletions to be made prior to delivery:

[Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the South-West Lake Maxinkuckee Conservancy District or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]

UNITED STATES OF AMERICA

STATE OF INDIANA

COUNTY OF MARSHALL

SOUTH-WEST LAKE MAXINKUCKEE CONSERVANCY DISTRICT  
SEWAGE WORKS REVENUE BOND OF 20\_\_[, SERIES \_\_]

<u>Interest</u> <u>Rate</u>	<u>[Maturity</u> <u>Date]</u>	<u>Original</u> <u>Date</u>	<u>Authentication</u> <u>Date</u>	CUSIP
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REGISTERED OWNER:

PRINCIPAL SUM:

The South-West Lake Maxinkuckee Conservancy District (the “District”), in Marshall County, State of Indiana, for value received, hereby promises to pay to the Registered Owner (name above) or registered assigns, the Principal Sum set forth above[, or so much thereof as may be advanced from time to time and be outstanding as evidenced by the records of the registered owner making payment for this Bond, or its assigns] on [the Maturity Date set forth above] or [January 1 on the dates and in the amounts as set forth on Exhibit A hereto] (unless this Bond be subject to and shall have been duly called for redemption and payment as provided for herein), and to pay interest hereon until the Principal Sum shall be

fully paid at the rate per annum specified above from [the dates of payment made on this Bond] or [the interest payment date to which interest has been paid next preceding the Authentication Date of this Bond unless this Bond is authenticated after the fifteenth day of the month preceding an interest payment date and on or before such interest payment in which case it shall bear interest from such interest payment date, or unless this Bond is authenticated on or before \_\_\_\_\_ 15, \_\_\_\_\_, in which case it shall bear interest from the Original Date,] which interest is payable semiannually on the first days of January and July of each year, beginning on \_\_\_\_\_ 1, \_\_\_\_\_. Interest shall be calculated according to a 360-day calendar year containing twelve 30-day months.

The principal of this bond is payable at the principal office of \_\_\_\_\_ (the "Registrar" or "Paying Agent"), in the \_\_\_\_\_ of \_\_\_\_\_, Indiana. All payments of [principal of and] interest on this Bond shall be paid by [check, mailed one business day prior to the interest payment date] or [wire transfer for deposit to a financial institution as directed by the Indiana Finance Authority ("Authority") on the due date or, if such due date is a day when financial institutions are not open for business, on the business day immediately after such due date] to the registered owner hereof as of the fifteenth day of the month preceding such payment date at the address as it appears on the registration books kept by [\_\_\_\_\_ (the "Registrar" or "Paying Agent") in the \_\_\_\_\_ of \_\_\_\_\_, Indiana] or [the Registrar] or at such other address as is provided to the Paying Agent in writing by the registered owner. [If payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall wire transfer payments by 1:00 p.m. (New York City time) so such payments are received at the depository by 2:30 p.m. (New York City time).] All payments on the Bond shall be made in any coin or currency of the United States of America, which on the dates of such payment, shall be legal tender for the payment of public and private debts.

This Bond is [the only] one of an authorized issue of bonds of the South-West Lake Maxinkuckee Conservancy District, [to be] [issued in series,] [of like date, tenor and effect, except as to numbering, rates of interest and dates of maturity,] in the total principal amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) (the "Bonds") [for this series], numbered consecutively from 1 up; issued for the purpose of providing funds to be applied on the cost of establishment of the District, purchase of treatment capacity from the Town of Culver, cost of the District's sewage works and to pay incidental expenses, including but not limited to engineering, legal and financial advisory fees, as authorized by a Resolution adopted by the Board of Directors of the South-West Lake Maxinkuckee Conservancy District on the 4th day of June, 2011, entitled "A Resolution concerning the establishment of the South-West Lake Maxinkuckee Conservancy District, purchase of treatment capacity from the Town of Culver, the

construction by the South-West Lake Maxinkuckee Conservancy District of a sewage works, the issuance of revenue bonds to provide the cost thereof, the collection, segregation and distribution of the revenues of the sewage works, the safeguarding of the interests of the owners of said revenue bonds, other matters connected therewith, including the issuance of bond anticipation notes, and repealing resolutions inconsistent herewith” (the “Resolution”), and in strict compliance with the provisions of IC 14-33, as in effect on the date of delivery of the Bonds (the “Act”).

[Reference is hereby made to the Financial Assistance Agreement (“Financial Assistance Agreement”) between the District and the Authority concerning certain terms and covenants pertaining to the Project and the purchase of this Bond as part of the wastewater loan program established and existing pursuant to IC 4-4-11 and IC 13-18-13.]

Pursuant to the provisions of the Act and the Resolution, the principal of and interest on this Bond and all other Bonds of said issue, and any bonds hereafter issued on a parity therewith are payable solely from the Sewage Works Sinking Fund created by the Resolution (the “Sinking Fund”) to be provided from the Net Revenues (defined as the gross revenues after deduction only for the payment of the reasonable expenses of operation, repair and maintenance) of the sewage works of the District.

The District irrevocably pledges the entire Net Revenues of the sewage works to the prompt payment of the principal of and interest on the bonds authorized by the Resolution, of which this is one, and any bonds ranking on a parity therewith to the extent necessary for that purpose, and covenants that it will cause to be fixed, maintained and collected such rates and charges for services rendered by said sewage works as are sufficient in each year for the payment of the proper and reasonable expenses of [Operation and Maintenance (as defined in the Financial Assistance Agreement)] [operation, repair and maintenance] of the sewage works and for the payment of the sums required to be paid into the Sinking Fund under the provisions of the Act and the Resolution. If the District or the proper officers thereof shall fail or refuse to so fix, maintain and collect such rates or charges, or if there be a default in the payment of the interest on or principal of this bond, the owner of this Bond shall have all of the rights and remedies provided for under the Act, including the right to have a receiver appointed to administer the works and to charge and collect rates sufficient to provide for the payment of this Bond and the interest thereon.

The District further covenants that it will set aside and pay into its Sinking Fund monthly, as available, or more often if necessary, a sufficient amount of the Net Revenues of the sewage works for payment of (a) the interest on all Bonds which by their terms are payable from the revenues of the sewage works, as such interest shall fall due, (b) the necessary fiscal agency charges for paying Bonds and interest, (c) the principal of all bonds which by their terms are payable from

the revenues of the sewage works, as such principal shall fall due, and (d) an additional amount as a margin of safety to [create and] maintain the debt service reserve required by the Resolution. Such required payments shall constitute a first charge upon all the Net Revenues of the sewage works.

The Bonds of this issue maturing on and after \_\_\_\_\_ 1, 20\_\_, are redeemable at the option of the District on \_\_\_\_\_, 20\_\_, and on any date thereafter, on [sixty (60)] [thirty (30)] days' notice, in whole or in part, in the order of maturity determined by the District and by lot within a maturity, at face value, together with the following premiums:

\_\_\_\_\_ % if redeemed on \_\_\_\_\_, 20\_\_,  
or thereafter on or before \_\_\_\_\_, 20\_\_;  
\_\_\_\_\_ % if redeemed on \_\_\_\_\_, 20\_\_,  
or thereafter on or before \_\_\_\_\_, 20\_\_;  
\_\_\_\_\_ % if redeemed on \_\_\_\_\_, 20\_\_,  
or thereafter prior to maturity;

plus in each case accrued interest to the date fixed for redemption.

[The Bonds maturing on \_\_\_\_\_ 1, 20\_\_ are subject to mandatory sinking fund redemption prior to maturity, at a redemption price equal to the principal amount thereof plus accrued interest, on January 1 in the years and amounts set forth below:

<u>Year</u>	<u>Amount</u>
*	

\*Final Maturity]

If less than an entire maturity is called for redemption, the Bonds to be redeemed shall be selected by lot by the Registrar. [If some Bonds are to be redeemed by optional redemption and mandatory sinking fund redemption on the same date, the Registrar shall select by lot the Bonds for optional redemption before selecting the bonds by lot for the mandatory sinking fund redemption.]

Notice of such redemption shall be mailed to the address of the registered owner as shown on the registration records of the District as of the date which is [sixty-five (65)] [forty-five (45)] days prior to such redemption date not less than [sixty (60)] [thirty (30)] days prior to the date fixed for redemption unless the notice is waived by the registered owner of this Bond. The notice shall specify the date and place of redemption and sufficient identification of the Bonds called for redemption. The place of redemption may be determined by the District. Interest on the Bonds so called for redemption shall cease on the redemption date

fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price on the date so named.

If this Bond shall not be presented for payment or redemption on the date fixed therefor, the District may deposit in trust with its depository bank, an amount sufficient to pay such Bond or the redemption price, as the case may be, and thereafter the registered owner shall look only to the funds so deposited in trust with said bank for payment and the District shall have no further obligation or liability in respect thereto.

This Bond is transferable or exchangeable only upon the books of the District kept for that purpose at the principal corporate trust office of the Registrar by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this Bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner, or his attorney duly authorized in writing, and thereupon a new fully registered Bond or Bonds in an authorized aggregate principal amount and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or to the registered owner, as the case may be, in exchange therefor. The District, the Registrar, the Paying Agent and any other registrar or paying agent for this Bond may treat and consider the person in whose name this Bond is registered as the absolute owner hereof for all purposes including for the purpose of receiving payment of, or on account of, the principal hereof and interest due hereon.

This Bond is subject to defeasance prior to redemption or payment as provided in the Resolution referred to herein. THE OWNER OF THIS BOND, BY THE ACCEPTANCE HEREOF, HEREBY AGREES TO ALL THE TERMS AND PROVISIONS CONTAINED IN THE RESOLUTION. The Resolution may be amended without the consent of the owners of the Bonds as provided in the Resolution.

The District has designated the bonds as qualified tax-exempt obligations to qualify the bonds for the \$10,000,000 exception from the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, relating to the disallowance of 100% of the deduction for interest expense allocable to tax-exempt obligations.

The Bonds maturing in anyone year are issuable only in fully registered form in the denomination of [\$1] [\$1,000] or any integral multiple thereof not exceeding the aggregate principal amount of the Bonds maturing in such year.

[The Bonds shall be initially issued in a Book Entry System (as defined in the Resolution). The provisions of this Bond and of the Resolution are subject in all respects to the provisions of the Letter of Representations between the District and DTC, or any substitute agreement, effecting such Book Entry System.]

THE DISTRICT SHALL NOT BE OBLIGATED TO PAY THIS BOND OR THE INTEREST HEREON EXCEPT FROM THE SPECIAL FUND PROVIDED FROM THE DEFINED NET REVENUES OF THE DISTRICT, AND NEITHER THIS BOND NOR THE ISSUE OF WHICH IT IS APART SHALL IN ANY RESPECT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT WITHIN THE PROVISIONS AND LIMITATIONS OF THE CONSTITUTION OF THE STATE OF INDIANA.

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the execution, issuance and delivery of this Bond have been done and performed in regular and due form as provided by law.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been executed by an authorized representative of the Registrar.

IN WITNESS WHEREOF, the South-West Lake Maxinkuckee Conservancy District, in Marshall County, Indiana, has caused this Bond to be executed in its corporate name by the manual or facsimile signature of the Chairman or Vice Chairman of the Board of Directors, [its corporate seal to be hereunto affixed, imprinted or impressed by any means] and attested manually or by facsimile by its Secretary.

SOUTH-WEST LAKE MAXINKUCKEE  
CONSERVANCY DISTRICT

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

[SEAL]

Attest:

\_\_\_\_\_  
Secretary

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

It is hereby certified that this Bond is one of the Bonds described in the Resolution.

\_\_\_\_\_  
as Registrar

By: \_\_\_\_\_  
Authorized Representative

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ this Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, Attorney, to transfer the within bond in the books kept for the registration thereof with full power of substitution in the premises.

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

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program.

\_\_\_\_\_  
NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.



Section 6. Authorization for Preparation, Sale and Award of the BANS and Bonds.

The Secretary is hereby authorized and directed to have the BANS and Bonds prepared, and the Chairman or Vice Chairman and the Secretary are hereby authorized and directed to execute and attest the BANS and Bonds in the form and manner provided herein. The Financial Clerk is hereby authorized and directed to deliver the BANS and Bonds to the respective purchasers thereof after sale made in accordance with the provisions of this resolution, provided that at the time of said delivery the Financial Clerk shall collect the full amount which the respective purchasers have agreed to pay therefor, which shall not be less than 99% of the par value of the BANS, or not less than the par value of the Bonds if sold to the Authority, and not less than 97% of the par value of said Bonds if sold to another purchaser, as the case may be, plus accrued interest, if any, to the date of delivery. The District may receive payment for the Bonds and BANS in installments. The Bonds herein authorized, as and to the extent paid for and delivered to the purchasers, shall be the binding special revenue obligations of the District, payable out of the Net Revenues of the District's sewage works to be set aside into the Sewage Works Sinking Fund as herein provided. The proceeds derived from the sale of the Bonds shall be and are hereby set aside for application on the cost of the Project hereinbefore referred to, the refunding of the BANS, if issued, and the expenses necessarily incurred in connection with the BANS and Bonds. The proper officers of the District are hereby directed to draw all proper and necessary warrants, and to do whatever acts and things which may be necessary to carry out the provisions of this resolution.

Section 7. Bond Sale. If any series of Bonds will be sold at a competitive bond sale, the Financial Clerk shall cause to be published either (i) a notice of bond sale in a newspaper published in Marshall County, Indiana, two times, at least one week apart, the first publication

made at least fifteen (15) days before the date of the sale and the second publication being made at least three (3) days before the date of the sale or (ii) a notice of intent to sell bonds in a newspaper published in Marshall County, Indiana and the *Court and Commercial Record*, all in accordance with IC 5-1-11 and IC 5-3-1. A notice of sale may also be published in the *Court and Commercial Record* and a notice of summary notice may also be published in *The Bond Buyer* in New York, New York. The notice shall state the character and amount of the Bonds, the maximum rates of interest thereon, the terms and conditions upon which bids will be received and the sale made, and such other information as the Financial Clerk and the attorneys employed by the District shall deem advisable, and any summary notice may contain any information deemed so advisable. The notice may provide, among other things, that the successful bidder shall be required to submit a certified or cashier's check or a financial surety bond to guarantee performance on the part of the bidder. If a financial surety bond is used, it must be from an insurance company licensed to issue such bond in the State of Indiana, and such bond must be submitted to the District prior to the opening of the bids. The financial surety bond must identify each bidder whose good faith deposit is guaranteed by such financial surety bonds. If the Bonds are awarded to a bidder utilizing a financial surety bond, then that purchaser is required to submit to the District a certified or cashier's check (or wire transfer such amount as instructed by the District) not later than 3:30 p.m. (Marshall County Time) on the next business day following the award. If such good faith deposit is not received by that time, the financial surety bond shall be drawn by the District to satisfy the good faith deposit required. In the event the successful bidder shall fail or refuse to accept delivery of the Bonds and pay for the same as soon as the Bonds are ready for delivery, or at the time fixed in the notice of sale, then said check and the proceeds thereof shall be the property of the District and shall be considered as its liquidated damages on

account of such default. Said notice may also provide that bidders for said Bonds will be required to name the rate or rates of interest which the Bonds are to bear, not exceeding the maximum rate hereinbefore fixed, and that such interest rate or rates shall be in multiples of one-eighth ( $1/8$ ) or one-twentieth ( $1/20$ ) of one percent (1%). The rate bid on a maturity shall be equal to or greater than the rate bid on the immediately preceding maturity. No conditional bids or bids for less than 97% of the par value of the Bonds will be considered. The opinion of Krieg DeVault LLP, bond counsel of Indianapolis, Indiana, approving the legality of said Bonds will be furnished to the purchaser at the expense of the District.

The Bonds shall be awarded by the Financial Clerk to the best bidder who has submitted its bid in accordance with the terms of this resolution, IC 5-1-11 and the notice of sale. The best bidder will be the one who offers the lowest net interest cost to the District to be determined by computing the total interest on all of the Bonds to their maturities, adding thereto the discount bid, if any, and deducting therefrom the premium bid, if any. The right to reject any and all bids is hereby reserved. If an acceptable bid is not received on the date of sale, the sale may be continued from day to day thereafter without further advertisement for a period of thirty (30) days, during which time no bid which provides a higher net interest cost to the District than the best bid received at the time of the advertised sale will be considered.

As an alternative to public sale, the Financial Clerk may negotiate the sale of any series of Bonds to the Authority or any other purchaser. The Chairman or Vice Chairman and the Financial Clerk are hereby authorized to (i) submit an application to the Authority, (ii) execute one or more Financial Assistance Agreements with the Authority with terms conforming to this resolution, and (iii) sell such Bonds upon such terms as are acceptable to the Chairman or Vice Chairman and the Financial Clerk consistent with the terms of this resolution. The substantially

final form of Financial Assistance Agreement attached hereto as Exhibit B, and incorporated herein by reference is hereby approved by the Board of Directors and the Chairman or Vice Chairman and Financial Clerk are hereby authorized to execute and deliver the same, and to approve any changes in form or substance to the Financial Assistance Agreement, which are consistent with the terms of this resolution, such changes to be conclusively evidenced by its execution.

Section. 8. Use of Proceeds. Any accrued interest received at the time of the delivery of the Bonds or BANs shall be deposited in the Sewage Works Sinking Fund (“Sinking Fund”) and credited to the Bond and Interest Account. The remaining proceeds from the sale of the Bonds, to the extent not used to refund BANs, and BAN proceeds shall be deposited in a bank or banks which are legally designated depositories for the funds of the District, in a special account or accounts designated as “South-West Lake Maxinkuckee Conservancy District Sewage Works Construction Account” (“Construction Account”). All funds deposited to the credit of said Sinking Fund or Construction Account shall be deposited, held, secured or invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds, including particularly IC 5-13, as amended and supplemented and as applicable pursuant to IC 4-4-11 and IC 13-18-13. The funds in the Construction Account shall be expended only for the purpose of paying the cost of the Project, refunding the BANs, if issued, or as otherwise required by the Act or for the expenses of issuance of the Bonds or BANs. The cost of obtaining the legal services of Krieg DeVault LLP, and Taft Stettinius & Hollister LLP and the financial advisory services of O.W. Krohn & Associates, LLP shall be considered as an incidental cost of the Project on account of which the BANs and Bonds are issued.

Any balance or balances remaining unexpended in such special account or accounts after completion of the Project, which are not required to meet unpaid obligations incurred in connection with such Project, shall either (1) be paid into the Sinking Fund and used solely for the purposes of said Sinking Fund or (2) be used for the same purpose or type of project for which the Bonds were originally issued, all in accordance with IC 5-1-13, as amended and supplemented.

With respect to any Bonds sold to the Authority, to the extent that (a) the total principal amount of the Bonds is not paid by the purchaser or drawn down by the District or (b) proceeds remain in the Construction Account and are not applied to the Project (or any modifications or additions thereto approved by the Department and the Authority), the District shall reduce the principal amount of the Bond maturities to effect such reduction in a manner that will still achieve the annual debt service as described in Section 2 subject to and upon the terms set forth in the Financial Assistance Agreement.

Section. 9. Revenue Fund. All revenues derived from the operation of the sewage works and from the collection of sewer rates and charges shall be deposited in the Sewage Works Revenue Fund (“Revenue Fund”), hereby continued, and segregated and deposited as set forth in this resolution. Of these revenues, the proper and reasonable expenses of operation, repair and maintenance of the works shall be paid, the principal and interest of all bonds and fiscal agency charges of registrars or paying agents shall be paid, the reserve shall be funded and the costs of replacements, extensions, additions and improvements to the works shall be paid.

Section 10. Operation and Maintenance Fund. The Operation and Maintenance Fund (“O & M Fund”) is hereby created. After the Project is completed and becomes revenue producing, on the last day of each calendar month, a sufficient amount of moneys shall be

transferred from the Revenue Fund to the O & M Fund so that the balance maintained in this Fund is sufficient to pay the expenses of operation, repair and maintenance of the works for the then next succeeding two (2) calendar months. The moneys credited to this Fund shall be used for the payment of the reasonable and proper operation, repair and maintenance expenses of the sewage works on a day-to-day basis but none of the monies in the O & M Fund may be used for depreciation, replacements, improvements, extensions or additions. Any balance in said Fund in excess of the expected expenses of operation, repair and maintenance for the next succeeding month may be transferred to the Sewage Works Sinking Fund if necessary to prevent a default in the payment of principal of or interest on the outstanding bonds of the sewage works.

Section 11. Sewage Works Sinking Fund. (a) There is hereby created a special fund designated "Sewage Works Sinking Fund" (herein, "Sewage Works Sinking Fund" or "Sinking Fund") for the payment of the principal of and interest on revenue bonds which by their terms are payable from the Net Revenues of the sewage works, and the payment of any fiscal agency charges in connection with the payment of bonds and interest. There shall be set aside and deposited in the Sinking Fund, as available, and as hereinafter provided, a sufficient amount of the Net Revenues of the sewage works to meet the requirements of the Bond and Interest Account and the Reserve Account hereby created in the Sinking Fund. Such payments shall continue until the balances in the Bond and Interest Account and the Reserve Account, equal the amount needed to redeem all of the then outstanding bonds.

(b) Bond and Interest Account. There is hereby created, within said Sinking Fund, the Bond and Interest Account. There shall be credited on the last day of each calendar month from the Revenue Fund to the Bond and Interest Account an amount of the Net Revenues equal to the sum of (1) at least one-sixth (1/6) of the interest on and at least one-twelfth (1/12) of the

principal of all then outstanding bonds payable on the then next succeeding interest and principal payment dates, respectively, until the amount of interest and principal payable on the then next succeeding interest and principal payment dates shall have been so credited. There shall similarly be credited to the account any amount necessary to pay the bank fiscal agency charges for paying interest on outstanding bonds as the same become payable. The District shall, from the sums deposited in the Sinking Fund and credited to the Bond and Interest Account, remit promptly to the registered owner or to the bank fiscal agency sufficient moneys to pay the interest and principal on the due dates thereof together with the amount of bank fiscal agency charges.

(c) Reserve Account. There is hereby created, within the Sinking Fund, the Reserve Account. On the date of delivery of any series of Bonds, funds on hand of the sewage works, Bond proceeds, unless the Bonds are sold to the Authority, or a combination thereof may be deposited into the Reserve Account. The balance to be maintained in the Reserve Account shall equal but not exceed the least of (i) maximum annual debt service on the Bonds and any bonds issued in the future by the District which are payable from the Net Revenues of the sewage works and which rank on a parity with the Bonds (the "Parity Bonds"), (ii) 125% of the average annual debt service on the Bonds and any Parity Bonds, or (iii) 10% of the proceeds of the Bonds and any Parity Bonds ("Reserve Requirement"); provided that if the Bonds are sold to the Indiana Finance Authority, the Reserve Requirement shall be equal to but not exceed the maximum annual debt service on the Bonds and any Parity Bonds. If the initial deposit into the Reserve Account does not cause the balance therein to equal the Reserve Requirement or if no deposit is made, the District shall deposit a sum of Net Revenues into the Reserve Account until the balance therein equals the Reserve Requirement. Any deposits into the Reserve Account

shall cause the balance therein to increase as if monthly deposits were made in equal amounts and sufficient to accumulate the Reserve Requirement within five years of the date of delivery of the Bonds.

The Reserve Account shall constitute the margin for safety and protection against default in the payment of principal of and interest on the Bonds and any Parity Bonds, and the moneys in the Reserve Account shall be used to pay current principal and interest on the Bonds and any Parity Bonds to the extent that moneys in the Bond and Interest Account are insufficient for that purpose. Any deficiency in the balance maintained in the Reserve Account shall be made up from the next available Net Revenues remaining after credits into the Bond and Interest Account. Any interest earnings that accumulate in excess of the Reserve Requirement shall be considered as revenues of the sewage works. Any moneys in the Reserve Account in excess of the Reserve Requirement shall either be transferred to the Sewage Works Improvement Fund or be used for the redemption or purchase of outstanding bonds or installments of principal of fully registered bonds.

(d) The Sinking Fund (containing the Bond and Interest Account and the Reserve Account) and the Construction Account, may be held by a financial institution acceptable to the Authority, pursuant to terms acceptable to the Authority. If the Sinking Fund and the accounts therein are held in trust, the District shall transfer the monthly required amounts of Net Revenues to the Bond and Interest Account and the Reserve Account in accordance with this section, and the financial institution holding such funds in trust shall be instructed to pay the required payments in accordance with the payment schedules for the District's outstanding bonds. If the Construction Account is so held in trust, the District shall deposit the proceeds of the Bonds therein until such proceeds are applied consistent with this resolution and the Financial



Assistance Agreement. The financial institution selected to serve in this role may also serve as the Registrar and the Paying Agent for any then outstanding bonds of the District, including the Bonds. The Chairman and the Secretary are hereby authorized to execute and deliver an agreement with a financial institution to reflect this trust arrangement for the Sinking Fund and the Construction Account in the form of trust agreement as approved by the Chairman and the Secretary, consistent with the terms and provisions of this resolution.

Section 12. Sewage Works Improvement Fund. After meeting the requirements of the O & M Fund and the Sinking Fund, any excess revenues may be transferred or credited from the Revenue Fund to the Sewage Works Improvement Fund (“Improvement Fund”), hereby created and said Fund shall be used for improvements, replacements, additions and extensions of the sewage works, or for any other lawful purpose related to the sewage works. Moneys in the Improvement Fund shall be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal and interest on the then outstanding bonds or, if necessary, to eliminate any deficiencies in credits to or minimum balance in the Reserve Account of the Sinking Fund, or may be transferred to the O & M Fund to meet unforeseen contingencies in the operation, repair and maintenance of the sewage works.

Section 13. Maintenance of Accounts. All revenues and moneys held in the funds and accounts created by this Resolution shall be used solely for purposes of the sewage works. The Sinking Fund shall be deposited in and maintained as a separate account or accounts from all other accounts of the District. The O & M Fund and the Improvement Fund may be maintained in a single account, or accounts, but such account, or accounts, shall likewise be maintained separate and apart from all other accounts of the District and apart from the Sinking Fund account or accounts. All moneys deposited in the accounts shall be deposited, held and secured

as public funds in accordance with the public depository laws of the State of Indiana; provided that moneys therein may be invested in obligations in accordance with the applicable laws, including particularly IC 5-13, as amended or supplemented and as applicable, pursuant to IC 4-4-11 and IC 13-18-13, and in the event of such investment the income therefrom shall become a part of the funds invested and shall be used only as provided in this resolution. Nothing in this section or elsewhere in this resolution shall be construed to require that separate bank accounts be established and maintained for the Funds and Accounts created by this resolution other than the Sinking Fund which shall be a separate account.

Section 14. Investment of Funds. The Sinking Fund shall be deposited in and maintained as a separate account or accounts from all other accounts of the District. The Operation and Maintenance Fund and the Improvement Fund may be maintained in a single account, or accounts, but such account, or accounts, shall likewise be maintained separate and apart from all other accounts of the District and apart from the Sinking Fund account or accounts. All moneys deposited in the accounts shall be deposited, held and secured as public funds in accordance with the public depository laws of the State of Indiana; provided that moneys therein may be invested in obligations in accordance with the applicable laws, including particularly IC 5-13, as amended or supplemented, and in the event of such investment the income therefrom shall become a part of the funds invested and shall be used only as provided in this resolution. The Financial Clerk is hereby authorized to invest moneys pursuant to IC 5-1-14-3 and the provisions of this resolution (subject to applicable requirements of federal law to insure such yield is the then current market rate) to the extent necessary or advisable to preserve the exclusion from gross income of interest on the Bonds and BANs under federal law.

The Financial Clerk shall keep full and accurate records of investment earnings and income from moneys held in the funds and accounts created or referenced herein. To comply with the provisions of this resolution, the Financial Clerk is hereby authorized and directed to employ competent consultants or attorneys from time to time to advise the District as to requirements of federal law to preserve the tax exclusion. The Financial Clerk may pay any fees as operation expenses of the sewage works.

Section 15. Maintenance of Books and Records; Continuing Disclosure. (a) The District shall keep proper books of records and accounts, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues received on account of the operation of the sewage works and all disbursements made therefrom and all transactions relating to said sewage works. If the Bonds are subject to Rule 15c2-12 of the Securities and Exchange Commission (“Rule”), the Chairman , Vice Chairman or the Financial Clerk are hereby authorized to execute and deliver a continuing disclosure agreement in satisfaction of the Rule.

(b) If any series of Bonds or BANs are sold to the Authority, the District shall establish and maintain the books and other financial records of the Project (including the establishment of a separate account or subaccount for the Project) and the Treatment Works (as defined in the Financial Assistance Agreement) in accordance with (i) generally accepted governmental accounting standards for utilities, on an accrual basis, as promulgated by the Government Accounting Standards Board and (ii) the rules, regulations and guidance of the State Board of Accounts.

Section 16. Defeasance of the Bonds. If, when the Bonds or BANs or a portion thereof shall have become due and payable in accordance with their terms or shall have been

duly called for redemption or irrevocable instructions to call the Bonds, the BANs or a portion thereof for redemption shall have been given, and the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the Bonds, the BANs or any portion thereof then outstanding shall be paid; or (i) sufficient moneys or (ii) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury, the principal of and the interest on which when due will provide sufficient moneys for such purpose, shall be held in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case the Bonds or BANs, as the case may be, issued hereunder or any designated portion thereof shall no longer be deemed outstanding or entitled to the pledge of the Net Revenues of the District's sewage works.

Section 17. Rate Covenant. The District covenants and agrees that it will establish and maintain just and equitable rates or charges for the use of and the service rendered by the sewage works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses the sewage works by or through any part of the sewage works of the District, or that in any way uses or is served by the sewage works, at a level adequate to produce and maintain sufficient revenue (including user and other charges, fees, income or revenues available to the District) to provide for the proper (i) Operation and Maintenance (as defined in the Financial Assistance Agreement) of the sewage works if any series of Bonds are sold to the Authority and (ii) operation, repair and maintenance of the sewage works if all of the Bonds are sold to another purchaser, to comply with and satisfy all covenants contained in this resolution and the Financial Assistance Agreement and to pay all obligations of the sewage works and of the District with respect to the sewage works. Such rates and charges shall, if necessary, be changed and readjusted from time to time so that the revenues therefrom, shall always be

sufficient to meet the expenses of Operation and Maintenance, if any series of Bonds are sold to the Authority, or operation, repair and maintenance, if all of the Bonds are sold to another purchaser, of the sewage works and the requirements of the Sinking Fund and the Act. The rates and changes so established shall apply to any and all use of such works by and service rendered to the District, and shall be paid by the District as the charges accrue.

If in any year while the Bonds are outstanding, the Net Revenues of the sewage works received is less than the next January 1 and July 1 payment on all outstanding bonds, respectively, then the District shall take all steps required to immediately increase sewage works rates and charges to the level required to provide for the timely payment of debt service on all outstanding bonds. Any such increase shall be enacted to be effective in sufficient time to make the foregoing payments.

Section 18. Additional Bond Provisions. The District reserves the right to authorize and issue additional BANs at any time ranking on a parity with the BANs. The District reserves the right to authorize and issue additional bonds payable out of the Net Revenues of its sewage works ranking on a parity with the Bonds for the purpose of financing the cost of future additions, extensions and improvements to its sewage works, or to refund obligations, subject to the following conditions:

(a) All required payments into the Sinking Fund shall have been made in accordance with the provisions of this resolution, and the interest on and principal of all bonds payable from the Net Revenues of the sewage works shall have been paid in accordance with their terms. The Reserve Requirement shall be satisfied for the additional Parity Bonds either at the time of delivery of the additional Parity Bonds or over a five year or shorter period, in a manner which is commensurate with the requirements of Section 11(c) of this resolution.

(b) The Net Revenues of the sewage works in the fiscal year immediately preceding the issuance of any such bonds ranking on a parity with the Bonds shall be not less than one hundred twenty-five percent (125%) of the maximum annual interest and principal requirements of the then outstanding bonds and the additional parity bonds proposed to be issued; or, prior to the issuance of the parity bonds the sewer rates and charges shall be increased sufficiently so that said increased rates and charges applied to the previous year's operations would have produced Net Revenues for said year equal to not less than one hundred twenty-five percent (125%) of the maximum annual interest and principal requirements of the outstanding bonds payable from the revenues of the sewage works, including the additional parity bonds proposed to be issued.

For purposes of this subsection, the records of the sewage works shall be analyzed and all showings prepared by a certified public accountant employed by the District for that purpose. Further, for purposes of this subsection, Net Revenue (as such is determined (and included) for the fiscal year immediately preceding the issuance of any such bonds) shall exclude receipts from any assessment of exceptional benefits (which would otherwise be designated herein as Net Revenues) if and to the extent that such are in excess of the amount that any such assessments are irrevocably required pursuant to the Act to fixed and collected for each future fiscal year that such additional parity bonds are proposed to be outstanding.

(c) The interest on the additional parity bonds shall be payable semiannually on the first days of January and July and the principal on, or mandatory sinking fund redemptions for the additional parity bonds, shall be payable annually on January 1.

(d) If any series of Bonds are sold to the Authority, (i) the District obtains the consent of the Authority, with prior notice by the District to the SRF Program of the items listed in subsection (e) (ii) the District has faithfully performed and is in compliance with each of its

obligations, agreements and covenants contained in the Financial Assistance Agreement and this resolution, and (iii) the District is in compliance with its National Pollutant Discharge Elimination System permits, except for non-compliance for which purpose the Parity Bonds are issued, including refunding Parity Bonds issued prior to, but part of the overall plan to eliminate such non-compliance.

(e) The District shall satisfy the notice requirement of subsection (d) to the SRF Program, by providing the following: (a) the coverage amount calculated by subsection (b) above for the Parity Bonds has been determined by comparing the historical annual Net Revenues for the relevant calendar year to the combined maximum annual debt service of all bonds payable from the Net Revenues of the sewage works and the Parity Bonds, and (b) a statement that the District expects to implement a plan (attached to the notice) to permit the District to continue to meet its annual debt service obligations.

Section 19. Further Covenants of the District; Maintenance, Insurance, Pledge Not To Encumber, Subordinate Indebtedness, and Contract with Bondholders. For the purpose of further safeguarding the interests of the owners of the BANs and Bonds, it is hereby specifically provided as follows:

(a) All contracts let by the District in connection with the construction of said Project shall be let after due advertisement as required by the laws of the State of Indiana, and all contractors shall be required to furnish surety bonds in an amount equal to one hundred percent (100%) of the amount of such contracts, to insure the completion of said contracts in accordance with their terms, and such contractors shall also be required to carry such employers liability and public liability insurance as are required under the laws of the State of Indiana in the case of

public contracts, and shall be governed in all respects by the laws of the State of Indiana relating to public contracts.

(b) Said Project shall be constructed under the supervision and subject to the approval of such competent engineer as shall be designated by the District. All estimates for work done or material furnished shall first be reviewed by the engineer and approved by the District.

(c) So long as any of the Bonds are outstanding, the District shall at all times maintain the sewage works system in good condition, and operate the same in an efficient manner and at a reasonable cost.

(d) So long as any of the BANS or Bonds are outstanding, the District shall acquire and maintain insurance coverage on the insurable parts of the system, of a kind and in an amount such as is usually carried by private corporations engaged in a similar type of business, acceptable to the Authority if any Bonds or BANs are sold to the Authority, including fidelity bonds. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the state of Indiana. Insurance proceeds and condemnation awards shall be used to replace or repair the sewage works unless, if Bonds are sold to the Authority, the Authority consents to a different use of such proceeds or awards.

(e) So long as any of the Bonds or BANs are outstanding, the District shall not mortgage, pledge or otherwise encumber the property and plant of its sewage works system, or any part thereof, and shall not sell, lease or otherwise dispose of any part of the same, excepting only such machinery, equipment or other property as may be replaced, or shall no longer be suitable for use in the sewage works, provided that the District shall obtain the prior written consent of the Authority if the Bonds or BANs are sold to the Authority.



(f) If any Bonds or BANs are sold to the Authority, the District shall not borrow any money, enter any contract or agreement or incur any other liabilities in connection with the sewage works, other than for normal operating expenditures, without the prior written consent of the Authority if such undertaking would involve, commit or use the revenues of the sewage works.

(g) Except as otherwise specifically provided in Section 18 of this resolution, so long as any of the Bonds are outstanding, no additional bonds or other obligations pledging any portion of the revenues of the system shall be authorized, issued or executed by the District, except such as shall be made junior and subordinate in all respects to the Bonds, unless all of the Bonds are redeemed or defeased pursuant to Section 16 coincidentally with the delivery of such additional bonds or other obligations.

(h) The District shall take all action or proceedings necessary and proper to require connection of all property where liquid and solid waste, sewage, night soil, or industrial waste is produced with available sanitary sewers. The District shall, insofar as possible, cause all such sanitary sewers to be connected with said sewage works.

(i) The provisions of this resolution shall constitute a contract by and between the District and the owners of the Bonds and BANs herein authorized, and after the issuance of said Bonds or BANS, all the terms of which shall be enforceable by any bondholder by any and all appropriate proceedings in law or in equity. After the issuance of the Bonds or BANs, this resolution shall not be repealed, amended or modified in any respect which will adversely affect the rights or interests of the owners of the Bonds or BANs, nor shall the Board of Directors adopt any law, resolution or resolution in any way adversely affecting the rights of the bondholders so long as any of the Bonds, BANs, or the interest thereon, remain outstanding or unpaid. Except in

the case of changes described in Section 20(a)-(f), this resolution may be amended, however, without the consent of bondowners, if the Board of Directors determines, in its sole discretion, that such amendment would not adversely affect the owners of the Bonds or BANs; provided, however, that if any Bonds or BANs are sold to the Authority, the District shall obtain the prior written consent of the Authority.

(j) The provisions of this resolution shall be construed to create a trust in the proceeds of the sale of the Bonds and BANs herein authorized for the uses and purposes herein set forth, and the owners of the Bonds and BANs shall retain a lien on such proceeds until the same are applied in accordance with the provisions of this resolution and of said governing Act. The provisions of this resolution shall also be construed to create a trust in the Net Revenues herein directed to be set apart and paid into the Sinking Fund for the uses and purposes of said fund as in this resolution set forth. The owners of the Bonds shall have all the rights, remedies and privileges set forth in this resolution and the Act, including the right of owners of the Bonds to have a receiver appointed to administer said sewage works in the event the District shall fail or refuse to fix and collect sufficient rates and charges for those purposes, or shall fail or refuse to operate and maintain said system and to apply the revenues derived from the operation thereof, in the event of default in the payment of the principal of or interest on any of the Bonds herein authorized, or in the event of default in respect to any of the provisions of this resolution or the Act.

Section 20. Amendments with Consent of Bondholders. Subject to the terms and provisions contained in this section, and Section 19(i), the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds issued pursuant to this resolution and then outstanding shall have the right from time to time, anything contained in this

resolution to the contrary notwithstanding, to consent to and approve the adoption by the District of such resolution or resolutions supplemental hereto or amendatory hereof, as shall be deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding in any particular manner any of the terms or provisions contained in this resolution, or in any supplemental resolution; provided, however, that if any Bonds or BANs are sold to the Authority, the District shall obtain the prior written consent of the Authority; and provided, further, that nothing herein contained shall permit or be construed as permitting:

(a) An extension of the maturity of the principal of or interest on, or any mandatory sinking fund redemption date for, any Bond issued pursuant to this resolution; or

(b) A reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon; or

(c) The creation of a lien upon or a pledge of the revenues or Net Revenues of the sewage works ranking prior to the pledge thereof created by this resolution; or

(d) A preference or priority of any Bond or Bonds issued pursuant to this resolution over any other Bond or Bonds issued pursuant to the provisions of this resolution; or

(e) A reduction in the aggregate principal amount of the Bonds required for consent to such supplemental resolution; or

(f) A reduction in the Reserve Requirement.

If the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds outstanding at the time of adoption of such supplemental resolution shall have consented to and approved the adoption thereof by written instrument to be maintained on file in the office of the Secretary of the District, no owner of any Bond issued pursuant to this resolution shall have any right to object to the adoption of such supplemental

resolution or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the District from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental resolution pursuant to the provisions of this section, this resolution shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this resolution of the District and all owners of Bonds then outstanding, shall thereafter be determined, exercised and enforced in accordance with this resolution, subject in all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this resolution, the rights and obligations of the District and of the owners of the Bonds authorized by this resolution, and the terms and provisions of the Bonds and this resolution, or any supplemental or amendatory resolution, may be modified or altered in any respect with the consent of the District and the consent of the owners of all the Bonds then outstanding.

Section 21. Issuance of BANs. (a) The District, having satisfied all the statutory requirements for the issuance of its Bonds, may elect to issue its BAN or BANs pursuant to an agreement (“Bond Anticipation Note Agreement”) to be entered into between the District and the purchaser of the BAN or BANs. If the BANs are sold to the Authority, the Financial Assistance Agreement shall serve as the Bond Anticipation Note Agreement. The Board of Directors hereby authorizes the issuance and execution of the BAN or BANs in lieu of issuing Bonds to provide interim financing for the Project until the proceeds from the Bonds become available. It shall not be necessary for the District to repeat the procedures for the issuance of its Bonds, as the procedures followed before the issuance of the BAN or BANs are for all purposes sufficient to authorize the issuance of the Bonds and the use of the proceeds to repay the BAN or BANs.

(b) The Chairman or Vice Chairman and the Financial Clerk are hereby authorized and directed to execute a Bond Anticipation Note Agreement or Financial Assistance Agreement (and any amendments made from time to time) in such form or substances as they shall approve acting upon the advice of counsel. The Chairman or Vice Chairman, Secretary and the Financial Clerk may also take such other actions or deliver such other certificates as are necessary or desirable in connection with the issuance of the BANs or the Bonds and the other documents needed for the financing as they deem necessary or desirable in connection therewith.

Section 22. Tax Covenants. In order to preserve the exclusion of interest on the Bonds and BANs from gross income for federal tax purposes under Section 103 of the Internal Revenue Code of 1986 as existing on the date of issuance of the Bonds (“Code”) and as an inducement to purchasers of the Bonds, the District represents, covenants and agrees that:

(a) The sewage works will be available for use by members of the general public. Use by a member of the general public means use by natural persons not engaged in a trade or business. No person or entity other than the District or another state or local governmental unit will use more than 10% of the proceeds of the Bonds or property financed by the Bond proceeds other than as a member of the general public. No person or entity other than the District or another state or local governmental unit will own property financed by Bond proceeds or will have any actual or beneficial use of such property pursuant to a lease, management, service or incentive payment contract, an arrangement including take-or-pay or other type of output contracts or any other type of arrangement that conveys other special legal entitlements and differentiates that person’s or entity’s use of such property from use by the general public, unless such uses in the aggregate relate to no more than 10% of the proceeds of the Bonds. If the District enters into a management contract for all or a portion of the sewage works, the terms of

the contract will comply with the Regulations and IRS Revenue Procedure 97-13, as amended, supplemented or superseded from time to time, so that the contract will not give rise to private business use under the Code and the Regulations unless such use in the aggregate will not relate to more than 10% of the proceeds of the Bonds.

(b) No more than 10% of the principal of or interest on the Bonds is (under the terms of the Bonds, this resolution or any underlying arrangement), directly or indirectly, secured by an interest in property used or to be used for private business use or payments in respect of such property, or to be derived from payments (whether or not to the District) in respect of such property or borrowed money used or to be used for a private business use.

(c) No more than 5% of the Bond proceeds will be loaned to any person or entity other than another state or local governmental unit. No more than 5% of the Bond proceeds will be transferred, directly or indirectly, or deemed transferred to a nongovernmental person in any manner that would in substance constitute a loan of the Bond proceeds.

(d) The District reasonably expects, as of the date hereof, that the Bonds will not meet either the private business use test described in paragraphs (a) and (b) above or the private loan test described in paragraph (c) above during the entire term of the Bonds.

(e) No more than 5% of the proceeds of the Bonds will be attributable to private business use as described in (a) and private security or payments described in (b) attributable to unrelated or disproportionate private business use. For this purpose, the private business use test is applied by taking into account only use that is not related to any government use of proceeds of the issue (Unrelated Use) and use that is related but disproportionate to any governmental use of those proceeds (Disproportionate Use).

(f) The District will not take any action nor fail to take any action with respect to the Bonds that would result in the loss of the exclusion from gross income for federal tax purposes of interest on the Bonds pursuant to Section 103 of the Code, nor will the District act in any other manner which would adversely affect such exclusion, and it will not make any investment or do any other act or thing during the period that the Bonds are outstanding which would cause the Bonds to be private activity bonds under the meaning of Section 141 of the Code.

(g) It shall be not an event of default under this resolution if the interest on any Bonds is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not currently in effect and in existence on the date of issuance of the Bonds.

(h) The District represents that it will rebate all arbitrage profits to the United States of America in accordance with the Code and enter into a rebate agreement with the Authority in a form provided to the District by the Authority.

(i) The District represents that:

(1) The Bonds are not private activity bonds as defined in Section 141 of the Code;

(2) The District hereby designates the Bonds as qualified tax-exempt obligations for purposes of Section 265(b) of the Code;

(3) The reasonably anticipated amount of qualified tax-exempt obligations (including qualified 501(c)(3) obligations and tax-exempt leases but excluding other private activity bonds) which will be issued by the District and all entities subordinate to the District during 2011 does not exceed \$10,000,000; and

(4) The District has not and will not designate more than \$10,000,000 of qualified tax-exempt obligations during 2011.

Therefore, the Bonds qualify for the exception in the Code from the disallowance of 100% of the deduction by financial institutions of interest expense allocable to newly acquired tax-exempt obligations.

(j) These covenants are based solely on current law in effect and in existence on the date of delivery of the Bonds.

Section 23. Noncompliance with Tax Covenants. Notwithstanding any other provisions of this resolution, the covenants and authorizations contained in this resolution (“Tax Sections”) which are designed to preserve the exclusion of interest on the Bonds from gross income under federal law (“Tax Exemption”) need not be complied with if the District receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption.

Section 24. Conflicting Resolutions. All resolutions and parts of resolutions in conflict herewith are hereby repealed.

Section 25. Headings. The headings or titles of the several sections shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this resolution.

Section 26. Effective Date. This resolution shall be in full force and effect from and after its passage.

*[Remainder of page intentionally left blank.]*



Passed and adopted by the Board of Directors of the South-West Lake Maxinkuckee  
Conservancy District this 4th day of June, 2011.

BOARD OF DIRECTORS OF  
SOUTH-WEST LAKE MAXINKUCKEE  
CONSERVANCY DISTRICT

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Kathryn Densborn, Chairman

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Ted Schenberg, Vice Chairman

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George Duncan, Secretary

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Charles Norman

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Dan Yates

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Richard George

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Jennifer Shea

Attest:

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George Duncan, Secretary

## EXHIBIT A

### Description of Project

The establishment of the South-West Lake Maxinkuckee Conservancy District pursuant to I.C. 14-33-1 et seq, the purchase from the Town of Culver of treatment capacity for wastewater generated within the District and transported through the District's sewage works to the wastewater treatment plant owned and operated by the Town of Culver, and the construction of a treatment works to connect to the Town of Culver's wastewater system. The District will install the force main and a valve pit for each lot with plumbing facilities. The District will purchase grinder pumps which will be provided to the connecting customer to be installed by the customer. There will be approximately 27,100 linear feet of force main ranging from 1 ¼" to 4". The system is designed to flow into the Town of Culver's current treatment works and treated by the Town of Culver's wastewater treatment plant. The District purchased capacity from the Town of Culver and executed a contract for the Town of Culver to provide the ongoing treatment services. The District will also upgrade a Culver lift station to provide the necessary conveyance capacity within the Town of Culver's treatment works. The project will also include (but not limited to) surface restoration, a 2" flow meter and an air release valve station, and all costs associated therewith, including but not limited to all engineering fees, legal fees, management fees, financial advisory fees and interest charges incurred by the District.

EXHIBIT B

FORM OF FINANCIAL ASSISTANCE AGREEMENT