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**NEW ISSUE**  
**Book-Entry-Only**

**Rating: S&P Global Ratings “Expected”**

***This Amended and Restated Preliminary Official Statement is deemed “nearly final”  
and is dated November 29, 2018 and amended and restated December 10, 2018***

In the opinion of Bose McKinney & Evans LLP, under federal statutes, decisions, regulations and rulings, interest on the 2018 BANs (hereinafter defined) is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), except for interest on any 2018 BANs for any period during which such 2018 BANs are held by a person who is a “substantial user” of the projects funded by the 2018 BANs or a “related person” within the meaning of Section 147(a) of the Code. Further, under existing law, interest on the 2018 BANs is an item of tax preference for purposes of federal alternative minimum tax imposed on individuals. Such exclusion is conditioned on continuing compliance with the Tax Covenants (hereinafter defined). In the opinion of Bose McKinney & Evans LLP, under existing laws, regulations, judicial decisions and rulings, interest on the 2018 BANs is exempt from income taxation in the State of Indiana. The 2018 BANs are not bank qualified. See “TAX MATTERS” herein.

**\$1,725,000**  
**CITY OF WASHINGTON, INDIANA**  
**TAX-EXEMPT WATERWORKS BOND ANTICIPATION NOTES, SERIES 2018**

Original Date: Date of Delivery (Anticipated to be December 20, 2018)

Due: December 20, as shown below

The City of Washington, Indiana (the “City”) is issuing \$1,725,000 of Tax-Exempt Waterworks Bond Anticipation Notes, Series 2018 (the “2018 BANs”) for the purpose of paying the costs of certain additions, extensions and improvements of the City’s municipal water utility (the “Water Utility”) related to the Old US 50 Highway relinquishment (the “Project”) and to pay issuance expenses.

The 2018 BANs will be issued as provided in Ordinance No. 23-2018 adopted by the Common Council on November 13, 2018 (the “Bond Ordinance”). The City shall pledge to the payment of the principal of and interest on the 2018 BANs the proceeds from the issuance of revenue bonds. Interest on the 2018 BANs shall be payable from Net Revenues (hereinafter defined) of the City’s Water Utility as more fully described in this Office Statement, junior and subordinate to the payment of the Outstanding Bonds (hereinafter defined), the bonds issued under the Ordinance and Water Utility revenue bonds issued subsequent to the date of delivery of the 2018 BANs. The 2018 BANs shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana.

The 2018 BANs will be issued only as fully registered notes, and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”). Purchases of beneficial interests in the 2018 BANs will be made in book-entry-only form in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the 2018 BANs (the “Beneficial Owners”) will not receive physical delivery of certificates representing their interests in the 2018 BANs. Interest on the 2018 BANs will be payable semiannually on April 1 and October 1 of each year, beginning April 1, 2019, and at maturity. Principal and interest will be disbursed on behalf of the City by \_\_\_\_\_, in \_\_\_\_\_ (the “Registrar” and “Paying Agent”). Interest on the 2018 BANs will be paid by check, mailed one business day prior to the interest payment date or by wire transfer to depositories. The principal of and premium, if any, on the 2018 BANs shall be payable in lawful money of the United States of America at the designated corporate trust office of the Paying Agent. Interest on, together with the principal of, the 2018 BANs will be paid directly to DTC by the Paying Agent so long as DTC or its nominee is the registered owner of the 2018 BANs. The final disbursement of such payments to the Beneficial Owners of the 2018 BANs will be the responsibility of the DTC Participants and the Indirect Participants. See “BOOK-ENTRY-ONLY SYSTEM”. The 2018 BANs are prepayable prior to maturity, as more fully described herein.

**MATURITY SCHEDULE**  
(Base CUSIP\* \_\_\_\_\_)

<u>Maturity</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
December 20, 2023	\$1,725,000			

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*This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.*

## INFORMATION FOR BIDDING

**Date and Time of Sale:** Upon 24 hours' notice. Anticipated to take place on December 13, 2018, at 11:00a.m. (EST)

**Place of Sale:** Umbaugh, 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240

**Maximum Interest Rate:** 5.0%

**Minimum Purchase Price:** 99% (\$1,707,750)

**Multiples:** 1/8, 1/20 or 1/100 of 1%

**Anticipated Closing Date:** December 20, 2018

**Good Faith Deposit:** \$17,250 certified or cashier's check or wire transfer submitted by the winning bidder no later than 3:30 p.m. (EDT) on the business day following the award

**Method of Bidding:** Electronic bidding by PARITY® or traditional bidding.

**Basis of Award:** Net Interest Cost (NIC)

**Issue Price Determination:** As set forth in the Preliminary Official Statement, the bidder agrees by submission of their bid to assist the City in establishing the issue price of the 2018 BANs under the terms outlined in Appendix F and shall execute and deliver to the City at closing an "issue price" certificate, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Purchaser, the City and bond counsel. Provided the winning bidder is purchasing the 2018 BANs as an Underwriter (as defined in Appendix F) and is not purchasing the 2018 BANs with the intent to hold the 2018 BANs for its own account, then the City and the Purchaser shall agree to the process by which issue price will be established on the date of sale of the 2018 BANs in the event that the Competitive Sale Requirements (as defined in Appendix F) are not met. The winning bidder must agree to execute the applicable schedules depending on the sale results.

The 2018 BANs are being offered for delivery when, as and if issued and received by the Underwriter (hereinafter defined) and subject to the approval of legality by Bose McKinney & Evans LLP, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed on by Tim Dant, Hayes Dant & Swartzentruber, LLP, as Attorney for the City. The 2018 BANs are expected to be available for delivery to DTC, in New York, New York on or about December 20, 2018.

THE CITY IS NOT OBLIGATED TO PAY THE 2018 BANS OR INTEREST THEREON EXCEPT FROM THE NET REVENUES, AS DESCRIBED HEREIN, OF ITS WATER UTILITY, AND THE 2018 BANS ARE NOT IN ANY RESPECT A CORPORATE INDEBTEDNESS OF THE CITY WITHIN THE PROVISIONS AND LIMITATIONS OF THE CONSTITUTION OF THE STATE OF INDIANA.

IN CONNECTION WITH THIS OFFERING THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2018 BANS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities described herein by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the securities described herein shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date of delivery of the securities described herein to the initial purchaser thereof. However, upon delivery of the securities, the City will provide a certificate stating there have been no material changes in the information contained in the Final Official Statement since its delivery.

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\*The General Information section contains information regarding the tax base of the City; however, NO PROPERTY TAXES ARE PLEDGED TO PAYMENT OF THE 2018 BANS.

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## PROJECT PERSONNEL

Names and positions of officials and professionals who have taken part in the planning of the project and bond issue are:

### Mayor

Honorable Joe Wellman

### Common Council

Allen Brown, President

Doug Campton

Blake Chambers

David Dahl

Seairra Decker

Jerry Sidebottom

Mike Singleton

### Board of Public Works & Safety

Honorable Joe Wellman

David Dahl

Diana Snyder

### Clerk Treasurer

Beth McGookey

### Water Utility Superintendent

Charlie Kane

### Utility Office Manager

Anita Ash

### City Attorney

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Washington, Indiana 47501

### Bond Counsel

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Indianapolis, Indiana 46204

### Municipal Advisor

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H.J. Umbaugh & Associates

Certified Public Accountants, LLP

8365 Keystone Crossing, Suite 300

Indianapolis, Indiana 46240

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*This introduction to the Official Statement contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.*

## **PRELIMINARY OFFICIAL STATEMENT**

**\$1,725,000**

**CITY OF WASHINGTON, INDIANA**

**TAX-EXEMPT WATERWORKS BOND ANTICIPATION NOTES, SERIES 2018**

### **INTRODUCTION TO THE OFFICIAL STATEMENT**

The City of Washington, Indiana (the “City”) is issuing \$1,725,000 of Tax-Exempt Waterworks Bond Anticipation Notes, Series 2018 (the “2018 BANs”). The City owns and operates the Water Utility.

### **SECURITY AND SOURCES OF PAYMENT**

The City shall pledge to the payment of principal of and interest on the 2018 BANs the proceeds from the issuance of revenue bonds (the “Revenue Bonds” or “Bonds”) authorized for such purpose under the Bond Ordinance. Interest on the BANs shall also be payable from the Net Revenue (defined as the gross revenues after the deduction only for the payment of the reasonable expenses of operation, repair and maintenance, excluding transfers for payment in lieu of property taxes) of the Water Utility, junior and subordinate to the payment of the Outstanding Bonds (hereinafter defined), the bonds issued under the Bond Ordinance and any Water Utility revenue bonds issued subsequent to the date of delivery of the BANs. The Outstanding Bonds consist of the Waterworks Refunding Revenue Bonds of 2013, Series A (the “2013 Bonds”) dated February 26, 2018, originally issued in the amount of \$5,305,000, currently outstanding in the amount of \$3,760,000, and maturing semiannually over a period ending April 1, 2021, the Tax-Exempt Waterworks Revenue Bonds, Series 2018A (the “2018A Bonds”) dated March 28, 2018, originally issued in the amount of \$6,315,000, currently outstanding in the amount of \$6,315,000, and maturing semiannually over a period ending October 1, 2028 and the Taxable Waterworks Revenue Bonds, Series 2018B (the “2018B Bonds”) dated March 28, 2018, originally issued in the amount of \$565,000, currently outstanding in the amount of \$565,000, and maturing semiannually over a period ending October 1, 2021 (collectively, the “Outstanding Bonds”).

### **PURPOSE**

The 2018 BANs are being issued for the purpose of paying the costs of certain additions, extensions and improvements to the Water Utility, including various system upgrades and expansions related to the Old US 50 Highway relinquishment (the “Project”) and to pay issuance expenses. Funding for the Project will be provided from proceeds of the 2018 BANs, funds on hand and interest earnings during construction.

### **REDEMPTION PROVISIONS**

Commencing 180 days after their date of issuance, the BANs are prepayable by the City, in whole or in part, on any date, upon 20 days’ notice to the owner of the BANs, with no premium.

### **DENOMINATIONS**

The 2018 BANs are being issued in the denomination of \$5,000 or integral multiple thereof.

### **REGISTRATION AND EXCHANGE FEATURES**

Each registered bond shall be transferable or exchangeable only on such record at the designated corporate trust office of the Registrar and Paying Agent, \_\_\_\_\_, at the written request of the registered owner thereof or his attorney duly authorized in writing upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. A further description of the registration and exchange features of the 2018 BANs can be found in the Bond Ordinance.

### BOOK-ENTRY-ONLY SYSTEM

The 2018 BANs shall initially be issued and held in book-entry form on the books of the central depository system. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2018 BANs. The 2018 BANs will be issued as fully-registered in the name of Cede & Co. (DTC’s partnership nominee). One fully registered BAN certificate will be issued for the 2018 BANs, in the aggregate principal amount of such issue, and will be deposited with DTC. The City and the Registrar and Paying Agent may deem and treat the Clearing Agency (Cede & Co.) as the absolute owner and holder of such BANs for all purposes including, without limitation, the receiving of payment of the principal of, premium, if any, and interest on such 2018 BANs, the receiving of notice and the giving of consent. Interest payable April 1, 2019, and semiannually thereafter and at maturity, will be paid by check mailed one business day prior to the interest payment date to the registered owner or by wire transfer on the interest payment date to the depository shown as the registered owner (Refer to “Book-Entry-Only System” herein).

### PROVISIONS FOR PAYMENT

The principal on the 2018 BANs shall be payable at the designated corporate trust office of the Registrar and Paying Agent, or by wire transfer to DTC or any successor depository. All payments of interest on the 2018 BANs shall be paid by check, mailed one business day prior to the interest payment date to the registered owners as the names appear as of the fifteenth day of the month immediately preceding the interest payment 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 Registrar or by wire transfer to DTC or any successor depository. If payment of principal or interest is made to DTC or any successor 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). Payments on the 2018 BANs shall be made in lawful money of the United States of America, which, on the date of such payment, shall be legal tender.

So long as DTC or its nominee is the registered owner of the 2018 BANs, principal and interest on the 2018 BANs will be paid directly to DTC by the Paying Agent. (The final disbursement of such payments to the Beneficial Owners of the 2018 BANs will be the responsibility of the DTC Participants and Indirect Participants, as defined and more fully described herein.)

### NOTICES

Notice of redemption shall be mailed to the registered owners of all 2018 BANs, not less than 20 days prior to the date fixed for redemption.

### TAX MATTERS

In the opinion of Bose McKinney & Evans LLP, under federal statutes, decisions, regulations and rulings, interest on the 2018 BANs is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended, except for interest on any 2018 BANs for any period during which such 2018 BANs are held by a person who is a “substantial user” of the projects funded by the 2018 BANs or a “related person” within the meaning of Section 147(a) of the Code. Further, under existing law, interest on the 2018 BANs is an item of tax preference for purposes of federal alternative minimum tax imposed on individuals. Such exclusion is conditioned on continuing compliance with the Tax Covenants (hereinafter defined). In the opinion of Bose McKinney & Evans LLP, under existing laws, regulations, judicial decisions and rulings, interest on the 2018 BANs is exempt from income taxation in the State of Indiana.

The 2018 BANs are not bank qualified.

### MISCELLANEOUS

The information contained in this Official Statement has been compiled from City officials and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, it is believed to be correct as of this date. However, the Official Statement speaks only as of its date, and the information contained herein is subject to change.



The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the 2018 BANs, the security for the payment of the 2018 BANs and the rights and obligations of the owners thereof. Additional information may be requested from the Clerk-Treasurer, Beth McGookey, City of Washington, City Hall, 101 N.E. Third Street, Washington, Indiana 47501, phone (812) 254-6143.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the owners of the 2018 BANs.

## THE PROJECT

### PROJECT DESCRIPTION

The Old US 50 Highway relinquishment (the “Project”) will require water lines impacted to be replaced and relocated. New mains with associated appurtenances will be installed in various locations along the highway from the roadway roundabout on the east side of the City to near the west City limits.

### CONSTRUCTION PROGRAM

Construction of the Project will begin in early 2019 and is anticipated to be completed December 2019.

### ESTIMATED PROJECT COSTS AND FUNDING

#### Estimated Project Costs

Construction Costs	
East and west side water infrastructure projects	\$1,218,559
Construction contingencies (25%)	<u>304,640</u>
Total Construction Costs	<u>1,523,199</u>
Non-Construction Costs:	
Engineering/design	121,856
Construction inspection	45,696
Underwriter’s discount (1%)	17,250
Legal, bond counsel, financial advisory and contingencies	<u>106,999</u>
Total Non-Construction Costs	<u>291,801</u>
Total Estimated Project Costs	<u><u>\$1,815,000</u></u>

#### Estimated Project Funding

Proposed Bond Anticipation Notes, Series 2018	\$1,725,000
Other funds	<u>90,000</u>
Total Estimated Project Funding	<u><u>\$1,815,000</u></u>

SCHEDULE OF AMORTIZATION OF \$1,725,000 PRINCIPAL AMOUNT OF  
TAX-EXEMPT WATERWORKS BOND ANTICIPATION NOTES, SERIES 2018

<u>Payment Date</u>	<u>Principal Outstanding</u> (-----In Thousands-----)	<u>Principal</u>	<u>Interest Rates</u> (%)	<u>Interest</u>	<u>Total</u>	<u>Budget Year Total</u>
04/01/2019	\$1,725					
10/01/2019	1,725					
04/01/2020	1,725					
10/01/2020	1,725					
04/01/2021	1,725					
10/01/2021	1,725					
04/01/2022	1,725					
10/01/2022	1,725					
04/01/2023	1,725					
10/01/2023	1,725					
12/20/2023	1,725	<u>\$1,725</u>				
Totals		<u>\$1,725</u>				

SECURITIES BEING OFFERED

AUTHORIZATION AND APPROVAL PROCESS

The 2018 BANs are to be issued under the authority of Indiana law, including, without limitation, Indiana Code Title 8, Article 1.5, as in effect on the date of delivery of the 2018 BANs and pursuant to the Bond Ordinance (Appendix C) adopted by the City of Washington, Indiana on November 13, 2018.

Prior to issuing BANs, the political subdivision must adopt a bond ordinance to authorize the issuance and sale of the BANs and long-term bonds. All of the requirements must be met for the issuance of the long-term bonds except the sale of the bonds, before BANs may be issued. The revenues pledged in the bond ordinance must not already be pledged to another bond issue, unless permitted by the terms of the prior issue. BANs may be sold via negotiation.

The political subdivision may also need to adopt a rate ordinance authorizing a sufficient increase in rates and charges in order to pay debt service on the 2018 BANs. Owners of property served by the utility may file a petition objecting to the increased rates and charges. If the petition is filed properly, a court hearing will be set to hear evidence from the political subdivision and the objecting petitioners. The court will confirm the rates and charges set by the political subdivision or the court will set rates and charges they deem appropriate and the political subdivision must follow the decision of the court.

SECURITY AND SOURCES OF PAYMENT

The City shall pledge to the payment of principal of and interest on the 2018 BANs the proceeds from the issuance of revenue bonds (the "Revenue Bonds" or "Bonds") authorized for such purpose under the Bond Ordinance. Interest on the BANs shall also be payable from the Net Revenue (defined as the gross revenues after the deduction only for the payment of the reasonable expenses of operation, repair and maintenance, excluding transfers for payment in lieu of property taxes) of the Water Utility, junior and subordinate to the payment of the Outstanding Bonds (hereinafter defined), the bonds issued under the Bond Ordinance and any Water Utility revenue bonds issued subsequent to the date of delivery of the BANs. The Outstanding Bonds consist of the Waterworks Refunding Revenue Bonds of 2013, Series A (the "2013 Bonds") dated February 26, 2018, originally issued in the amount of \$5,305,000, currently outstanding in the amount of \$3,760,000, and maturing semiannually over a period ending April 1, 2021, the Tax-Exempt Waterworks Revenue Bonds, Series 2018A (the "2018A Bonds") dated March 28, 2018, originally issued in the amount of \$6,315,000, currently outstanding in the amount of \$6,315,000, and maturing semiannually over a period ending October 1, 2028 and the Taxable Waterworks Revenue Bonds, Series 2018B (the "2018B Bonds") dated March 28, 2018, originally issued in the amount of \$565,000, currently outstanding in the amount of \$565,000, and maturing semiannually over a period ending October 1, 2021 (collectively, the "Outstanding Bonds").

The City covenants that it will cause to be fixed, maintained and collected such rates and charges for services rendered by the Water Utility as are sufficient in each year for the payment of the proper and reasonable expenses of operation, repair and maintenance of the Water Utility and for the payment of the sums required by the Bond Fund under the provisions of the Bond Ordinance.

The Net Revenues of the Water Utility that are pledged to payment of the 2018 BANs are fully described in the Bond Ordinance, as is the pledge of net revenues (Section 8), flow of funds (Sections 12 through 16), rate covenant (Section 19), additional bond provisions (Section 21), further covenants of the City (Section 22), tax covenants (Section 24) and other pertinent matters. Only the Net Revenues of the Water Utility are pledged as security for the 2018 BANs.

#### FUNDS AND ACCOUNTS

*Construction Account:* Accrued interest and any premium received at the time of delivery of the 2018 BANs shall be deposited in the Bond Fund (hereinafter defined). The remaining proceeds from the sale of the 2018 BANs will be deposited in the City of Washington, Waterworks Construction Account (the "Construction Account") and shall be expended only for the purpose of paying the costs of the Project, to pay costs of issuance or otherwise required by the Act. Any balances remaining unexpended in the Construction Account after completion of the Project, which are not required to meet unpaid obligations incurred in connection with the Project, shall either (i) be deposited into the Bond Fund and used solely for the purposes of the Bond Fund or (ii) be used for the same purpose or type of Project for which the 2018 BANs were originally issued.

*Revenue Fund:* All revenues derived from the operation of the Water Utility and from the collection of water rates and charges are deposited in the Revenue Fund.

*Operation and Maintenance Fund:* On the last day of each calendar month, a sufficient amount of money shall be transferred from the Revenue Fund into the Operation and Maintenance Fund. The balance maintained in the Operation and Maintenance Fund shall be sufficient to pay the expenses of operation, repair and maintenance for the next succeeding two (2) calendar months. Monies in the Operation and Maintenance Fund may be transferred to the Bond Fund in order to prevent a default on any outstanding bonds of the Water Utility.

*Waterworks Bond Fund:* The Waterworks Bond Fund ("Bond Fund") consists of the Interest Account, Principal Account and Reserve Account. Net Revenues of the Water Utility shall be credited on the last day of each calendar month to the Interest and Principal Accounts in an amount equal to at least one-sixth (1/6) of the interest and at least one-sixth (1/6) of the principal on all then outstanding bonds payable on the next succeeding interest and principal payment date until the Interest and Principal Accounts shall equal the interest payable during the next succeeding six (6) calendar months. The Reserve Account provides the margin for safety against default on the Outstanding Bonds. The balance to be maintained in the Debt Service Reserve Account shall not secure and may not be used to pay the 2018 BANs and are to secure only the Outstanding Bonds.

*Waterworks Improvement Fund:* The Improvement Fund is to be used for improvements, replacements, additions and extensions of the Water Utility or for any other lawful purpose. Money in the Improvement Fund may be transferred to the Bond Fund, if necessary, to prevent a default on outstanding bonds, eliminate deficiencies of the Reserve Account, or transferred to the Operation and Maintenance Fund to meet unforeseen contingencies.

See Sections 12 through 16 of the Bond Ordinance for a complete description of the funds of the Water Utility.

#### ADDITIONAL BONDS

The City reserves the right to authorize and issue additional BANs at any time ranking on a parity with the BANs. The City reserves the right to authorize and issue additional Parity Bonds, payable out of the Net Revenues of its Water Utility, ranking on a parity with the Bonds, for the purpose of financing the cost of future additions, extensions and improvements to the sewage works, or to refund obligations. See Section 21 of the Bond Ordinance.

## INVESTMENT OF FUNDS

The proceeds of this issue are to be invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds, including particularly Indiana Code 5-13, and the acts amendatory thereof and supplemental thereto. The City shall direct the investment of Bond proceeds.

## THE BANS

### INTEREST CALCULATION

Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

### REDEMPTION PROVISIONS

#### Optional Redemption:

Commencing 180 days after their date of issuance, the 2018 BANS are prepayable by the City, in whole or in part, on any date, upon 20 days' notice to the owner of the 2018 BANS, with no premium.

#### Notice of Redemption:

Notice of redemption shall be mailed to the registered owners of all 2018 BANS to be redeemed at least 20 prior to the date fixed for such redemption. If any of the 2018 BANS are so called for redemption, and payment therefore is made to the Paying Agent in accordance with the terms of the Bond Ordinance, then such 2018 BANS shall cease to bear interest from and after the date fixed for redemption in the call.

### BOOK-ENTRY-ONLY SYSTEM

The 2018 BANS will be available only in book-entry form in the principal amount of \$5,000 or any integral multiple thereof. DTC will act as the initial securities depository for the 2018 BANS. The ownership of the 2018 BANS will be registered in the name of Cede & Co., as nominee for DTC.

SO LONG AS CEDE & CO, AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2018 BANS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS (OR THE OWNERS) WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2018 BANS. The 2018 BANS will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the 2018 BANS, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules

applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of 2018 BANs under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2018 BANs on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2018 BANs are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2018 BANs, except in the event that use of the book-entry system for the 2018 BANs is discontinued.

To facilitate subsequent transfers, all 2018 BANs deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2018 BANs with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2018 BANs; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2018 BANs are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2018 BANs may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2018 BANs, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of 2018 BANs may wish to ascertain that the nominee holding the 2018 BANs for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2018 BANs within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2018 BANs unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2018 BANs are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, interest and redemption amounts, if any, on the 2018 BANs will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursements of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2018 BANs at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but neither the City nor the Underwriter takes any responsibility for the accuracy thereof.

In the event that the book-entry-only system is discontinued, the Paying Agent will provide for the registration of the 2018 BANs in the name of the Beneficial Owners thereof. The City, the Registrar, Paying Agent and any other Fiduciary would treat the person in whose name any BAN is registered as the absolute owner of such BAN for the purposes of making and receiving payment of the principal thereof and interest thereon, and for all other purposes, and none of these parties would be bound by any notice or knowledge to the contrary.

#### *Revision of Book-Entry-Only System:*

In the event that either (1) the City receives notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a clearing agency for the 2018 BANs or (2) the City elects to discontinue its use of DTC as a clearing agency for the 2018 BANs, then the City and the Paying Agent will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the 2018 BANs, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the 2018 BANs and to transfer the ownership of each of the 2018 BANs to such person or persons, including any other clearing agency, as the holder of such 2018 BANs may direct in accordance with the Ordinance. Any expenses of such a discontinuation and transfer, including any expenses of printing new certificates to evidence the 2018 BANs will be paid by the City.

### CONTINUING DISCLOSURE

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the "SEC Rule"), the City will enter into a Continuing Disclosure Undertaking (the "Undertaking"), in connection with the sale of the 2018 BANs. Pursuant to the terms of the Undertaking, the City agrees to provide the information detailed in the Undertaking, the form of which is attached hereto as Appendix E.

The purpose of the Undertaking is to enable the Underwriter to purchase the 2018 BANs by providing for an undertaking by the City in satisfaction of the SEC Rule. The City's failure to honor its covenants under the Undertaking shall not constitute a breach or default of the 2018 BANs, the Undertaking or any other agreement.

In order to assist the Underwriter in complying with the Underwriter's obligations pursuant to the SEC Rule, the City represents that it has conducted or caused to be conducted what it believes to be a reasonable review of the City's compliance with its continuing disclosure obligations. Based upon such review, the City represents that in the previous five years it has not fully complied with its previous undertakings including, but not limited to, the following instances:

- Certain rating changes which are not assigned to the City, such as bond insurer rating changes, have not consistently been filed as material events because reportable events are only required on the City's bonds.
- The City also filed certain operating data, including large users for fiscal year ending December 31, 2013 late, but filed it on October 24, 2014. The City also filed a failure to file.

The City makes no representations as to any potential materiality of such prior instances, as materiality is dependent upon individual facts and circumstances. The City has retained Umbaugh (as hereinafter defined) as its dissemination agent.

### BAN RATING

S&P Global Ratings ("S&P Global") has assigned a rating of "\_\_\_\_" to the 2018 BANs. Such rating reflects only the view of S&P Global and any explanation of the significance of such rating may only be obtained from S&P Global.

The rating is not a recommendation to buy, sell or hold the 2018 BANs, and such rating may be subject to revision or withdrawal at any time by S&P Global. Any downward revision or withdrawal of the rating may have an adverse effect upon the market price of the 2018 BANs.

The City did not apply to any other rating service for a rating on the 2018 BANs.

#### UNDERWRITING

The 2018 BANs are being purchased by \_\_\_\_\_ (the “Underwriter”) at a purchase price of \$\_\_\_\_\_, which is the par amount of the 2018 BANs of \$\_\_\_\_\_ less the underwriter’s discount of \$\_\_\_\_\_ plus the original issue premium of \$\_\_\_\_\_.

The Underwriter intends to offer the 2018 BANs to the public at the offering prices set forth on the cover page of this Official Statement. The Underwriter may allow concessions to certain dealers (including dealers in a selling group of the Underwriter and other dealers depositing the 2018 BANs into investment trusts), who may realow concessions to other dealers. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

#### MUNICIPAL ADVISOR

H.J. Umbaugh & Associates, Certified Public Accountants, LLP (the “Municipal Advisor”) (“Umbaugh”) has been retained by the City to provide certain financial advisory services including, among other things, preparation of the deemed “nearly final” Preliminary Official Statement and the Final Official Statement (the “Official Statements”). The information contained in the Official Statements has been compiled from records and other materials provided by City officials and other sources deemed to be reliable. The Municipal Advisor has not and will not independently verify the completeness and accuracy of the information contained in the Official Statements.

The Municipal Advisor’s duties, responsibilities and fees arise solely as Municipal Advisor to the City and they have no secondary obligations or other responsibility. The Municipal Advisor’s fees are expected to be paid from proceeds of the 2018 BANs.

#### *Municipal Advisor Registration:*

Umbaugh is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, Umbaugh is providing certain specific municipal advisory services to the City, but is neither a placement agent to the City nor a broker/dealer and cannot participate in the underwriting of the 2018 BANs.

The offer and sale of the 2018 BANs shall be made by the City, in the sole discretion of the City, and under its control and supervision. The City agrees that Umbaugh does not undertake to sell or attempt to sell the 2018 BANs, and will take no part in the sale thereof.

#### *Other Financial Industry Activities and Affiliations:*

Umbaugh Cash Advisory Services, LLC (“UCAS”) is a wholly-owned subsidiary of Umbaugh. UCAS is registered as an investment adviser with the Securities and Exchange Commission under the federal Investment Advisers Act. UCAS provides non-discretionary investment advice with the purpose of helping clients create and maintain a disciplined approach to investing their funds prudently and effectively. UCAS may provide advisory services to the clients of Umbaugh.

UCAS has no other activities or arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

#### LEGISLATIVE PROPOSALS

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2018 BANs to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the 2018 BANs. Prospective

purchasers of the 2018 BANs should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Legislation affecting municipal bonds is considered from time to time by the United States Congress and the Executive Branch, including some proposed changes under consideration at the time of issuance of the 2018 BANs. Bond Counsel's opinion is based upon the law in existence on the date of issuance of the 2018 BANs. It is possible that legislation enacted after the date of issuance of the 2018 BANs or proposed for consideration will have an adverse effect on the excludability of all or a part of the interest on the 2018 BANs from gross income, the manner in which such interest is subject to federal income taxation or the market price of the 2018 BANs.

Legislation affecting municipal bonds is considered from time to time by the Indiana legislature and Executive Branch. It is possible that legislation enacted after the date of the 2018 BANs or proposed for consideration will have an adverse effect on payment or timing of payment or other matters impacting the 2018 BANs.

The City cannot predict the outcome of any such federal or state proposals as to passage, ultimate content or impact if passed, or timing of consideration or passage. Purchasers of the 2018 BANs should reach their own conclusions regarding the impact of any such federal or state proposals.

### TAX MATTERS

In the opinion of Bose McKinney & Evans LLP, under federal statutes, decisions, regulations and rulings, interest on the 2018 BANs is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended, except for interest on any 2018 BANs for any period during which such 2018 BANs are held by a person who is a "substantial user" of the projects funded by the 2018 BANs or a "related person" within the meaning of Section 147(a) of the Code. Further, under existing law, interest on the 2018 BANs is an item of tax preference for purposes of federal alternative minimum tax imposed on individuals. Such exclusion is conditioned on continuing compliance with the Tax Covenants (hereinafter defined). In the opinion of Bose McKinney & Evans LLP, under existing laws, regulations, judicial decisions and rulings, interest on the 2018 BANs is exempt from income taxation in the State of Indiana. The 2018 BANs are not bank qualified. See the form of opinion of Bond Counsel in Appendix D.

The Code imposes certain requirements which must be met subsequent to the issuance of the 2018 BANs as a condition to the exclusion from gross income of interest on the 2018 BANs for federal income tax purposes. The City will covenant not to take any action, within its power and control, nor fail to take any action with respect to the 2018 BANs that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the 2018 BANs pursuant to Section 103 of the Code (collectively, "Tax Covenants"). The Bond Ordinance and certain certificates and agreements to be delivered on the date of delivery of the 2018 BANs establish procedures to permit compliance with the requirements of the Code. It is not an event of default under the Bond Ordinance if interest on the 2018 BANs is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not in effect on the issue date of the 2018 BANs.

IC 6-5.5 imposes a franchise tax on certain taxpayers (as defined in IC 6-5.5) which, in general, include all corporations which are transacting the business of a financial institution in Indiana. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code.

Although Bond Counsel will render an opinion in the form attached as Appendix D hereto, the accrual or receipt of interest on the 2018 BANs may otherwise affect a bondholder's federal income tax or state tax liability. The nature and extent of these other tax consequences will depend upon the bondholder's particular tax status and a bondholder's other items of income or deduction. Taxpayers who may be affected by such other tax consequences include, without limitation, individuals, financial institutions, certain insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the 2018 Bonds. Bond Counsel expresses no opinion regarding any other such tax consequences.

### ORIGINAL ISSUE DISCOUNT

The initial public offering price of the 2018 BANs (the "Discount BANs") is less than the principal amount payable at maturity. As a result the Discount BANs will be considered to be issued with original issue discount. The difference between the initial public offering price of the Discount BANs, as set forth on the cover page of this Official Statement



(assuming it is the first price at which a substantial amount of that maturity is sold) (the “Issue Price” for such maturity), and the amount payable at maturity of the Discount BANs will be treated as “original issue discount.” A taxpayer who purchases a Discount BANs in the initial public offering at the Issue Price for such maturity and who holds such Discount BANs to maturity may treat the full amount of original issue discount as interest which is excludable from the gross income of the owner of that Discount BANs for federal income tax purposes and will not, under present federal income tax law, realize taxable capital gain upon payment of the Discount BANs at maturity.

The original issue discount on each of the Discount BANs is treated as accruing daily over the term of such BAN on the basis of the yield to maturity determined on the basis of compounding at the end of each six-month period (or shorter period from the date of the original issue) ending on April 1 and October 1 (with straight line interpolation between compounding dates).

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discount BANs, that the amount of original issue discount accruing each period will be added to the owner’s tax basis for the Discount BANs. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount BANs (including sale, redemption or payment at maturity). Owners of Discount BANs who dispose of Discount BANs prior to maturity should consult their tax advisors concerning the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount BANs prior to maturity.

As described above in “Tax Matters,” the original issue discount that accrues in each year to an owner of a Discount BANs may result in certain collateral federal income tax consequences. Owners of any Discount BANs should be aware that the accrual of original issue discount in each year may result in a tax liability from these collateral tax consequences even though the owners of such Discount BANs will not receive a corresponding cash payment until a later year.

Owners who purchase Discount BANs in the initial public offering but at a price different from the Issue Price for such maturity should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount BANs.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bonds such as the Discount BANs. Owners who do not purchase Discount BANs in the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount BANs.

Owners of Discount BANs should consult their own tax advisors with respect to the state and local tax consequences of owning the Discount BANs. It is possible under the applicable provisions governing the determination of state or local income taxes accrued interest on the Discount BANs may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

#### AMORTIZABLE BAN PREMIUM

The initial offering price of the 2018 BANs (the “Premium BANs”), is greater than the principal amount payable at maturity or call date. As a result, the Premium BANs will be considered to be issued with amortizable BAN premium (the “BAN Premium”). An owner who acquires a Premium BAN in the initial offering will be required to adjust the owner’s basis in the Premium BANs downward as a result of the amortization of the BAN Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon the disposition of the Premium BANs (including sale, redemption or payment at maturity or call). The amount of amortizable BAN Premium will be computed on the basis of the owner’s yield to maturity, with compounding at the end of each accrual period. Rules for determining (i) the amount of amortizable BAN Premium and (ii) the amount amortizable in a particular year are set forth in Section 171(b) of the Code. No income tax deduction for the amount of amortizable BAN Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of BAN Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning the Premium BANs. Owners of the Premium BANs should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of BAN Premium upon the sale or other disposition of Premium BANs and with respect to the state and local tax consequences of owning and disposing of Premium BANs.

Special rules governing the treatment of BAN Premium, which are applicable to dealers in tax-exempt securities are found at Section 75 of the Code. Dealers in tax-exempt securities are urged to consult their own tax advisors concerning treatment of BAN Premium.

### LITIGATION

To the knowledge of the officers and counsel for the City, there is no litigation pending or threatened, against the City, which in any way questions or affects the validity of the 2018 BANs, the collection of revenues of the Water Utility, the pledge of Net Revenues to the payment of the 2018 BANs, or any proceedings or transactions relating to the issuance, sale or delivery thereof.

The officers and counsel for the City will certify at the time of delivery of the 2018 BANs that there is no litigation pending or in any way threatened questioning the validity of the 2018 BANs, or any of the proceedings had relating to the authorization, issuance and sale of the 2018 BANs, the Bond Ordinance or the Project would result in a material adverse impact on the financial condition of the City.

### CERTAIN LEGAL MATTERS

Legal matters incident to the authorization and issuance of the 2018 BANs are subject to the unqualified approving opinion of Bose McKinney & Evans LLP, Indianapolis, Indiana, Bond Counsel, whose approving opinion will be available at the time of delivery of the 2018 BANs. Bose McKinney & Evans LLP has not been asked nor has it undertaken to review the accuracy or sufficiency of this Official Statement, and will express no opinion thereon. The form of opinion of Bond Counsel is included as Appendix D of this Official Statement.

### LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES

The various legal opinions to be delivered concurrently with the delivery of the 2018 BANs express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The remedies available to the bondholders upon a default under the Bond Ordinance are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the federal bankruptcy code), the remedies provided in the Bond Ordinance may not be readily available or may be limited. Under federal and State environmental laws certain liens may be imposed on property of the City from time to time, but the City has no reason to believe, under existing law, that any such lien would have priority over the lien on the Net Revenues pledged to the payment of debt service of the 2018 BANs.

The various legal opinions to be delivered concurrently with the delivery of the 2018 BANs will be qualified as to the enforceability of the various legal instruments by the valid exercise of the constitutional powers of the City, the State of Indiana and the United States of America and bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

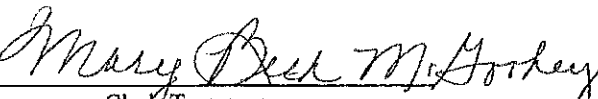
These exceptions would encompass any exercise of federal, State or local police powers (including the police powers of the City), in a manner consistent with the public health and welfare. Enforceability of the Bond Ordinance in a situation where such enforcement may adversely affect public health and welfare may be subject to these police powers.

The City certifies to the best of its knowledge and belief that this Official Statement, as of its date and as it relates to the City and its economic and financial condition, (i) is complete and accurate; (ii) does not contain any untrue statement of a material fact; and (iii) does not omit any material facts or information which would make the statements contained herein misleading.

This Official Statement and its execution are duly authorized.

CITY OF WASHINGTON, INDIANA

By:   
Mayor

Attest:   
Clerk-Treasurer

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## APPENDIX A



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\*The General Information section contains information regarding the tax base of the City of Washington; however, NO PROPERTY TAXES ARE PLEDGED TO PAYMENT OF THE 2018 BANs.

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## CITY OF WASHINGTON, INDIANA

### SYSTEM OVERVIEW

The City of Washington (the “City”) first constructed the Water Utility in 1889. The privately owned system supplied unfiltered water from the White River to the rapidly growing railroad community. A series of private owners continued to operate the system until it was purchased by the City in the late 1920’s.

The City currently has four finished water storage tanks (a 500,000 gallon elevated tank, a 2,000,000 gallon elevated tank, a 550,000 gallon standpipe, and a 600,000 gallon water tower), two well fields with 12 wells ranging from 400-1,500 gpm, two clear wells holding 1.5 million gallons each and a high service pump building. The tanks also serve to provide water storage for fire protection. A booster station pumps water from the main pressure zone. The distribution mains range in size from 2” to 16”, and the distribution system contains four pressure zones. The water treatment plant has a 10 MGD rated capacity and utilized 3.3 MGD in 2016 and 3.2 MGD in 2017.

The service area for the Water Utility district is similar to the City limits; however, some customers are outside the limits. The Water Utility district provides water to 5,480 residential, commercial, and municipal customers. Approximately 15% of its customer base equaling 100 commercial and 780 residential customers are outside the City. The City also has a long-term wholesale water supply contract with Daviess County Rural Water.

### RATES

The rates for the Water Utility are set and approved by the City’s Common Council. The last general rate increase was effective November 14, 2012. A 14.3% outside city surcharge has been implemented which complies with the Indiana Court of Appeal’s decision, Opinion 14A01-1702-PL-316, dated December 20, 2017, in *City of Washington, Indiana v. Daviess County Rural Water System, Inc.* A rate ordinance is currently under consideration by the Common Council to increase the present rates and charges of the Water Utility. It is anticipated the Common Council will consider the rate ordinance for adoption on December 10, 2018.

### RATE HISTORY

<u>Year</u>	<u>Date Approved</u>	<u>Ordinance</u>	<u>Bill - 533 Cubic Feet (4,000 gallons)</u>
1998	April 8, 1998	IURC Order Cause No. 40407	\$14.28
2000	June 23, 2000	IURC Order Cause No. 41666, Phase I	17.16
2001	May 25, 2001	IURC Order Cause No. 41666, Phase II	20.09
2010*	September 27, 2010	23-2010	21.99
2012	September 24, 2012	14-2012	28.14
2019**	December 10, 2018 (est.)	34-2018	33.79

\*2010 represents an establishment of a fire protection fee, not a general increase in rates.

\*\*A rate ordinance is currently under consideration by the Common Council to increase the present rates and charges of the Water Utility. It is anticipated the Common Council will consider the rate ordinance for adoption on December 10, 2018.

Note: The Water Utility has opted out of the jurisdiction of the Indiana Utility Regulatory Commission.

### DEBT SERVICE COVERAGE

<u>Year</u>	<u>Net Revenues</u>	<u>Debt Service</u>	<u>Coverage</u>
2013	\$2,420,463	\$1,402,902	173%
2014	2,420,266	1,717,810	141%
2015	2,528,938	1,717,860	147%
2016	2,135,562*	1,711,510	125%
2017	2,287,742*	1,705,865	134%

Source: Water Utility Department

\*Net revenues were reduced in 2016 and 2017 due to non-recurring litigation expenses.

## USER CONNECTIONS

Based upon information provided by the Indiana State Board of Accounts and utility billing personnel, the number of Water Utility customers is reported as follows:

<u>Year</u>	<u>Number of Customers</u>
2008	5,301
2009	5,285
2010	5,445
2011	5,475
2012	5,326
2013	5,316
2014	5,349
2015	5,449
2016	5,470
2017	5,545
2018*	5,593

\*As of August 31, 2018.

## CUSTOMER USE

### Percent of Total Consumption

	<u>Commercial</u>	<u>Municipal</u>	<u>Residential</u>	<u>Total</u>
2013	77.01%	0.94%	22.05%	100.00%
2014	77.79%	0.77%	21.44%	100.00%
2015	79.01%	0.90%	20.09%	100.00%
2016	80.27%	0.98%	18.75%	100.00%
2017	71.38%	1.19%	27.43%	100.00%

### Percent of Total Revenues

	<u>Commercial</u>	<u>Municipal</u>	<u>Residential</u>	<u>Total</u>
2013	50.25%	1.09%	48.66%	100.00%
2014	51.08%	0.92%	48.00%	100.00%
2015	52.42%	1.03%	46.55%	100.00%
2016	53.59%	1.04%	45.37%	100.00%
2017	45.75%	1.11%	53.14%	100.00%

### LARGE USERS

The following is a list of the ten largest users of the Waterworks, according to the utility records. Total billed revenue for the twelve months ended August 31, 2018 was \$4,232,847. The ten largest users as presented below accounted for approximately 38 percent of billed revenue.

<u>Name</u>	<u>Type of Business</u>	<u>Consumption</u> (100 Cu. Ft.)	<u>Billed</u> <u>Revenue</u>
1. Perdue Farms, Inc.	Process turkeys, frozen turkeys and turkey rolls	466,170	\$632,707
2. Daviess County Rural Water	Water utility	390,535	560,823
3. Grain Processing Corporation	Manufacturer, corn-based products	49,519	127,103
4. City Housing Authority	Apartments	15,386	55,651
5. Washington Community Schools	Public education	9,306	46,326
6. Daviess Community Hospital	Health care facility	13,972	40,680
7. Matheson Tri-Gas Inc.	Industrial gas facility	14,485	36,446
8. Gene Glick Apartments	Apartments	7,382	34,694
9. Daviess County Jail	County jail	10,220	30,175
10. Health and Hospital Corporation	Health care facility	<u>6,449</u>	<u>26,842</u>
Totals		<u>983,424</u>	<u>\$1,591,447</u>

## **GENERAL PHYSICAL AND DEMOGRAPHIC INFORMATION**

### **LOCATION**

The City is located in Daviess County (the “County”) in southwestern Indiana approximately 55 miles north of Evansville and 100 southwest of Indianapolis.

### **GENERAL CHARACTERISTICS**

The City is the county seat and the retail trade center for the surrounding communities. The County has strong agricultural influences. The rural areas have an Amish influence with Amish families who are engaged in farming, woodworking, construction, quilting and baking. Additionally, the County produces products such as turkey products, pharmacy and medical equipment and corn-based products.

The parks in the City provide a variety of recreational opportunities including swimming pools, tennis courts and picnic areas to County residents. Three parks in the City cover more than 70 acres. The community also maintains an Olympic-size municipal swimming pool and an archery range. The City offers a 53-acre community sports complex which includes little league fields, tennis courts and soccer fields.

The Washington Carnegie Public Library serves the residents in the City. The Daviess County Museum, also located in the City, hosts a large collection of artifacts and historical exhibits relating to the County’s history.

### **ADMINISTRATION AND STAFF**

The management of the City of Washington Municipal Water Utility is under the direction of the Board of Public Works. The Water Utility superintendent oversees the day-to-day operations of the system. The Water Utility currently employs 19 personnel with no union representation.

### **PLANNING AND ZONING**

The City has an eleven-member Plan Commission to provide orderly growth for residential, commercial and industrial areas within the City and a two-mile jurisdiction surrounding its limits. The City also has a seven-member Board of Zoning Appeals.

### **EDUCATION**

Washington Community Schools serves residents of the City, operating one high school, one junior high school and four elementary schools. The superintendent’s office reports 2018 - 2019 enrollment for the School Corporation at 2,571 students, with approximately 157 certified and 57 non-certified employees. The School Corporation provides special education for its students through the Daviess-Martin Special Education Cooperative, which serves four school corporations in the area.

### **PENSION OBLIGATIONS**

#### **Public Employees’ Retirement Fund**

##### **Plan Description**

The Indiana Public Employees’ Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member’s annuity savings account. The annuity savings account consists of members’ contributions, set by state statute at 3 percent of compensation, plus the

interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System  
1 North Capitol Avenue, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

#### Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

The City's contributions for the year 2017 were \$551,602.

Contributions to pension obligations are prorated for utilities based on the number of utility employees as well as contributions for certain City employees. Each utility makes contributions based on full-time employees salaries times 11.2%. Utilities pay for their portion of health insurance and benefits to their retirees.

#### 1925 Police Officers' Pension Plan

##### Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

##### Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

##### On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

#### 1937 Firefighters' Pension Plan

##### Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

##### Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

### On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

### 1977 Police Officers' and Firefighters' Pension and Disability Fund

#### Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System  
1 North Capitol Avenue, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

#### Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

The City's contributions for the year 2017 were \$276,254.

#### Other Post-Employment Benefits

The City offers retirees age 55 through 65 with 20 years or more of service the option to keep the City Health Insurance plan. Dependents on the plan at the time of retirement may also stay on the plan. For single, employee only personnel, the City pays 75% of the premium. For dependents, the City pays 50% of the premium. Currently there are nine retirees receiving other post-employment benefits. For the year 2017, the City contributed \$279,498.

Retirees with 10 or more years of employment receive \$20 per accumulated sick day after retirement.

Contributions from utilities are prorated to the individual utility departments based on the number of employees in each department.

## **GENERAL ECONOMIC AND FINANCIAL INFORMATION**

### **COMMERCE AND INDUSTRY**

The largest employer in the County is Perdue Farms, Inc. The company processes turkeys and turkey products from farms in the County and other locations in Indiana and other states. In August 2018, the company announced that it would be reopening a facility that was previously owned by Cargill. The facility will be open for the 2018 harvest season and is located in the nearby City of Vincennes. According to company personnel, approximately 825 employees work for the company as of November 2017.

Williams Brothers Healthcare Pharmacy, a producer of pharmacy and medical equipment, is headquartered in the City. The company has additional facilities in Bloomington, Loogootee, Paoli, Princeton and Vincennes, Indiana as well as Olney, Illinois. The company expanded its facilities to include four buildings in the City. The company currently employs approximately 260 workers, according to company personnel.

Graber Post Building, Inc. was established in the Town of Montgomery in 1973. The company manufactures and distributes materials for post frame structures. Since 1984, Graber has constructed nearly 10,000 post frame buildings. In addition to constructing post frame buildings, the company has also expanded its facilities to include new buildings in the City. The company currently employs approximately 210 workers, according to company personnel.

Grain Processing Corporation (“GPC”) is a grain processing facility in the City that opened in 1999. GPC is a leading manufacturer and worldwide marketer of corn-based products. GPC has an additional facility in Iowa as well as offices in Europe, Asia and Mexico. The company currently employs approximately 195 workers, according to company personnel.

The Westgate @ Crane Technology Park (the “Technology Park”) is a tri-county technology park that supports commercial companies, university faculty and federal contract work for the nearby Crane Naval Surface Warfare Center (“Crane Naval Base”). The Technology Park is home to more than 30 companies that range from small businesses to Fortune 500 companies. The development of the Technology Park offers growing employment opportunities to County residents. In June 2018, Inside Indiana Business reported that Indiana University would be opening an approximately \$8.8 million facility in the Technology Park. In addition, the news outlet reported that the Technology Park’s first hotel broke ground in April 2018. The new hotel is expected to include over 70 rooms, a workout facility and meeting areas. Additionally, the \$7 million hotel is anticipated to employ approximately 20 workers.

In August 2018, Inside Indiana Business reported that NASCO is investing approximately \$1.75 million into its facility in the City. NASCO manufactures materials for petrochemical companies and electric utilities and was established in 1979. The project includes the development of a new 24,000 sq.ft. building and the addition of up to 20 new jobs. The company conducts business in the United States and Canada and currently employs approximately 100 workers, according to the report. The project is anticipated to finish by the end of 2018.

M&C Tech opened a new manufacturing plant in the County in March 2018, according to Inside Indiana Business. The Japanese company manufactures materials for the automotive sector and initially announced its investment in the County in 2016. The company invested approximately \$4.6 million into an approximately 40,000 sq.ft. facility, which is expected to house approximately 70 employees by 2021.

In April 2018, Inside Indiana Business announced that ISOFlex Packaging would be expanding its operations in the County. The company invested approximately \$4 million to open an additional production line and expects to employ six new workers. There is also potential for another expansion at its facility in 2019. The Florida company manufactures specialty plastic bags and films, which are utilized in several sectors. ISOFlex acquired Alliance Barrier Films in January 2018. However, the company is still referred to as Alliance Barrier Films.

Eagle Railcar opened its first Indiana facility in the City in August 2018. The company invested more than \$18 million to establish and equip a 150,000 sq.ft. railcar repair and maintenance facility. The company has more than 100 employees and is expected to hire additional employees in the coming year.

The construction of the new Daviess County I-69 interchange at Exit 62 has created new opportunities for economic growth and transcontinental commerce. According to Inside Indiana Business, the Exit 62 interchange opened in 2016 and rests across approximately 23 acres. In addition, the area includes a shell building and cross-dock facility, which are valued at \$10 million. During the development of the new exit, almost \$100 million in new investments, development, and construction were made in or committed to the City, including the expansion of companies with international operations.

The largest employer in close proximity to the County is Crane Naval Base, which is located across approximately 60,000 acres in Crane, Indiana. Crane Naval Base is the third largest Navy installation in the world and employs approximately 5,000 people, including high level scientists, engineers and technicians. Crane Naval Base was established in 1941 and is one Indiana's largest employers, according to Inside Indiana Business.



## **LARGE EMPLOYERS**

Below is a list of the County's largest employers. The number of employees shown are as reported by company personnel unless otherwise noted. Because of reporting time lags and other factors inherent in collecting and reporting such information, the statistics may not reflect recent employment levels.

<u>Name</u>	<u>Year Established</u>	<u>Type of Business</u>	<u>Reported Employment</u>
Perdue Farms, Inc.	1984	Turkey processing and turkey products	825 (1)
Daviess Community Hospital	1913	Health care facility	573 (2)
Walmart	1988	Retail store	300
Williams Brothers Healthcare Pharmacy	1988	Pharmacy/medical equipment	260
Daviess County	1817	County government	257 (3)
Washington Community Schools	-	Public education	214 (4)
Graber Post Building, Inc.	1973	Mfg. and distributor post frame materials	210
Grain Processing Corporation	1999	Mfg. corn-based products	195
City of Washington	-	City government	171 (5)
Boyd and Sons, Inc.	-	Logistics and machinery	147

(1) As of November 2017.

(2) Per the 2017 Harris Indiana Directories.

(3) Per the County, includes 208 full-time, 44 part-time, and 5 seasonal employees.

(4) Per Washington Community Schools, includes 157 certified and 57 non-certified employees.

(5) Per the City.

## **EMPLOYMENT**

<u>Year</u>	<u>Unemployment Rate</u>	
	<u>Daviess County</u>	<u>Indiana</u>
2013	5.7%	7.7%
2014	4.5%	6.0%
2015	3.8%	4.8%
2016	3.5%	4.4%
2017	2.8%	3.5%
2018, Sept.	2.3%	3.0%

Source: Indiana Business Research Center. Data collected as of November 7, 2018.

## **BUILDING PERMITS**

Provided below is a summary of the number of building permits and estimated construction costs for the City.

<u>Year</u>	<u>Residential</u>		<u>Commercial/Industrial</u>	
	<u>Total Permits</u>	<u>Estimated Costs</u>	<u>Total Permits</u>	<u>Estimated Costs</u>
2013	73	\$3,656,266	37	\$12,389,359
2014	86	4,716,861	42	3,912,667
2015	122	6,188,339	39	4,264,930
2016	74	4,421,492	42	5,238,441
2017	66	4,210,093	54	9,023,566

Source: City of Washington Building Commission.

## POPULATION

<u>Year</u>	<u>City of Washington</u>		<u>Daviess County</u>	
	<u>Population</u>	<u>Percent of Change</u>	<u>Population</u>	<u>Percent of Change</u>
1970	11,358	4.72%	26,602	-0.13%
1980	11,325	-0.29%	27,836	4.64%
1990	10,838	-4.30%	27,533	-1.09%
2000	11,380	5.00%	29,820	8.31%
2010	11,509	1.13%	31,648	6.13%
2017, Est.	12,114	5.26%	33,113	4.63%

Source: U.S. Census Bureau

## AGE STATISTICS

	<u>City of Washington</u>	<u>Daviess County</u>
Under 25 Years	4,017	11,932
25 to 44 Years	2,771	7,301
45 to 64 Years	2,896	7,954
65 Years and Over	1,825	4,461
Totals	11,509	31,648

Source: U.S. Census Bureau's 2010 Census

## EDUCATIONAL ATTAINMENT

<u>Years of School Completed</u>	<u>Persons 25 and Over</u>	
	<u>City of Washington</u>	<u>Daviess County</u>
Less than 9th grade	5.9%	15.0%
9th to 12th grade, no diploma	12.4%	10.3%
High school graduate	40.5%	36.3%
Some college, no degree	17.2%	14.7%
Associate's degree	7.2%	9.7%
Bachelor's degree	10.6%	8.6%
Graduate or professional degree	6.2%	5.4%

Source: U.S. Census Bureau's 2012-2016 American Community Survey 5-Year Estimates

### MISCELLANEOUS ECONOMIC INFORMATION

	<u>City of Washington</u>	<u>Daviess County</u>	<u>Indiana</u>
Per capita income, past 12 months*	\$20,504	\$21,472	\$26,117
Median household income, past 12 months*	\$36,942	\$47,939	\$50,433
Average weekly earnings in manufacturing (1st qtr. of 2018)	N/A	\$674	\$1,348
Land area in square miles - 2010	4.73	429.49	35,826.11
Population per land square mile - 2010	2,433.2	73.7	181.0
Retail sales in 2012:			
Total retail sales	\$132,131,000	\$485,889,000	\$85,857,962,000
Sales per capita**	\$11,481	\$15,353	\$13,242
Sales per establishment	\$2,064,547	\$3,982,697	\$3,974,722

\*In 2016 inflation-adjusted dollars – 5-year estimates

\*\*Based on 2010 Population.

Source: Bureau of Census Reports and the Indiana Business Research Center. Data collected as of November 7, 2018.

<u>Employment and Earnings - Daviess County 2016</u>	<u>Earnings</u> (In 1,000s)	Percent of <u>Earnings</u>	<u>Labor Force</u>	Distribution of <u>Labor Force</u>
Construction	\$158,966	21.25%	2,182	12.33%
Manufacturing	129,861	17.36%	2,525	14.26%
Services	126,457	16.91%	4,100	23.16%
Wholesale and retail trade	102,228	13.67%	2,606	14.72%
Government	101,508	13.57%	1,920	10.85%
Transportation and warehousing	45,073	6.03%	1,053	5.95%
Finance, insurance and real estate	29,593	3.96%	871	4.92%
Farming	22,317	2.98%	1,341	7.57%
Other*	22,065	2.95%	932	5.26%
Information	5,081	0.68%	121	0.68%
Utilities	4,797	0.64%	53	0.30%
Totals	<u>\$747,946</u>	<u>100.00%</u>	<u>17,704</u>	<u>100.00%</u>

\*In order to avoid disclosure of confidential information, specific earnings and employment figures are not available for the Forestry, fishing, related activities, Mining, and certain Service Sectors. The data is incorporated here.

Source: Bureau of Economic Analysis and the Indiana Business Research Center. Data collected as of November 7, 2018.

<u>Adjusted Gross Income</u>	<u>Year</u>	<u>Daviess County Total</u>
	2011	\$578,750,832
	2012	603,667,225
	2013	615,734,271
	2014	650,291,330
	2015	665,606,021

Source: Indiana Department of Revenue

## SCHEDULE OF INDEBTEDNESS

The following schedule shows the outstanding indebtedness of the City and the taxing units within and overlapping its jurisdiction as of November 7, 2018, including issuance of the BANs, as reported by the respective taxing units.

<u>Direct Debt</u>	<u>Original Par Amount</u>	<u>Final Maturity</u>	<u>Outstanding Amount</u>
<b>Self-Supporting Revenue Debt</b>			
Proposed Tax-Exempt Waterworks Bond Anticipation Notes, Series 2018	\$1,725,000 *	12/20/23	\$1,725,000 *
Tax-Exempt Waterworks Revenue Bonds, Series 2018A	6,315,000	10/01/28	6,315,000
Taxable Waterworks Revenue Bonds, Series 2018B	565,000	10/01/21	565,000
Waterworks Refunding Revenue Bonds of 2013, Series A	5,305,000	04/01/21	3,760,000
Sewage Works Refunding Revenue Bonds of 2016, Series A	5,900,000	01/01/28	4,965,000
Sewage Works Revenue Bonds of 2016, Series B	1,000,000	07/01/30	985,000
Sewage Works Revenue Bonds of 2010	14,913,000	01/01/30	10,255,000
Sewage Works Revenue Bonds of 2009	2,725,000	07/01/30	1,925,000
Street Sweeper	258,875	11/01/20	104,174
Sewer Cleaner	412,500	(1)	412,500
Subtotal			<u>31,011,674</u>
<b>Tax Supported Debt</b>			
Economic Development Revenue Bonds, Series 2014A	4,200,000	02/01/24	3,715,000
Taxable Economic Development Revenue Bonds, Series 2014B	6,765,000	02/01/28	6,540,000
Park Playground Equipment	134,962	06/30/19	18,236
Loadmaster/Freightliner Pack	135,321	12/01/18	35,244
Police Cars Lease	211,544	04/01/19	52,886
Pool Filter System	111,223	02/01/23	111,223
Subtotal			<u>10,472,589</u>
Total Direct Debt			<u><u>\$41,484,263</u></u>

In addition to the debt above, the City anticipates issuing approximately \$1,010,000 of Sewage Works Bond Anticipation Notes, Series 2018 and \$2,130,000 of Electric Utility Revenue Bonds, Series 2018. The City's Redevelopment Commission and Economic Development Foundation also plan to enter into an agreement to finance an approximately \$300,000 Sewage Works project that will be payable from I-69 TIF revenues. The first payment will occur in January 2019 and the bonds will be payable over the next ten years.

<u>Overlapping Debt</u>	<u>Total Debt</u>	<u>Percent Allocable to City (2)</u>	<u>Amount Allocable to City</u>
<b>Tax Supported Debt</b>			
Daviess County	\$22,440,000	17.93%	\$4,023,492
Washington Community Schools	20,769,736	42.19%	8,762,752
Total Overlapping Debt			<u><u>\$12,786,244</u></u>

\*Preliminary, subject to change.

(1) Per the City, the anticipated maturity date is June 2023.

(2) Based upon the 2017 payable 2018 net assessed valuation of the respective taxing units.

The schedule presented above is based on information furnished by the obligors or other sources and is deemed reliable. The City makes no representation or warranty as to its accuracy or completeness.

### **DEBT RATIOS**

The following presents the ratios relative to the revenue supported indebtedness of the taxing units within and overlapping the City as of November 7, 2018, including issuance of the BANs.

	Direct Waterworks Revenue Supported Debt*	Direct Sewage Works Revenue Supported Debt	Total Direct Utility Revenue Debt*
	<u>\$12,365,000</u>	<u>\$18,646,674</u>	<u>\$31,011,674</u>
Per capita (1)	\$1,020.72	\$1,539.27	\$2,559.99
Per user (2)			
Waterworks	\$2,256.39		
Sewage Works		\$3,861.39	

\*Preliminary, subject to change.

- (1) According to the U.S. Census Bureau, the estimated 2017 population of the City is 12,114.
- (2) Based upon the billing records, the current number of users are as follows:

Waterworks	5,480
Sewage Works	4,829

## **SCHEDULE OF HISTORICAL NET ASSESSED VALUATION**

(As Provided by the Daviess County Auditor's Office)

<u>Year</u> <u>Payable</u>	<u>Real Estate</u>	<u>Utilities</u>	<u>Personal</u> <u>Property</u>	<u>Total</u> <u>Taxable Value</u>
2014	\$212,080,266	\$3,171,090	\$22,874,720	\$238,126,076
2015	217,848,763	3,021,840	24,197,100	245,067,703
2016	214,774,817	2,954,280	25,412,500	243,141,597
2017	212,851,667	2,894,730	27,924,460	243,670,857
2018	217,918,466	4,324,470	29,244,960	251,487,896
2019 (1)	N/A	N/A	N/A	257,706,863

(1) Certified net assessed valuation per the Department of Local Government Finance ("DLGF").

NOTE: Net assessed valuations represent the assessed value less certain deductions for mortgages, veterans, the aged and the blind, as well as tax-exempt property.

Real property is valued for assessment purposes at its true tax value as defined in the Real Property Assessment Rule, 50 IAC 2.4, the 2011 Real Property Assessment Manual ("Manual"), as incorporated into 50 IAC 2.4, and the 2011 Real Property Assessment Guidelines ("Guidelines"), as adopted by the DLGF. In the case of agricultural land, true tax value is the value determined in accordance with the Guidelines adopted by the DLGF and IC 6-1.1-4-13. In the case of all other real property, true tax value is defined as "the market value-in-use of a property for its current use, as reflected by the utility received by the owner or by a similar user, from the property."

P.L. 180-2016 revises the factors used to calculate the assessed value of agricultural land. This legislation is retroactive to the January 1, 2016 assessment date and applies to each assessment date thereafter. The revised factors enacted in the legislation may reduce the total assessed value of agricultural land, which could shift property tax liability from agricultural property owners to other property owners. In addition, the reduction in the assessed value of agricultural land may result in a reduction of the total assessed value of a City. Lower assessed values of a City may result in higher tax rates in order for a City to receive its approved property tax levy.

Real property assessments are annually adjusted to market value based on sales data. The process of adjusting real property assessments to reflect market values has been termed "trending" by the DLGF.

The Manual permits assessing officials in each county to choose any acceptable mass appraisal method to determine true tax value, taking into consideration the ease of administration and the uniformity of the assessments produced by that method. The Guidelines were adopted to provide assessing officials with an acceptable appraisal method, although the Manual makes it clear that assessing officials are free to select from any number of appraisal methods, provided that they produce accurate and uniform values throughout the jurisdiction and across all classes of property. The Manual specifies the standards for accuracy and validation that the DLGF uses to determine the acceptability of any alternative appraisal method.

NOTE: THE BONDS ARE NOT PAYABLE FROM PROPERTY TAXES

**DETAIL OF NET ASSESSED VALUATION**

Assessed 2017 for Taxes Payable in 2018  
(As Provided by the Daviess County Auditor's Office)

	<u>Total</u>
Gross Value of Land	\$42,124,600
Gross Value of Improvements	<u>361,242,500</u>
Total Gross Value of Real Estate	403,367,100
Less:    Mortgage Exemptions, Veterans, Blind	
Age 65 & Other Exemptions	(161,713,272)
Tax Exempt Property	(15,295,500)
TIF	<u>(8,439,862)</u>
Net Assessed Value of Real Estate	<u>217,918,466</u>
Business Personal Property	34,507,950
Less:    Deductions	<u>(5,262,990)</u>
Net Assessed Value of Personal Property	<u>29,244,960</u>
Net Assessed Value of Utility Property	<u>4,324,470</u>
Total Net Assessed Value	<u><u>\$251,487,896</u></u>

NOTE: THE BONDS ARE NOT PAYABLE FROM PROPERTY TAXES



**COMPARATIVE SCHEDULE OF CERTIFIED TAX RATES**

Per \$100 of Net Assessed Valuation

	Year Taxes Payable				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Detail of Certified Tax Rate:					
General	\$1.2162	\$1.0779	\$1.1406	\$1.1462	\$1.1978
MVH	0.2598	0.2484	0.3011	0.3816	0.4540
Park & Rec	0.1732	0.3023	0.3015	0.2661	0.1956
CCD	0.0478	0.0461	0.0461	0.0461	0.0500
Transportation	0.0207	0.0207	0.0181	0.0176	0.0041
Fire Pension		0.0447			
Police Pension		0.0339			
Totals	<u>\$1.7177</u>	<u>\$1.7740</u>	<u>\$1.8074</u>	<u>\$1.8576</u>	<u>\$1.9015</u>

Total District Certified Tax Rate (1)

City of Washington	\$3.9265	\$3.7353	\$3.7070	\$3.7586	\$3.8895
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(1) Includes certified tax rates of overlapping taxing units.

Source: DLGF Certified Budget Orders for the City.

NOTE: THE BONDS ARE NOT PAYABLE FROM PROPERTY TAXES

**PROPERTY TAXES LEVIED AND COLLECTED**

Collection <u>Year</u>	Certified Taxes <u>Levied</u>	Circuit Breaker <u>Tax Credit</u> (1)	Certified Taxes Levied Net of Circuit Breaker <u>Tax Credit</u>	Taxes <u>Collected</u>	Collected as Percent of <u>Gross Levy</u>	Collected as Percent of <u>Net Levy</u>
2013	\$3,844,505	(\$1,071,467)	\$2,773,038	\$2,838,523	73.83%	102.36%
2014	3,965,503	(1,264,450)	2,701,053	2,815,049	70.99%	104.22%
2015	4,283,540	(1,218,604)	3,064,936	3,154,275	73.64%	102.91%
2016	4,373,146	(1,211,000)	3,162,146	3,201,439	73.21%	101.24%
2017	4,536,259	(1,188,739)	3,347,520	3,423,637	75.47%	102.27%
2018	4,724,549	(1,366,359)	3,358,190	(-----In Process of Collection-----)		

Source: The Daviess County Auditor's Office and the DLGF Certified Budget Orders for the City.

(1) Circuit Breaker Tax Credits allocable to the City per the DLGF.

Indiana Code 6-1.1-20.6 (the "Statute") provides taxpayers with a tax credit for all property taxes in an amount that exceeds the gross assessed value of real and personal property eligible for the credit ("Circuit Breaker Tax Credit").

Property taxes for residential homesteads are limited to 1.0% of the gross assessed value of the homestead; property taxes for agricultural, other residential property and long term care facilities are limited to 2.0% of their gross assessed value; and property taxes for all other real and personal property are limited to 3.0% of gross assessed value. Additional property tax limits have been made available to certain senior citizens. School corporations are authorized to impose a referendum tax levy to replace property tax revenue that the school corporation will not receive due to the Circuit Breaker Tax Credit. Other political subdivisions may not increase their property tax levy or borrow money to make up for any property tax revenue shortfall due to the application of the Circuit Breaker Tax Credit.

The Statute categorizes property taxes levied to pay Debt Service Obligations as "protected taxes," regardless of whether the property taxes were approved at a referendum, and all other property taxes as "unprotected taxes." The total amount of revenue to be distributed to the fund for which the protected taxes were imposed shall be determined without applying the Circuit Breaker Tax Credit. The application of the Circuit Breaker Tax Credit must reduce only the amount of unprotected taxes distributed to a fund. The political subdivision may allocate the reduction by using a combination of unprotected taxes of the political subdivision in those taxing districts in which the Circuit Breaker Tax Credit caused a reduction in protected taxes. The tax revenue and each fund of any other political subdivisions must not be affected by the reduction.

NOTE: THE BONDS ARE NOT PAYABLE FROM PROPERTY TAXES

### LARGE TAXPAYERS

The following is a list of the ten largest taxpayers located within the City.

<u>Name</u>	<u>Type of Business</u>	<u>2017/2018 Net Assessed Valuation</u>	<u>Percent of Total Net Assessed Valuation (1)</u>
Perdue Farms, Inc. (2)	Process turkeys & turkey products	\$16,333,020	6.49%
Daviess County Economic Development Foundation, Inc. (2)	Economic development	5,535,138	2.20%
Cherry Tree Court Apartments LP	Apartments	3,003,060	1.19%
Cherry Tree Plaza LLC (2)	Shopping mall	2,849,000	1.13%
William's Bros Healthcare Pharmacy (2)	Pharmacy/medical equipment	2,667,450	1.06%
Mary I Roark (2)	Real estate	2,664,268	1.06%
Timothy L. & Jane H. Nolan (2)	Real estate	2,495,700	0.99%
American Senior Communities	Nursing homes	2,208,230	0.88%
Jamestown Square of Washington (formerly PR Mortgage & Investment Corp.) (2)	Apartments	1,926,310	0.77%
First Federal Savings Bank (2)	Financial services	<u>1,814,680</u>	<u>0.72%</u>
Totals		<u>\$41,496,856</u>	<u>16.49%</u>

- (1) The total net assessed valuation of the City is \$251,487,896 for taxes payable in 2018, according to the Daviess County Auditor's office.
- (2) Located in a tax increment allocation area ("TIF"); therefore, all or a portion of the taxes are captured as TIF and not distributed to individual taxing units.


Source: County Auditor's office and the DLGF. Individual parcel data is submitted by the County Auditor to the DLGF once a year for preparation of the county abstract.

NOTE: THE BONDS ARE NOT PAYABLE FROM PROPERTY TAXES

The City certifies to the best of its knowledge and belief that this Official Statement, as of its date and as it relates to the City and its economic and financial condition, (i) is complete and accurate; (ii) does not contain any untrue statement of a material fact; and (iii) does not omit any material facts or information which would make the statements contained herein misleading.

This Official Statement and its execution are duly authorized.

CITY OF WASHINGTON, INDIANA

By:   
Mayor

Attest:   
Clerk-Treasurer

## APPENDIX B



## APPENDIX B

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## ACCOUNTANTS' FORECAST AND COMPILATION REPORT

November 29, 2018

Honorable Joseph Wellman, Mayor  
and Board of Public Works and Safety  
City of Washington  
200 Harned Avenue  
Washington, IN 47501

We have compiled the accompanying forecasted statement of net position, statement of revenues, expenses and changes in net position and cash flows (and supplementary data) of the Washington Municipal Water Utility ("Utility") as of December 31, 2018, 2019, 2020 and 2021 and for the years then ending in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast, information that is the representation of management and does not include evaluation of the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We have also compiled the accompanying comparative statement of net position of the Utility as of December 31, 2015, 2016 and 2017 and as of August 31, 2018, and the related comparative statements of revenues, expenses and changes in net position and cash flows for the periods then ended and supplementary data. We have not audited or reviewed the accompanying historical financial statements and supplementary data, and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Utility's financial position, results of operations and its cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.



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**WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY**  
**FORECASTED FINANCIAL STATEMENTS**



**WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY**

**FORECASTED COMPARATIVE STATEMENT OF NET POSITION**

(Amounts rounded to the nearest \$100)

<b>ASSETS:</b>	As of			
	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>
Current Assets:				
Cash and cash equivalents	\$417,400	\$425,800	\$434,300	\$443,000
Depreciation cash and cash equivalents	1,378,300	1,857,400	2,587,700	3,631,300
Accounts receivable (net of allowance)	382,000	382,000	382,000	382,000
Accounts receivable - other	18,300	18,300	18,300	18,300
Restricted cash, cash equivalents and investments:				
Bond and interest cash and cash equivalents	947,300	761,600	555,900	252,200
Waterworks construction fund cash	1,865,600	174,900	174,900	1,669,900
Debt service reserve cash and cash equivalents	633,700	771,300	908,900	1,062,700
Customer deposits	336,100	336,100	336,100	336,100
Interfund receivables:				
Interfund services provided and used	24,800	24,800	24,800	24,800
Inventory	143,800	143,800	143,800	143,800
Prepaid expenses	24,100	24,100	24,100	24,100
Total Current Assets	<u>6,171,400</u>	<u>4,920,100</u>	<u>5,590,800</u>	<u>7,988,200</u>
Noncurrent Assets:				
Capital Assets:				
Land, improvements to land and construction in progress	5,984,800	5,984,800	5,984,800	5,984,800
Other capital assets (net of accumulated depreciation)	18,537,900	19,817,800	19,435,600	18,997,000
Net Capital Assets	<u>24,522,700</u>	<u>25,802,600</u>	<u>25,420,400</u>	<u>24,981,800</u>
Total Assets	<u>\$30,694,100</u>	<u>\$30,722,700</u>	<u>\$31,011,200</u>	<u>\$32,970,000</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred amount on refunding	\$121,800	\$113,400	\$105,000	\$96,600
Deferred debt issuance costs	473,900	372,700	271,500	310,400
Deferred pension outflows	263,000	263,000	263,000	263,000
Total Deferred Outflows of Resources	<u>\$858,700</u>	<u>\$749,100</u>	<u>\$639,500</u>	<u>\$670,000</u>
Total Assets and Deferred Outflows	<u>\$31,552,800</u>	<u>\$31,471,800</u>	<u>\$31,650,700</u>	<u>\$33,640,000</u>

(Continued on next page)

(The Accountants' Compilation Report and the summary  
of significant accounting policies, assumptions and notes  
are an integral part of this statement.)

WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

**FORECASTED COMPARATIVE STATEMENT OF NET POSITION**

(Amounts rounded to the nearest \$100)

<b>LIABILITIES:</b>	As of			
	12/31/2018	12/31/2019	12/31/2020	12/31/2021
Current Liabilities:				
Accounts payable	\$416,100	\$416,100	\$416,100	\$416,100
Wages payable	34,100	34,100	34,100	34,100
Current liabilities payable from restricted assets:				
Customer deposits	333,700	333,700	333,700	333,700
Revenue bonds payable	1,480,000	1,515,000	1,330,000	825,000
Net pension liability	782,700	782,700	782,700	782,700
Accrued interest payable	69,600	79,400	71,900	47,200
Total Current Liabilities	3,116,200	3,161,000	2,968,500	2,438,800
Noncurrent Liabilities:				
Revenue bonds payable (net of unamortized premiums and deferred amount on refunding)	9,002,700	7,486,100	6,154,500	8,647,900
Miscellaneous liability	89,200	89,200	89,200	89,200
Notes payable	1,725,000	1,725,000	1,725,000	-
Total Noncurrent Liabilities	10,816,900	9,300,300	7,968,700	8,737,100
Total Liabilities	<u>\$13,933,100</u>	<u>\$12,461,300</u>	<u>\$10,937,200</u>	<u>\$11,175,900</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred pension inflows	<u>\$45,000</u>	<u>\$45,000</u>	<u>\$45,000</u>	<u>\$45,000</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$13,978,100</u>	<u>\$12,506,300</u>	<u>\$10,982,200</u>	<u>\$11,220,900</u>
<b>NET POSITION:</b>				
Invested in Capital Assets, Net of Related Debt	\$13,173,700	\$15,825,600	\$16,850,400	\$16,178,900
Restricted	3,782,700	2,043,900	1,975,800	3,320,900
Unrestricted	618,300	1,096,000	1,842,300	2,919,300
Total Net Position	<u>\$17,574,700</u>	<u>\$18,965,500</u>	<u>\$20,668,500</u>	<u>\$22,419,100</u>

(The Accountants' Compilation Report and the summary of significant accounting policies, assumptions and notes are an integral part of this statement.)

**WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY**

**FORECASTED COMPARATIVE STATEMENT OF REVENUES, EXPENSES**

**AND CHANGES IN NET POSITION**

**(Amounts rounded to the nearest \$100)**

	Calendar Year Ending			
	12/31/2018	12/31/2019	12/31/2020	12/31/2021
Operating Revenues:				
Metered water revenue:				
Residential	\$1,943,300	\$2,209,800	\$2,357,200	\$2,357,200
Commercial and municipal	2,321,400	2,668,400	2,846,300	2,846,300
Fire protection	236,900	268,400	286,300	286,300
Unmetered sales	140,700	159,400	170,100	170,100
Forfeited discounts	43,400	43,400	43,400	43,400
Other	45,700	45,700	45,700	45,700
Total Operating Revenues	<u>4,731,400</u>	<u>5,395,100</u>	<u>5,749,000</u>	<u>5,749,000</u>
Operating Expenses:				
Source of supply	190,300	194,100	198,000	201,900
Water treatment expense	324,700	331,200	337,800	344,600
Transmission and distribution	952,600	971,600	991,100	1,010,900
Customer accounts	48,700	49,700	50,700	51,700
Administration and general	464,300	473,600	483,000	492,700
Pension expense	21,200	21,600	22,100	22,500
Insurance	371,400	378,800	386,600	394,100
Taxes other than income	131,300	133,900	136,600	139,300
Sub-totals	<u>2,504,500</u>	<u>2,554,500</u>	<u>2,605,700</u>	<u>2,657,700</u>
Depreciation and amortization	<u>711,200</u>	<u>766,800</u>	<u>789,200</u>	<u>754,500</u>
Total Operating Expenses	<u>3,215,700</u>	<u>3,321,300</u>	<u>3,394,900</u>	<u>3,412,200</u>
Operating Income (Loss)	<u>1,515,700</u>	<u>2,073,800</u>	<u>2,354,100</u>	<u>2,336,800</u>
Nonoperating Revenues:				
Interest income	19,500	19,500	19,500	19,500
Miscellaneous revenue	<u>7,100</u>	<u>7,100</u>	<u>7,100</u>	<u>7,100</u>
Totals	<u>26,600</u>	<u>26,600</u>	<u>26,600</u>	<u>26,600</u>
Nonoperating Expense:				
Interest expense	<u>197,300</u>	<u>334,600</u>	<u>302,700</u>	<u>237,800</u>
Income (Loss) Before Contributions and Transfers	<u>1,345,000</u>	<u>1,765,800</u>	<u>2,078,000</u>	<u>2,125,600</u>
Capital Contributions and (Transfers):				
Payment in lieu of property taxes	(375,000)	(375,000)	(375,000)	(375,000)
Contributions	<u>90,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>(285,000)</u>	<u>(375,000)</u>	<u>(375,000)</u>	<u>(375,000)</u>
Change In Net Position	1,060,000	1,390,800	1,703,000	1,750,600
Total Net Position - Beginning	<u>16,514,700</u>	<u>17,574,700</u>	<u>18,965,500</u>	<u>20,668,500</u>
Total Net Position - Ending	<u><u>\$17,574,700</u></u>	<u><u>\$18,965,500</u></u>	<u><u>\$20,668,500</u></u>	<u><u>\$22,419,100</u></u>

(The Accountants' Compilation Report and the summary of significant accounting policies, assumptions and notes are an integral part of this statement.)

**WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY**

**FORECASTED COMPARATIVE STATEMENT OF CASH FLOWS**

**Increase (Decrease) in Cash & Cash Equivalents**

**(Amounts rounded to the nearest \$100)**

	Calendar Year Ending			
	12/31/2018	12/31/2019	12/31/2020	12/31/2021
Cash Flows from Operating Activities:				
Cash received from customers	\$4,731,400	\$5,395,100	\$5,749,000	\$5,749,000
Cash paid to suppliers, employees and others	(2,504,500)	(2,554,500)	(2,605,700)	(2,657,700)
Net cash from operating activities	2,226,900	2,840,600	3,143,300	3,091,300
Cash Flows from Noncapital Financing Activities:				
Transfers out - payment in lieu of property taxes	(375,000)	(375,000)	(375,000)	(375,000)
Cash Flows from Capital and Related Financing Activities:				
Additions to utility plant	(239,500)	(1,938,700)	(299,000)	(248,000)
Principal paid on bonds	(1,425,000)	(1,480,000)	(1,515,000)	(1,330,000)
Bond proceeds	6,897,100	-	-	3,320,000
Pay-off BANs	(6,000,000)	-	-	(1,725,000)
Bond issuance costs	(293,300)	-	-	(100,000)
Interest expense	(305,500)	(324,800)	(310,200)	(262,500)
Other revenues	7,100	7,100	7,100	7,100
BAN issuance costs	(124,300)	-	-	-
BAN proceeds	1,725,000	-	-	-
Contributions	90,000	-	-	-
Net cash from capital and related financing activities	331,600	(3,736,400)	(2,117,100)	(338,400)
Cash Flows from Investing Activities:				
Interest income	19,500	19,500	19,500	19,500
Cash and Cash Equivalents:				
Increase (decrease)	2,203,000	(1,251,300)	670,700	2,397,400
Beginning balance	3,375,400	5,578,400	4,327,100	4,997,800
Ending balance	\$5,578,400	\$4,327,100	\$4,997,800	\$7,395,200

(The Accountants' Compilation Report and the summary of significant accounting policies, assumptions and notes are an integral part of this statement.)



## WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ASSUMPTIONS AND NOTES**

#### **See Accountants' Compilation Report**

The City of Washington, Indiana (the “City”) owns and operates the Washington Municipal Water Utility (the “Utility”). These financial forecasts present, to the best of management's knowledge and belief, the Utility's expected financial position, results of operations and cash flows for the forecast period. Accordingly, the forecast reflects management's judgment of the expected conditions and its expected course of action as of November 29, 2018, the date of this forecast. The financial forecast is based on management's assumptions concerning future events and circumstances. The assumptions disclosed herein are those which management believes are significant to the forecast or are key factors upon which the financial results of the enterprise depend.

Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to November 29, 2018, the date of this forecast. Therefore, the actual results achieved during the forecast period could vary from the forecast and the variations may be material. Management does not intend to revise this forecast to reflect changes in present circumstances or the occurrence of unanticipated events.

The financial forecast has been prepared in conjunction with the following:

- (1) The issuance of \$1,725,000 Tax-Exempt Waterworks Bond Anticipation Notes, Series 2018 (the “Proposed BANs”) by the Utility to pay the costs of certain additions, extensions and improvements to the waterworks system and to pay costs of issuance.

#### **Significant Accounting Policies**

##### **Reporting Entity:**

The financial statements of the Utility, a component unit (Enterprise Fund) of the City, conform to generally accepted accounting principles for state and local governments. The Utility provides water services for the greater Washington area. These services primarily consist of water treatment and distribution for residential, commercial and industrial customers. The Utility had 5,593 customers at August 31, 2018.

##### **Basis of Accounting:**

The Utility reports its financial statements using the economic resources measurement focus and the accrual basis of accounting as prescribed by the Governmental Accounting Standards Board. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Capital Assets: Property and equipment are recorded at actual or estimated historical cost. Maintenance and repairs are charged to operating expense as incurred; major renewals and betterments are capitalized. Contributed or donated assets are reported at estimated fair value at the time received.

(Continued on next page)

WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ASSUMPTIONS AND NOTES**

**See Accountants' Compilation Report**

Basis of Accounting: (Continued)

Depreciation: Depreciation is computed on the straight-line method, using a composite depreciation rate based on the estimated useful service lives of various classes of property.

Operating Revenue: Operating revenues are based on monthly billings and are recorded when billed.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Accounts Receivable: Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for uncollectibles.

Unamortized Bond Issuance Costs: Costs associated with the issuance of bonds are capitalized as bond issuance costs and amortized over the life of the related bonds.

Basis of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Significant Assumptions and Notes

(1) Proposed Improvement Project and Related Bond Issue

The Utility, acting through the Common Council, has proposed certain improvements to its waterworks system. The proposed project being funded by the Proposed BANs includes the Utility work related to the east and west projects of the Old US Highway 50 relinquishment. The project is estimated to cost \$1,815,000 including construction estimates of \$1,523,199 and estimated non-construction costs of \$291,801. Construction is assumed to commence January 2019 and be substantially complete by December 2019. The project will be financed from the proceeds of \$1,725,000 principal amount of the Proposed BANs and \$90,000 of other funds.

(2) Revenues

(A) Forecasted annual operating revenues for the forecast period are based upon the recorded results of operations for the twelve months ended August 31, 2018 ("Test Year") and the following adjustments:

(Continued on next page)

# WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ASSUMPTIONS AND NOTES

### See Accountants' Compilation Report

#### (2) Revenues (Continued)

- (i) Residential water revenue: The Test Year amount is adjusted for the implementation of the 14.8% outside city surcharge beginning in February 2018 pursuant to the Indiana Court of Appeals decision, Opinion 14A01-1702-PL-316, dated December 20, 2017. The Common Council has introduced a proposed rate ordinance to increase the water rates and charges 20% effective May 1, 2019 ("Rate Ordinance"). It is anticipated the Common Council will consider the Rate Ordinance for adoption on December 10, 2018. The Test Year amount has been adjusted to reflect the anticipated increase in revenues.
  - (ii) Commercial and municipal water revenue, fire protection and unmetered sales: The Test Year commercial and municipal water revenue amount is adjusted for the 5.89% wholesale rate increase applicable to Daviess County Rural Water Corporation anticipated to be considered for adoption on December 10, 2018. The Test Year amounts have also been adjusted to reflect the anticipated 20% increase in revenues due to the proposed Rate Ordinance anticipated to be considered for adoption on December 10, 2018.
  - (iii) Other: Normalized Test Year amount to exclude non-recurring reimbursements.
  - (iv) Forfeited discounts: Assumed at Test Year amount through the forecast period.
- (B) Non-Operating Revenues: Forecasted annual non-operating revenues for the forecast period are based upon the recorded results of operations for the Test Year and the following adjustments:
- (i) Forecasted interest income: Based upon the historical three-year average.

#### (3) Operating Expenses

Forecasted operating expenses are based upon the recorded results of operations for the twelve months ended August 31, 2018, adjusted for fixed, known and measurable changes. The significant assumptions underlying the forecasted operating expenses are summarized as follows:

- (A) Forecasted year 2018 operating expenses are reduced to remove non-recurring expenses related to source of supply, water treatment, transmission and distribution and administration and general.
- (B) Forecasted expenses for forecasted years 2019, 2020 and 2021 have been increased to reflect an assumed annual inflation rate of 2%.

#### (4) Debt Service

Principal and interest payments on the Waterworks Refunding Revenue Bonds of 2013, Series A (the "2013A Bonds"), Tax-Exempt Waterworks Revenue Bonds, Series 2018A (the "2018A Bonds") and Taxable Waterworks Revenue Bonds, Series 2018B (the "2018B Bonds") are forecasted to average \$1,513,351 annually as shown on page B-14. The Proposed BANs are assumed to be dated December 20, 2018 and are amortized at annual interest rates as shown on page B-13.

(Continued on next page)

# WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ASSUMPTIONS AND NOTES

### See Accountants' Compilation Report

(4) Debt Service (Continued)

The Proposed BANs are anticipated to be repaid July 2021 through the issuance of revenue bonds through the Indiana Finance Authority State Revolving Fund Loan Program. A \$3,320,000 par amount is assumed to be amortized over 35 years at an interest rate of 3.3%. This will also fund additional projects related to the Old US 50 Highway relinquishment.

(5) Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired.

(6) Interfund Transactions

During the course of its operation, the Utility has numerous transactions with the governmental funds and other enterprise funds to provide goods and services. To the extent that these transactions have not been paid or received at year-end, balances of these assets/liabilities have been recorded in the statement of net assets. The forecasted statement of net assets assumes balances at the end of the Test Year will remain unchanged.

(7) Deposits and Investments

State statute (IC 5-13-9) authorizes the City to invest in securities holding, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Nonparticipating certificates of deposit, demand deposits, and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost.

(8) Pension Liabilities

Most employees of the City have pensions funded under the Public Employees' Retirement Fund of the State of Indiana. As of December 31, 2017, the Utility had \$782,724 accrued pension liability.

(9) Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees and dependents (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties.

(Continued on next page)

WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ASSUMPTIONS AND NOTES**

**See Accountants' Compilation Report**

(10) Compensated Absences

- (A) Sick Leave: Utility employees earn sick leave at the rate of 6 to 18 days per year. Unused sick leave may be accumulated to a maximum of 62 days. Accumulated sick leave is paid to employees through cash payments of \$20 per day upon retirement with 10 years of service to the City.
- (B) Vacation Leave: Utility employees earn vacation leave at rates from 5 to 22 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.
- (C) Personal Leave: Utility employees earn personal leave at a rate of 3 days per year. Personal leave does not accumulate from year to year.

No liability is reported for sick, vacation or personal leave.

(11) Replacements and Improvements (Capital Additions)

The Utility's cash expenditures for replacement and improvements are assumed based on the Utility's capital improvement plan.

(12) Restricted Accounts

- (A) Operation and Maintenance Fund - The forecasted balance is assumed to be equal to two months' forecasted cash operating expenses.
- (B) Bond and Interest Account - The forecasted balance is assumed to equal the required amount based on the outstanding bond ordinance. The Utility is required to make monthly transfers of 1/6 of the next principal and interest payment on the outstanding bonds. It is assumed the capitalized interest on the 2018A Bonds and 2018B Bonds is included in this account and used to pay the interest payments designated on the amortization schedules.
- (C) Debt Service Reserve Account - The requirement for the 2018A Bonds and 2018B Bonds is currently being funded with monthly transfers of \$11,467. The reserve is anticipated to be fully funded March 2023. The requirement for the 2013A Bonds is assumed to be fully funded and equal to \$530,500.
- (D) Customer Deposit Fund - Assumed at Test Year amount.
- (E) Construction Fund - Assumes the east and west projects will be completed in 2019.
- (F) Depreciation Fund - The forecasted balance consists of the remaining forecasted cash and investment balances not provided for above.

(13) Long-Term Debt and 2018 BANs

Long-term debt consists of water utility revenue bonds secured by the net revenues of the Utility. The amortization of the proposed 2018 BANs is shown on page B-13. The amortization of the outstanding 2013A Bonds is shown on page B-25. The amortization of the outstanding 2018A Bonds is shown on page B-26. The amortization of the outstanding 2018B Bonds is shown on page B-27. The Proposed BANs are anticipated to be repaid July 2021 through the issuance of revenue bonds through the Indiana Finance Authority State Revolving Fund Loan Program. A \$3,320,000 par amount is assumed to be amortized over 35 years at an interest rate of 3.3%.

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**WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY**  
**SUPPLEMENTAL INFORMATION TO FORECASTED FINANCIAL STATEMENTS**





## **WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY**

### **GENERAL COMMENTS**

The City of Washington, Indiana, proposes to issue \$1,725,000 par amount of Tax-Exempt Waterworks Bond Anticipation Notes, Series 2018. Proceeds from the sale of the Proposed BANs, after payment of issuance costs, will be used to provide funds to be applied to the water infrastructure costs of the east and west side projects of the Old US Highway 50 relinquishment.

The City will pledge to the payment of principal and interest on the Proposed BANs the proceeds from the issuance of revenue bonds. Interest on the Proposed BANs shall also be payable from the Net Revenues (defined as the gross revenues after the deduction only for the payment of the reasonable expenses of operation, repair and maintenance, excluding transfers for payment in lieu of property taxes) of the Utility, junior and subordinate to the payment of the outstanding bonds.

#### **Schedule of Estimated Project Costs and Funding - Page B-12**

This schedule presents estimated project costs and sources of funding. The project costs are based on estimated construction costs provided by the Utility's consulting engineer. The Project (to be financed with the proceeds of the Proposed BANs) includes water utility improvements for the east and west projects of the Old US Highway 50 relinquishment.

The Proposed BANs will be the primary source of funding for the expected costs of the projects along with \$90,000 of other funds.

#### **Schedule of Amortization of \$1,725,000 Principal Amount of Proposed Tax-Exempt Waterworks Bond Anticipation Notes, Series 2018 - Page B-13**

The amortization of the \$1,725,000 par amount of Proposed BANs is presented in this schedule. The Proposed BANs are anticipated to be dated December 20, 2018 and will mature over a period of approximately five years ending December 20, 2023. Principal is scheduled to be payable on December 20, 2023. Interest will be payable semiannually on April 1st and October 1st beginning April 1, 2019 at tax-exempt interest rates resulting from a competitive sale.

#### **Schedule of Combined Bond Amortization - Page B-14**

This schedule combines the amortization of the outstanding bonds.

#### **Computation of Forecasted Bond Coverage - Page B-15**

This schedule presents the forecasted annual debt service coverage based upon the forecasted annual principal and interest payments on the outstanding bonds. The computations are based upon forecasted operating revenues and interest income less the forecasted annual operation and maintenance expenses for the forecasted calendar years 2018, 2019, 2020 and 2021.

#### **Schedule of Present and Proposed Water Rates and Charges - Page B-16**

This schedule displays the current Utility rates and charges that were adopted by the Common Council on September 24, 2012 and became effective November 14, 2012 per Ordinance No. 14-2012. A 14.8% outside city surcharge has also been implemented as approved by the Trial Court and Indiana Court of Appeals. The Common Council has introduced a proposed rate ordinance to increase the water rates and charges 20% effective with the May 2019 billing cycle. It is anticipated the Common Council will consider the rate ordinance for adoption on December 10, 2018. The proposed rates are displayed on this schedule.

**WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY**

**SCHEDULE OF ESTIMATED PROJECT COSTS AND FUNDING**  
**(Per Consulting Engineers)**

**ESTIMATED PROJECT COSTS**

Construction Costs:

East and west side water infrastructure projects	\$1,218,559
Construction contingencies (25%)	304,640

Total Construction Costs	<u>1,523,199</u>
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Non-Construction Costs:

Engineering/design	121,856
Construction inspection	45,696
Underwriter's discount (1%)	17,250
Legal, bond counsel, financial advisory and contingencies	106,999

Total Non-Construction Costs	<u>291,801</u>
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Total Project Costs	<u><u>\$1,815,000</u></u>
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**ESTIMATED PROJECT FUNDING**

Proposed Bond Anticipation Notes, Series 2018	\$1,725,000
Other funds	90,000

Total Project Funding	<u><u>\$1,815,000</u></u>
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(The Accountants' Compilation Report and the accompanying  
comments are an integral part of this statement.)

**WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY**

**SCHEDULE OF AMORTIZATION OF \$1,725,000 PRINCIPAL AMOUNT**  
**OF PROPOSED TAX-EXEMPT WATERWORKS BOND ANTICIPATION NOTES, SERIES 2018**

**Principal payable at maturity on December 20, 2023\***

**Interest payable semi-annually April 1st and October 1st**

**Assumed interest rate as shown**

**Assumes bonds dated December 20, 2018**

Payment Date	Principal		Assumed Interest Rate (%)	Debt Service		Bond Year Total
	Balance (-----In \$1,000's-----)	Principal		Interest (-----In Dollars-----)	Total	
04/01/19	\$1,725			\$19,358.33	\$19,358.33	
10/01/19	1,725			34,500.00	34,500.00	\$53,858.33
04/01/20	1,725			34,500.00	34,500.00	
10/01/20	1,725			34,500.00	34,500.00	69,000.00
04/01/21	1,725			34,500.00	34,500.00	
10/01/21	1,725			34,500.00	34,500.00	69,000.00
04/01/22	1,725			34,500.00	34,500.00	
10/01/22	1,725			34,500.00	34,500.00	69,000.00
04/01/23	1,725			34,500.00	34,500.00	
10/01/23	1,725			34,500.00	34,500.00	69,000.00
12/20/23	1,725	\$1,725	4.00	15,141.67	1,740,141.67	1,740,141.67
Totals		\$1,725		\$345,000.00	\$2,070,000.00	\$2,070,000.00

\*Commencing 180 days after their date of issuance, the Proposed BANs are prepayable by the City, in whole or in part, on any date, upon 20 days' notice to the owner of the Proposed BANs, with no premium.

(The Accountants' Compilation Report and the accompanying  
comments are an integral part of this statement.)

**WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY**

**SCHEDULE OF COMBINED BOND AMORTIZATION**

<u>Payment Date</u>	<u>2013 Bonds</u>	<u>Series 2018A Bonds</u>	<u>Series 2018B Bonds</u>	<u>Total</u>	<u>Bond Year Total</u>
10/01/18	\$769,850.00			\$769,850.00	\$769,850.00
04/01/19	777,600.00			777,600.00	
10/01/19	770,200.00			770,200.00	1,547,800.00
04/01/20	777,800.00			777,800.00	
10/01/20	775,250.00			775,250.00	1,553,050.00
04/01/21	772,650.00			772,650.00	
10/01/21		\$94,490.63	\$572,062.50	666,553.13	1,439,203.13
04/01/22		504,490.63		504,490.63	
10/01/22		504,365.63		504,365.63	1,008,856.26
04/01/23		504,178.13		504,178.13	
10/01/23		507,878.13		507,878.13	1,012,056.26
04/01/24		506,428.13		506,428.13	
10/01/24		504,903.13		504,903.13	1,011,331.26
04/01/25		503,303.13		503,303.13	
10/01/25		506,628.13		506,628.13	1,009,931.26
04/01/26		504,803.13		504,803.13	
10/01/26		502,903.13		502,903.13	1,007,706.26
04/01/27		505,928.13		505,928.13	
10/01/27		503,506.25		503,506.25	1,009,434.38
04/01/28		506,006.25		506,006.25	
10/01/28		503,043.75		503,043.75	1,009,050.00
Totals	<u>\$4,643,350.00</u>	<u>\$7,162,856.31</u>	<u>\$572,062.50</u>	<u>\$12,378,268.81</u>	<u>\$12,378,268.81</u>
Average annual debt service for the three bond years ending October 1, 2021.					<u>\$1,513,351.04</u>

(The Accountants' Compilation Report and the accompanying  
comments are an integral part of this statement.)

**WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY**

**COMPUTATION OF FORECASTED BOND COVERAGE**

**(Amounts rounded to the nearest \$100)**

	Calendar Year Ending			
	12/31/2018	12/31/2019	12/31/2020	12/31/2021
Operating Revenues: (1)				
Metered water revenue:				
Residential	\$1,943,300	\$2,209,800	\$2,357,200	\$2,357,200
Commercial and municipal	2,321,400	2,668,400	2,846,300	2,846,300
Fire protection	236,900	268,400	286,300	286,300
Unmetered sales	140,700	159,400	170,100	170,100
Forfeited discounts	43,400	43,400	43,400	43,400
Other	45,700	45,700	45,700	45,700
Sub-totals	4,731,400	5,395,100	5,749,000	5,749,000
Forecasted Interest Income (1)	19,500	19,500	19,500	19,500
Total Available Revenues	4,750,900	5,414,600	5,768,500	5,768,500
Less: Forecasted Annual Operation and Maintenance Expense (1)	(2,504,500)	(2,554,500)	(2,605,700)	(2,657,700)
Forecasted Net Revenues Available for Debt Service	<u>\$2,246,400</u>	<u>\$2,860,100</u>	<u>\$3,162,800</u>	<u>\$3,110,800</u>
Forecasted Annual Principal and Interest Payment on the Outstanding Bonds (2)	<u>\$1,528,200</u>	<u>\$1,547,800</u>	<u>\$1,553,100</u>	<u>\$1,439,200</u>
Forecasted Debt Service Coverage (3)(4)	<u>147%</u>	<u>185%</u>	<u>204%</u>	<u>216%</u>

(1) See page B-4.

(2) See page B-14.

(3) The forecasted debt service coverage including the payment in lieu of property taxes transfer at the forecasted amount of \$375,000 is 122%, 161%, 179% and 190% for years 2018, 2019, 2020 and 2021, respectively.

(4) The forecasted debt service coverage including the interest payments on the Proposed BANs is 147%, 179%, 195% and 211% for years 2018, 2019 2020 and 2021, respectively.

(The Accountants' Compilation Report and the accompanying  
comments are an integral part of this statement.)

**WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY**

**SCHEDULE OF PRESENT AND PROPOSED WATER RATES AND CHARGES**

		<u>Present</u>	<u>Proposed</u>
		(1)	(2)
I.	<u>Metered Water Usage</u> (per 100 cubic feet)*		
	First 1,000 cubic feet	\$5.28	\$6.34
	Next 9,000 cubic feet	4.66	5.59
	Next 20,000 cubic feet	3.36	4.03
	Next 70,000 cubic feet	2.04	2.45
	Over 100,000 cubic feet	1.32	1.58
II.	<u>Minimum charge*</u>		
	Cubic Feet Allowed Meter size: <u>for Minimum</u>		
	1/2" - 5/8"                      500	\$26.40	\$31.70
	3/4"                                      966	51.00	61.24
	1"    1,500	76.10	91.35
	1 1/2"                                  1,850	92.41	110.92
	2"    3,765	181.65	217.96
	3"    8,717	412.41	494.78
	4"    20,540	826.34	991.26
	6"    55,130	1,656.85	1,988.19
III.	Public fire protection fee (per month)	\$2.66	\$3.19
IV.	Rural fire protection surcharge (per month)	\$9.94	\$11.93
V.	Private fire protection (per month)*		
	<u>Connection:</u>		
	2"    2"	\$82.66	\$99.19
	4"    4"	165.16	198.19
	6"    6"	247.73	297.28
	8"    8"	330.33	396.40
	10"                                        10"	412.86	495.43
VI.	Hydrant rental - private (per annum)*	\$1,123.11	\$1,347.73
VII.	<u>Sale for resale</u>		
	Per 100 cubic feet	\$1.51 (3	\$1.81
	Usage greater than 30 million gallons (per 100 cubic feet)	2.25 (3	2.70

\* Subject to a 14.8% surcharge for users outside the corporate limits of the City of Washington.

- (1) The present rates and charges were adopted on September 24, 2012 and became effective on November 14, 2012 per Ordinance No. 14-2012. A 14.8% outside city surcharge has been implemented which complies with the Indiana Court of Appeal's decision, Opinion 14A01-1702-PL-316, dated December 20, 2017, in *City of Washington, Indiana v. Davie County Rural Water System, Inc.*
- (2) The Common Council has introduced a rate ordinance to increase the water rates and charges 20% effective May 1, 2019. It is anticipated the Common Council will consider the rate or for adoption on December 10, 2018.
- (3) Assumes Ordinance No. 25-2018, which will increase sale for resale rates by 5.89%, is adopted on December 10, 2018.

(The Accountants' Compilation Report and the accompanying  
comments are an integral part of this statement.)

**WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY**  
**SUPPLEMENTARY HISTORICAL DATA**





**WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY**

**COMPARATIVE STATEMENT OF NET POSITION**

<b>ASSETS:</b>	12/31/2015	As of 12/31/2016	12/31/2017	As of 8/31/2018
Current Assets:				
Cash and cash equivalents	\$497,879	\$485,047	\$325,348	\$434,549
Depreciation cash and cash equivalents	1,232,050	1,329,731	1,403,739	1,180,281
Accounts receivable (net of allowance)	344,218	296,441	381,975	388,211
Accounts receivable - other	18,869	16,940	18,335	155,982
Restricted cash, cash equivalents and investments:				
Bond and interest cash and cash equivalents	607,630	605,342	604,793	1,438,323
Waterworks construction fund cash	892,024	315,094	174,916	-
Debt service reserve cash and cash equivalents	530,500	530,500	530,500	587,835
Customer deposits	295,434	316,079	336,079	348,232
Interfund receivables:				
Interfund services provided and used	22,326	22,451	24,776	30,486
Inventory	110,560	128,842	143,770	154,048
Prepaid expenses	-	-	24,146	27,402
Total Current Assets	<u>4,551,490</u>	<u>4,046,467</u>	<u>3,968,377</u>	<u>4,745,349</u>
Noncurrent Assets:				
Capital assets:				
Land, improvements to land and construction in progress	5,118,236	5,722,242	5,984,797	6,137,017
Other capital assets (net of accumulated depreciation)	<u>20,402,768</u>	<u>19,502,830</u>	<u>18,935,384</u>	<u>18,408,049</u>
Net Capital Assets	<u>25,521,004</u>	<u>25,225,072</u>	<u>24,920,181</u>	<u>24,545,066</u>
Total Assets	<u>\$30,072,494</u>	<u>\$29,271,539</u>	<u>\$28,888,558</u>	<u>\$29,290,415</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred amount on refunding	\$154,909	\$138,561	\$130,211	\$129,155
Deferred debt issuance costs	226,344	150,736	123,236	344,785
Deferred pension outflows	-	305,328	263,038	263,038
Total Deferred Outflows of Resources	<u>\$381,253</u>	<u>\$594,625</u>	<u>\$516,485</u>	<u>\$736,978</u>
Total Assets and Deferred Outflows	<u>\$30,453,747</u>	<u>\$29,866,164</u>	<u>\$29,405,043</u>	<u>\$30,027,393</u>

(Continued on next page)

(See Accountants' Compilation Report and the accompanying  
summary of accounting policies.)

## WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

COMPARATIVE STATEMENT OF NET POSITION

LIABILITIES:	As of			As of
	12/31/2015	12/31/2016	12/31/2017	8/31/2018
Current Liabilities:				
Accounts payable	\$60,342	\$72,355	\$416,098	\$78,022
Taxes payable	-	-	-	10,000
Loans payable	32,500	-	-	-
Wages payable	33,119	39,713	34,080	-
Current liabilities payable from restricted assets:				
Customer deposits	293,941	313,649	333,749	345,219
Revenue bonds payable	1,300,000	1,355,000	1,425,000	1,465,000
Net pension liability	-	796,252	782,724	782,724
Accrued interest payable	106,490	91,703	177,654	136,375
Total Current Liabilities	1,826,392	2,668,672	3,169,305	2,817,340
Noncurrent Liabilities:				
Revenue bonds payable (net of unamortized premiums and deferred amount on refunding)	6,483,976	5,116,930	3,586,778	9,742,411
Miscellaneous liability	89,224	89,224	89,224	89,224
Notes payable	6,000,000	6,000,000	6,000,000	-
Total Noncurrent Liabilities	12,573,200	11,206,154	9,676,002	9,831,635
Total Liabilities	<u>\$14,399,592</u>	<u>\$13,874,826</u>	<u>\$12,845,307</u>	<u>\$12,648,975</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred pension inflows	<u>\$ -</u>	<u>\$55,576</u>	<u>\$44,995</u>	<u>\$44,995</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$14,399,592</u>	<u>\$13,930,402</u>	<u>\$12,890,302</u>	<u>\$12,693,970</u>
NET POSITION:				
Invested in capital assets, net of related debt	\$12,085,781	\$13,347,767	\$14,424,888	\$14,074,633
Restricted	2,325,588	1,767,015	1,646,288	2,374,390
Unrestricted	1,642,786	820,980	443,565	884,400
Total Net Position	<u>\$16,054,155</u>	<u>\$15,935,762</u>	<u>\$16,514,741</u>	<u>\$17,333,423</u>

(See Accountants' Compilation Report and the accompanying summary of accounting policies.)

**WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY**

**COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION**

	Calendar Year			Twelve Months Ended
	2015	2016	2017	8/31/2018
Operating Revenues:				
Metered water revenue:				
Residential	\$1,870,384	\$1,826,796	\$1,873,726	\$1,911,454
Commercial and municipal	2,253,470	2,337,842	2,299,494	2,321,393
Fire protection	230,917	232,542	234,369	236,861
Unmetered sales	120,298	125,532	135,572	140,669
Forfeited discounts	42,050	46,580	42,180	43,375
Other	347,415	176,752	200,852	540,356
Total Operating Revenues	<u>4,864,534</u>	<u>4,746,044</u>	<u>4,786,193</u>	<u>5,194,108</u>
Operating Expenses:				
Source of supply	284,841	201,511	144,159	212,532
Water treatment	340,503	319,956	322,337	336,331
Transmission and distribution	853,709	788,996	908,944	998,579
Customer accounts	27,333	38,201	42,511	48,728
Administration and general	449,775	632,828	614,266	585,987
Pension expense	-	68,735	21,216	21,216
Insurance	275,725	365,037	339,131	371,389
Taxes other than income	132,459	127,298	127,080	131,285
Sub-totals	<u>2,364,345</u>	<u>2,542,562</u>	<u>2,519,644</u>	<u>2,706,047</u>
Depreciation and amortization	827,479	978,786	968,654	986,260
Total Operating Expenses	<u>3,191,824</u>	<u>3,521,348</u>	<u>3,488,298</u>	<u>3,692,307</u>
Net Operating Income	<u>1,672,710</u>	<u>1,224,696</u>	<u>1,297,895</u>	<u>1,501,801</u>
Nonoperating Revenues (Expenses):				
Interest income	21,594	15,814	21,193	39,417
Miscellaneous revenue	7,155	8,432	6,735	7,061
Interest expense	(453,935)	(396,722)	(340,816)	(223,092)
Loss on disposition of property	(17,713)	(131,476)	(36,803)	(36,803)
Total Nonoperating Revenues (Expenses)	<u>(442,899)</u>	<u>(503,952)</u>	<u>(349,691)</u>	<u>(213,417)</u>
Income Before Contributions and Transfers	<u>1,229,811</u>	<u>720,744</u>	<u>948,204</u>	<u>1,288,384</u>
Capital Contributions and (Transfers):				
Payment in lieu of taxes	<u>(312,317)</u>	<u>(361,372)</u>	<u>(369,225)</u>	<u>(375,006)</u>
Change In Net Position	917,494	359,372	578,979	913,378
Total Net Position - Beginning	15,062,400	16,054,155	15,935,762	16,420,045
Net Position Adjustment	<u>74,261</u>	<u>(477,765)</u>	<u>-</u>	<u>-</u>
Total Net Position - Ending	<u><u>\$16,054,155</u></u>	<u><u>\$15,935,762</u></u>	<u><u>\$16,514,741</u></u>	<u><u>\$17,333,423</u></u>

(See Accountants' Compilation Report and the accompanying  
summary of accounting policies.)

**WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY**

**COMPARATIVE SCHEDULE OF DETAILED OPERATING EXPENSES**

	Calendar Year			Twelve Months Ended 8/31/18
	2015	2016	2017	
Operating Expenses:				
Source of Supply:				
Salaries and wages	\$21,024	\$1,119	\$ -	\$493
Materials and supplies	91,356	19,838	5,687	27,655
Purchased power	107,539	110,069	108,779	104,883
Contractual services	60,046	70,074	29,640	76,748
Other	4,876	411	53	2,753
Total Source of Supply	284,841	201,511	144,159	212,532
Water Treatment:				
Salaries and wages	5,460	-	-	-
Employee pensions and benefits	360	509	447	505
Materials and supplies	139,129	113,125	96,073	120,429
Purchased power	170,037	163,852	180,798	179,424
Contractual services	20,074	32,075	31,597	28,421
Other	5,443	10,395	13,422	7,552
Total Water Treatment	340,503	319,956	322,337	336,331
Transmission and Distribution:				
Salaries and wages	595,460	622,206	636,279	679,365
Employee pensions and benefits	2,149	2,979	2,464	3,344
Materials and supplies	190,190	77,942	132,825	156,126
Purchased power	14,954	19,138	19,725	22,831
Contractual services	3,179	18,625	38,062	59,104
Transportation	36,446	38,540	44,828	46,516
Rent	1,103	1,158	1,316	21,820
Other	10,228	8,408	33,445	9,473
Total Transmission and Distribution	853,709	788,996	908,944	998,579
Customer Accounts:				
Salaries and wages	-	-	7,133	7,133
Employee pensions and benefits	583	269	190	13
Materials and supplies	9,723	10,793	1,494	370
Contractual services	4,119	3,133	3,157	3,984
Insurance	693	589	2,386	823
Other	12,215	23,417	28,151	36,405
Total Customer Accounts	27,333	38,201	42,511	48,728
Administration and General:				
Salaries and wages	204,145	218,701	225,353	236,839
Employee pensions and benefits	86,235	100,379	95,541	104,912
Materials and supplies	17,155	25,732	25,844	12,517
Contractual services	63,927	228,554	199,467	121,882
Other	78,313	59,462	68,061	109,837
Total Administration and General	449,775	632,828	614,266	585,987
Total Departmentalized Operating Expenses	\$1,956,161	\$1,981,492	\$2,032,217	\$2,182,157

(See Accountants' Compilation Report and the accompanying  
summary of accounting policies.)

**WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY**

**COMPARATIVE STATEMENT OF CASH FLOWS**  
**Increase (Decrease) in Cash and Cash Equivalents**

	Calendar Year			Twelve Months Ended 8/31/18
	<u>2015</u>	<u>2016</u>	<u>2017</u>	
Cash Flows from Operating Activities:				
Receipts from customers and users	\$4,854,312	\$4,804,182	\$4,705,999	\$4,928,514
Payments to suppliers, employees and other operations	<u>(2,389,209)</u>	<u>(1,976,154)</u>	<u>(2,184,652)</u>	<u>(2,669,933)</u>
Net Cash Provided by Operating Activities	<u>2,465,103</u>	<u>2,828,028</u>	<u>2,521,347</u>	<u>2,258,581</u>
Cash Flows from Capital and Related Financing Activities:				
Bond proceeds	-	-	-	6,880,000
Pay-off of 2013 BANs	-	-	-	(6,000,000)
Bond premium	-	-	-	16,954
Principal paid on loans	(32,500)	(32,500)	-	-
Additions to utility plant	(895,022)	(722,374)	(763,716)	(796,863)
Bond issuance costs	-	-	-	(243,162)
Principal paid on capital debt	(1,250,000)	(1,300,000)	(1,355,000)	(1,380,000)
Interest expense	<u>(485,502)</u>	<u>(423,555)</u>	<u>(261,017)</u>	<u>(329,223)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,663,024)</u>	<u>(2,478,429)</u>	<u>(2,379,733)</u>	<u>(1,852,294)</u>
Cash Flows from Non-Capital Financing Activities:				
Payment in lieu of taxes	<u>(312,317)</u>	<u>(361,372)</u>	<u>(369,225)</u>	<u>(375,006)</u>
Cash Flows from Investing Activities:				
Interest income	<u>21,594</u>	<u>15,814</u>	<u>21,193</u>	<u>39,417</u>
Cash and Cash Equivalents:				
Increase (decrease)	(488,644)	4,041	(206,418)	70,698
Beginning balance	4,544,161	4,055,517	3,581,793	3,918,522
Net position adjustment	<u>-</u>	<u>(477,765)</u>	<u>-</u>	<u>-</u>
Ending balance	<u><u>\$4,055,517</u></u>	<u><u>\$3,581,793</u></u>	<u><u>\$3,375,375</u></u>	<u><u>\$3,989,220</u></u>

(Continued on next page)

(See Accountants' Compilation Report and the accompanying  
summary of accounting policies.)

WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

**COMPARATIVE STATEMENT OF CASH FLOWS**  
**Increase (Decrease) in Cash and Cash Equivalents**

	Calendar Year			Twelve Months Ended 8/31/18
	2015	2016	2017	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating Income	\$1,672,710	\$1,224,696	\$1,297,895	\$1,501,801
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and amortization expense	827,479	978,786	968,654	986,260
Nonoperating revenue	7,155	8,432	6,735	7,061
(Increase) decrease in assets:				
Accounts receivable	296	47,777	(85,534)	(139,992)
Accounts receivable - other	(17,673)	1,929	(1,395)	(132,663)
Interfund services provided or used	(4,211)	(125)	(2,325)	47,786
Inventories	(4,988)	(18,282)	(14,928)	(12,167)
Prepaid items	18,701	-	(24,146)	2,300
Deferred pension outflows	-	(305,328)	42,290	42,290
Increase (decrease) in liabilities:				
Accounts payable	(56,219)	12,013	343,743	(38,631)
Wages payable	2,187	6,594	(5,633)	-
Customer deposits payable	19,666	19,708	20,100	18,645
Net pension liability	-	796,252	(13,528)	(13,528)
Deferred pension inflows	-	55,576	(10,581)	(10,581)
Net Cash Provided from Operations	<u>\$2,465,103</u>	<u>\$2,828,028</u>	<u>\$2,521,347</u>	<u>\$2,258,581</u>

(See Accountants' Compilation Report and the accompanying  
summary of accounting policies.)

**WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY**

**COMPARISON OF FUND BALANCES WITH MINIMUM BALANCES REQUIRED**

	Fund Balances at 8/31/2018	Minimum Balance Required (1)	Ref.	Variance
Cash and Cash Equivalents:				
Operation and maintenance fund	\$434,549	\$417,500	(2)	\$17,049
Sinking fund:				
Bond and interest account	1,438,323	727,579	(3)	710,744
Debt service reserve account	587,835	587,835	(4)	-
Depreciation fund	1,180,281	986,260	(5)	194,021
Customer deposits	348,232	348,232	(6)	-
Totals	<u>\$3,989,220</u>	<u>\$3,067,406</u>		<u>\$921,814</u>

(1) Minimum balance required by Bond Ordinance No. 21-2012.

(2) The balance maintained in the operation and maintenance fund should be sufficient to pay the expenses of operation, repair and maintenance of the water utility for the next succeeding two (2) calendar months.

Pro forma operating expenses	\$2,504,500
Times two month factor	<u>16.67%</u>
Minimum Balance Required	<u>\$417,500</u>

(3) A balance must be maintained equal to the sum of the monthly transfers in the amount of one-sixth (1/6) of the next succeeding principal payment and one-sixth (1/6) of the next succeeding interest payment.

	Amount		Factor		Months		
<u>2013 Bonds:</u>							
Principal due 10/1/2018	\$725,000	x	1/6	x	5	=	\$604,167
Interest due 10/1/2018	44,850	x	1/6	x	5	=	37,375
<u>2018A Bonds:</u>							
Principal due 10/1/2018	-	x	1/6	x	5	=	-
Interest due 10/1/2018	96,065	x	1/6	x	5	=	80,054
<u>2018B Bonds:</u>							
Principal due 10/1/2018	-	x	1/6	x	5	=	-
Interest due 10/1/2018	7,180	x	1/6	x	5	=	<u>5,983</u>
Minimum Balance Required							<u>\$727,579</u>

(Continued on next page)

(See Accountants' Compilation Report and the accompanying summary of accounting policies.)

WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

**COMPARISON OF FUND BALANCES WITH MINIMUM BALANCES REQUIRED**

- (4) A balance equal to 10% of the par amount of the outstanding bonds is required in this account by March 31, 2023. A monthly transfer of \$11,467 is required until the balance of the account equals \$1,218,500.

Prior bonds Debt Service Reserve balance		\$530,500
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Monthly transfer	\$11,467	
Times number of months since March 2018	<u>5</u>	

Sub-total		<u>57,335</u>
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Minimum Balance Required		<u><u>\$587,835</u></u>
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- (5) No reserve required. However, as a general rule, an amount equal to one year's depreciation expense is typically maintained in this fund to provide a funding source for replacements and improvements.

Minimum Balance Recommended		<u><u>\$986,260</u></u>
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- (6) Balance fully restricted.

(See Accountants' Compilation Report and the accompanying summary of accounting policies.)



**WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY**

**SCHEDULE OF AMORTIZATION OF \$4,485,000 PRINCIPAL AMOUNT OF  
OUTSTANDING WATERWORKS REFUNDING REVENUE BONDS OF 2013, SERIES A**

**Principal and interest payable semiannually on April 1st and October 1st**

**Interest rate as indicated**

Payment Date	Principal Balance (In \$1,000's)	Interest Rate (%)	Debt Service			Bond Year Total
			Principal (In \$1,000's)	Interest (-----In Dollars-----)	Total	
10/01/18	\$4,485	2.00	\$725	\$44,850.00	\$769,850.00	
04/01/19	3,760	2.00	740	37,600.00	777,600.00	\$1,547,450.00
10/01/19	3,020	2.00	740	30,200.00	770,200.00	
04/01/20	2,280	2.00	755	22,800.00	777,800.00	1,548,000.00
10/01/20	1,525	2.00	760	15,250.00	775,250.00	
04/01/21	765	2.00	765	7,650.00	772,650.00	1,547,900.00
Totals			<u>\$4,485</u>	<u>\$158,350.00</u>	<u>\$4,643,350.00</u>	<u>\$4,643,350.00</u>

(See Accountants' Compilation Report and the accompanying  
summary of accounting policies.)

**WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY**

**SCHEDULE OF AMORTIZATION OF \$6,315,000 PRINCIPAL AMOUNT OF  
OUTSTANDING TAX-EXEMPT WATERWORKS REVENUE BONDS, SERIES 2018A**

**Principal and interest payable semiannually on April 1st and October 1st  
Interest rates as indicated**

Payment Date	Principal Balance (In \$1,000's)	Interest Rates (%)	Debt Service				Bond Year Total
			Principal (In \$1,000's)	Interest	Capitalized Interest	Total	
				(------In Dollars-----)			
10/01/18	\$6,315			\$96,065.47	(\$96,065.47)	\$ -	\$ -
04/01/19	6,315			94,490.63	(94,490.63)	-	
10/01/19	6,315			94,490.63	(94,490.63)	-	-
04/01/20	6,315			94,490.63	(94,490.63)	-	
10/01/20	6,315			94,490.63	(94,490.63)	-	-
04/01/21	6,315			94,490.63	(94,490.63)	-	
10/01/21	6,315			94,490.63		94,490.63	94,490.63
04/01/22	6,315	2.500	\$410	94,490.63		504,490.63	
10/01/22	5,905	2.500	415	89,365.63		504,365.63	1,008,856.26
04/01/23	5,490	3.000	420	84,178.13		504,178.13	
10/01/23	5,070	3.000	430	77,878.13		507,878.13	1,012,056.26
04/01/24	4,640	3.000	435	71,428.13		506,428.13	
10/01/24	4,205	3.000	440	64,903.13		504,903.13	1,011,331.26
04/01/25	3,765	3.000	445	58,303.13		503,303.13	
10/01/25	3,320	3.000	455	51,628.13		506,628.13	1,009,931.26
04/01/26	2,865	3.000	460	44,803.13		504,803.13	
10/01/26	2,405	3.000	465	37,903.13		502,903.13	1,007,706.26
04/01/27	1,940	3.125	475	30,928.13		505,928.13	
10/01/27	1,465	3.125	480	23,506.25		503,506.25	1,009,434.38
04/01/28	985	3.250	490	16,006.25		506,006.25	
10/01/28	495	3.250	495	8,043.75		503,043.75	1,009,050.00
Totals			<u>\$6,315</u>	<u>\$1,416,374.93</u>	<u>(\$568,518.62)</u>	<u>\$7,162,856.31</u>	<u>\$7,162,856.31</u>

(See Accountants' Compilation Report and the accompanying  
summary of accounting policies.)

**WASHINGTON (INDIANA) MUNICIPAL WATER UTILITY**

**SCHEDULE OF AMORTIZATION OF \$565,000 PRINCIPAL AMOUNT OF  
OUTSTANDING TAXABLE WATERWORKS REVENUE BONDS, SERIES 2018B**

**Principal and interest payable semiannually on April 1st and October 1st  
Interest rate as indicated**

Payment Date	Principal Balance (In \$1,000's)	Interest Rate (%)	Debt Service				Bond Year Total
			Principal (In \$1,000's)	Interest	Capitalized Interest	Total	
				(-----In Dollars-----)			
10/01/18	\$565			\$7,180.21	(\$7,180.21)	\$ -	\$ -
04/01/19	565			7,062.50	(7,062.50)	-	-
10/01/19	565			7,062.50	(7,062.50)	-	-
04/01/20	565			7,062.50	(7,062.50)	-	-
10/01/20	565			7,062.50	(7,062.50)	-	-
04/01/21	565			7,062.50	(7,062.50)	-	-
10/01/21	565	2.50	\$565	7,062.50		572,062.50	572,062.50
Totals			\$565	\$49,555.21	(\$42,492.71)	\$572,062.50	\$572,062.50

(See Accountants' Compilation Report and the accompanying  
summary of accounting policies.)

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## APPENDIX C



## ORDINANCE NO. 23-2018

An Ordinance concerning the construction of additions and improvements to the waterworks of the City of Washington, Indiana, the issuance of revenue bonds to provide the cost thereof, the collection, segregation and distribution of the revenues of said waterworks, the safeguarding of the interests of the owners of said revenue bonds, other matters connected therewith, including the issuance of notes in anticipation of bonds, and repealing ordinances inconsistent herewith

WHEREAS, the City of Washington, Indiana (the "City") has heretofore established, constructed and financed its waterworks, and now owns and operates said waterworks pursuant to Indiana Code 8-1.5, as in effect on the issue date of the bonds authorized herein, and other applicable laws (the "Act")(all references hereinafter to the Indiana Code are designated as "IC" followed by the applicable code section or sections); and

WHEREAS, the Common Council of the City (the "Common Council") finds that certain improvements and extensions to said works are necessary; that plans, specifications and estimates have been prepared and filed by Midwestern Engineers, the engineers employed by the City for the construction of said improvements and extensions (as more fully set forth in summary fashion in Exhibit A hereto and made a part hereof) (the "Project"), which plans and specifications have been submitted to all governmental authorities having jurisdiction, particularly the Indiana Department of Environmental Management, and will be approved by the aforesaid governmental authorities and are incorporated herein by reference and open for inspection at the office of the Clerk-Treasurer of the City as required by law; and

WHEREAS, the City will advertise for and receive bids for the Project, which bids will be subject to the City's determination to construct the Project and obtaining funds to pay for the Project; and

WHEREAS, based upon the information provided to the City by the engineers for the Project, the estimated costs of the Project, including engineering, financial advisory and legal fees, is in the estimated amount not to exceed Four Million Dollars (\$4,000,000); and

WHEREAS, the Common Council finds that the City has no funds on hand available to apply on the costs of the Project and that it is necessary to finance the entire costs thereof by the issuance of waterworks revenue bonds in an aggregate principal amount not to exceed Four Million Dollars (\$4,000,000) and, if necessary, bond anticipation notes (the "BANs"); and

WHEREAS, the Common Council finds that there are outstanding bonds of the waterworks payable out of the Net Revenues (as hereinafter defined) thereof designated as the (i) "Waterworks Refunding Revenue Bonds of 2013, Series A" (the "2013 Bonds"), now outstanding in the aggregate principal amount of Three Million Seven Hundred Sixty Thousand Dollars (\$3,760,000) and maturing semiannually on April 1 and October 1 over a period ending April 1, 2021, (ii) "Tax-Exempt Waterworks Revenue Bonds, Series 2018A" (the "2018A Bonds"), now outstanding in the aggregate principal amount of Six Million Three Hundred

Fifteen Thousand Dollars (\$6,315,000) and maturing semiannually on April 1 and October 1 over a period ending October 1, 2028 and (iii) "Taxable Waterworks Revenue Bonds, Series 2018B" (the "2018B Bonds"), now outstanding in the aggregate principal amount of Five Hundred Sixty-Five Thousand Dollars (\$565,000) and maturing on October 1, 2021, which 2013 Bonds, 2018A Bonds and 2018B Bonds (collectively, the "Outstanding Parity Bonds") constitute a first charge on the Net Revenues of the waterworks; and

WHEREAS, the ordinances authorizing the issuance of the Outstanding Parity Bonds permit the issuance of additional bonds ranking on a parity with the Outstanding Parity Bonds provided certain conditions can be met, and the City finds that the finances of the waterworks of the City will enable the City to meet the conditions for the issuance of additional parity bonds and that, accordingly, the revenue bonds authorized herein shall rank on a parity with the Outstanding Parity Bonds; and

WHEREAS, the bonds to be issued pursuant to this ordinance will constitute a first charge against the Net Revenues of the waterworks, on a parity with the payment of the Outstanding Parity Bonds, and are to be issued subject to the provisions of the laws of the Act, and the terms and restrictions of this ordinance; and

WHEREAS, the City desires to authorize the issuance of BANs hereunder, if necessary, payable from the proceeds of waterworks revenue bonds issued hereunder and, with respect to interest only, proceeds of the BANs allocable to capitalized interest and/or Net Revenues of the waterworks, junior and subordinate to the Outstanding Parity Bonds, the bonds herein authorized and any additional bonds issued pursuant to Section 21 hereof, and to authorize the refunding of said BANs, if issued; and

WHEREAS, if the bonds herein authorized will be sold to the Indiana Finance Authority (the "Authority") as part of its drinking water revolving loan program established and existing pursuant to IC 5-1.2-1 through IC 5-1.2-4 and IC 5-1.2-10 (the "SRF Program"), the City will enter into a Financial Assistance Agreement with the Authority pertaining to the Project and the financing thereof; and

WHEREAS, the City has removed its waterworks from the jurisdiction of the Indiana Utility Regulatory Commission (the "IURC") with respect to the approval of rates and charges and financings of the waterworks and, accordingly, the City will not need approval of the IURC prior to the issuance of the bonds and BANs herein authorized; and

WHEREAS, the Common Council now finds that all conditions precedent to the adoption of an ordinance 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 COMMON COUNCIL OF THE CITY OF WASHINGTON, INDIANA, THAT:



Section 1. Authorization of Project. The City proceed with the construction of the Project pursuant to the plans and specifications therefore as prepared and filed by Midwestern Engineers, the consulting engineers employed by the City, two copies of which plans and specifications are on file in the office of the Clerk-Treasurer of the City (the "Clerk-Treasurer") and open for public inspection pursuant to IC 36-1-5-4. The estimated cost for the construction of said Project, based upon information provided to the City by its engineers for the Project, will not exceed Four Million Dollars (\$4,000,000), plus investment earnings on the BAN and bond proceeds, without further authorization of the Common Council. The terms "waterworks," "waterworks system," "works," "system," and words of like import where used in this ordinance shall be construed to mean and include the existing waterworks system 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 at any time hereafter constructed or acquired. If the bonds herein authorized will be sold to the SRF Program, such terms shall also be construed to mean the Drinking Water System, as defined in the Financial Assistance Agreement to be entered into, in such case, between the City and the Authority through the SRF Program (the "Financial Assistance Agreement"). The Project shall be constructed in accordance with the plans and specifications heretofore mentioned, which Project and plans and specifications are hereby approved. The Project shall be constructed and the BANs and bonds herein authorized shall be issued pursuant to and in accordance with the Act.

Section 2. Issuance of BANs. The City shall issue, if necessary, its BANs for the purpose of procuring interim financing to apply on the costs of the Project and to pay cost of issuance. The City may issue its BANs in an aggregate principal amount not to exceed Four Million Dollars (\$4,000,000) to be designated "[Taxable] [Tax-Exempt] Waterworks Bond Anticipation Notes, Series 20\_\_" to be completed with the year in which issued and appropriate tax designation. The BANs shall be sold at not less than 98.0% of their par value, numbered consecutively from 1 upward and shall be in denominations of One Thousand Dollars (\$1,000) and integral multiples thereof; provided, however, that if the BANs are sold to the Authority through the SRF Program or to the Indiana Bond Bank, the BANs may be issued in denominations of One Dollars (\$1) or integral multiples thereof. The BANs shall be dated as of the date of delivery thereof and shall bear interest at a rate not to exceed 5.5% per annum (the exact rate or rates to be determined through negotiations with the purchaser of the BANs) payable either upon maturity or redemption. Interest on the BANs may, as determined by the Clerk-Treasurer, with the advice of the City's financial advisor, also be payable semiannually on April 1 and October 1 of each year, commencing on either the first April 1 or the first October 1 following delivery of the BANs.

The BANs will mature no later than five (5) years after their date of delivery. The BANs are subject to renewal or extension at an interest rate or rates not to exceed 5.5% per annum (the exact rate or rates to be negotiated with the purchaser of the BANs). The term of the BANs and all renewal BANs may not exceed five (5) years from the date of delivery of the initial BANs. The BANs shall be registered in the name of the purchasers thereof. Interest on the BANs shall be calculated according to a 360-day calendar year containing twelve 30-day months.

The BANs shall be issued pursuant to IC 5-1.2-1 through IC 5-1.2-4 and IC 5-1.2-10 if sold to the Authority, pursuant to IC 5-1.5-8-6.1 if sold to the Indiana Bond Bank or pursuant to IC 5-1-14-5 if sold to a financial institution or any other purchaser. The City 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.

Interest on the BANs may, as determined by the Clerk-Treasurer with the advice of the City's financial advisor, also be payable from capitalized interest and/or Net Revenues of the waterworks. Any pledge of Net Revenues of the waterworks to the payment of interest on the BANs shall be junior and subordinate to the payment of the Outstanding Parity Bonds, any bonds issued pursuant to this ordinance and any additional parity bonds issued in the future pursuant to Section 21 of this ordinance (the "Parity Bonds"). The BANs shall rank on a parity with respect to the pledge of Net Revenues of the waterworks in the event more than one (1) series of BANs is outstanding and secured, with respect to the payment of interest thereon, by the Net Revenues of the waterworks.

Section 3. Issuance of Bonds. The City shall issue its waterworks revenue bonds in the aggregate principal amount not to exceed Four Million Dollars (\$4,000,000) to be designated "[Taxable][Tax-Exempt] Waterworks Revenue Bonds, Series 20\_\_" to be completed with the year in which issued and appropriate tax designation (the "Bonds"), for the purpose of procuring funds to apply on the costs of the Project, refunding the BANs, if issued, and costs of issuance of the Bonds.

The Bonds shall be issued and sold at a price not less than the par value thereof. The Bonds shall be issued in fully registered form in denominations of Five Thousand Dollars (\$5,000) or integral multiples thereof; provided, however, that if the Bonds are sold to the Authority through the SRF Program or to the Indiana Bond Bank, the Bonds shall be issued in denominations of One Dollar (\$1) or integral multiples thereof. The Bonds shall be numbered consecutively from 1 up and shall be originally dated as of their date of delivery. The Bonds shall bear interest at a rate or rates not exceeding 5.5% per annum (the exact rate or rates to be determined by bidding or through negotiation with the SRF Program or the Indiana Bond Bank, as applicable). The interest on the Bonds shall be payable semiannually on April 1 and October 1 in each year, commencing on either the first April 1 or the first October 1 following the date of delivery of the Bonds as determined by the Clerk-Treasurer, with the advice of the City's financial advisor. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal office of the Paying Agent (as hereinafter defined). The Bonds shall mature semiannually, or be subject to mandatory sinking fund redemption if term bonds are issued, on April 1 and October 1 of each year, over a period ending no later than April 1, 2058. The Bonds shall mature in such amounts that will either (i) produce as level annual debt service as practicable taking into account the denominations of the Bonds, (ii) produce as level annual debt service as practicable taking into account the denominations of the Bonds and the annual debt service on the Outstanding Parity Bonds or, (iii) if the Bonds will be sold to the SRF Program or the Indiana Bond Bank, enable the City to meet the requirements of the SRF Program or the Indiana Bond Bank, as the case may be (in such case, the debt service schedule

shall be finalized and set forth in the Financial Assistance Agreement, if such Bonds are sold to the SRF Program, or Qualified Entity Purchase Agreement, if such Bonds are sold to the Indiana Bond Bank).

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 consistent with the maturity schedule determined in accordance with the preceding paragraph, on the dates as determined by the purchaser, but in no event later than the last serial maturity date of the Bonds as determined in the preceding 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 principal payment dates which are hereafter determined in accordance with the preceding paragraph.

The Bonds will be payable solely out of and constitute a first charge against the Net Revenues (herein defined as gross revenues of the waterworks, inclusive of System Development Charges (as hereafter defined), remaining after the payment of the reasonable expenses of operation, repair and maintenance excluding transfers for payment in lieu of property taxes) of the waterworks of the City, including the works authorized herein and all additions and improvements thereto and replacements thereof subsequently constructed or acquired, on a parity with the payment of the Outstanding Parity Bonds. For purposes of this ordinance, "System Development Charges" shall mean the proceeds and balances from any non-recurring charges such as tap fees, subsequent connector fees, capacity or contribution fees, and other similar one-time charges that are available for deposit under this ordinance. Interest on the Bonds shall be calculated according to a 360-day calendar year containing twelve 30-day months.

Notwithstanding anything contained herein, the City 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 (or both) 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 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 Bonds otherwise contained herein).

Section 4. Registrar and Paying Agent. The Clerk-Treasurer is hereby authorized to select and appoint a qualified financial institution to serve as Registrar and Paying Agent for the Bonds and the BANs, which Registrar is hereby charged with the responsibility of authenticating the Bonds (the "Registrar" or "Paying Agent"). The Clerk-Treasurer is hereby authorized to enter into such agreements or understandings with such institution as will enable the institution to perform the services required of a Registrar and Paying Agent. The Clerk-Treasurer is further authorized to pay such fees as the institution may charge for the services it provides as Registrar and Paying Agent, and such fees may be paid from the Waterworks Bond Fund established to pay the principal of and interest on the Bonds as fiscal agency charges. As to the BANs and as to the Bonds, if sold to a purchaser that does not object to such designation, the Clerk-Treasurer may serve as Registrar and Paying Agent and is, in such case, hereby charged with the duties of a Registrar and Paying Agent.

If the Bonds or BANs are sold to the Authority through the SRF program, 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 through the SRF Program is the owner of said Bonds or BANs, such Bonds and BANs shall be presented for payment as directed by the Authority.

If the Bonds are not sold to the Authority through the SRF Program or if wire transfer payment is not required, the principal of the Bonds shall be payable at the principal office of the Paying Agent and all payments of interest on the Bonds shall be paid by check mailed one business day prior to the interest payment date to the registered owners thereof, as of the fifteenth day of the month preceding each payment (the "Record Date"), 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.

Each Bond shall be transferable or exchangeable only upon the books of the City kept for that purpose at the principal office of the Registrar, by the registered owner thereof in person, or by its attorney duly authorized in writing, upon surrender of such Bond 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 or Bonds 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 City. The City and the Registrar and Paying Agent for the Bonds 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.

Interest on Bonds sold to the Authority through the SRF Program 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.

Section 5. Redemption of BANs. Commencing one hundred eighty (180) days after their date of delivery, the BANs are prepayable by the City, in whole or in part, on any date, upon twenty (20) days' notice to the owner of the BANs, without any premium.

Section 6. Redemption of Bonds. The Bonds are redeemable at the option of the City, 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 through the SRF Program, 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 through the SRF Program, or in the order of maturity as determined by the City if sold to any other purchaser, and by lot within a maturity, at face value together with a premium no greater than 2%, plus accrued interest to the date fixed for redemption; provided, however, if the Bonds are sold to the SRF Program and registered in the name of the Authority, the Bonds shall not be redeemable at the option of the City unless and until consented to by the Authority. The exact redemption dates and premiums shall be established by the Clerk-Treasurer, with the advice of the City'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 City, 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 amount shall be considered a separate Bond for purposes of optional and mandatory redemption. If less than an entire maturity is called for redemption, the Bonds to be called for redemption 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.

In either case, notice of redemption shall be given not less than sixty (60) days, if the Bonds are sold to the Authority through the SRF Program, and thirty (30) days if the Bonds are sold to another purchaser, prior to the date fixed for redemption unless such redemption notice is waived by the owner of the Bond or Bonds redeemed. Such notice shall be mailed to the address of the registered owner as shown on the registration record of the City as of the date which is sixty-five (65) days if the Bonds are sold to the Authority through the SRF Program, 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 City. 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.

Section 7. Book-Entry Provisions. The City may, upon the advice of its financial advisor, have the Bonds held by a central depository system pursuant to an agreement between the City and The Depository Trust Company, New York, New York (the "DTC") and have transfers of the Bonds effected by book-entry on the books of the central depository system. In such case, the Bonds shall be issued in the name of Cede & Co., as nominee for DTC, as registered owner of the Bonds, and held in the custody of DTC and the terms and conditions of this Section 7 shall apply.

If the Bonds are held by DTC, a single certificate will be issued and delivered to DTC for each maturity of the Bonds. The actual purchasers of the Bonds ("Beneficial Owners") will not receive physical delivery of the Bond certificates except as provided herein. Beneficial Owners are expected to receive a written confirmation of their purchase providing details of each Bond acquired. For so long as DTC shall continue to serve as securities depository for the Bonds as provided herein, all transfers of beneficial ownership interests will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of the Bonds is to receive, hold, or deliver any Bond certificate.

For every transfer and exchange of the Bonds, the Beneficial Owner may be charged a sum sufficient to cover such Beneficial Owner's allocable share of any tax, fee, or other governmental charge that may be imposed in relation thereto. Bond certificates are required to be delivered to and registered in the name of the Beneficial Owner, under the following circumstances:

(i) DTC determines to discontinue providing its service with respect to the Bonds (such a determination may be made at any time by giving thirty (30) days' notice to the City and the Registrar and discharging its responsibilities with respect thereto under applicable law), or

(ii) the City determines that continuation of the system of book-entry transfers through DTC (or a successor securities depository) is not in the best interests of the Beneficial Owners.

The City and the Registrar will recognize DTC or its nominee as the holder of the Bonds for all purposes, including notices and voting. The City and the Registrar covenant and agree, so long as DTC shall continue to serve as securities depository for the Bonds, to meet the requirements of DTC with respect to required notices and other provisions of a Letter of Representations between the City and DTC. If necessary to comply with the terms and provisions of the Letter of Representations, a supplemental ordinance shall be adopted to amend this ordinance as necessary.

The Registrar is authorized to rely conclusively upon a certificate furnished by DTC and corresponding certificates from DTC participants and indirect participants as to the identity of, and the respective principal amount of Bonds beneficially owned by, the Beneficial Owner or Beneficial Owners.

The City may, upon the advice of its financial advisor, have the BANs held in the custody of DTC. In such case, the aforementioned terms and conditions of this Section 7 shall apply to the BANs.

Section 8. Execution of Bonds and BANs; Pledge of Net Revenues to Bonds. The BANs and Bonds shall be signed in the name of the City by the manual or facsimile signature of the Mayor of the City and attested by the manual or facsimile signature of the Clerk-Treasurer, who shall affix the seal of said City to each of said Bonds and BANs manually or shall have the seal imprinted or impressed thereon by facsimile. These officials, by the signing of a Signature and No Litigation Certificate, shall adopt as and for their own proper signatures their facsimile signatures appearing on said Bonds and BANs. In case any officer whose signature or facsimile signature appears on the Bonds or BANs shall cease to be such officer before the delivery of the Bonds or BANs, 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 also be authenticated by the manual signature of an authorized representative 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 waterworks of the City, on a parity with the payment of the Outstanding Parity Bonds. The City shall not be obligated to pay said Bonds or the interest thereon except from the Net Revenues of said works, and said Bonds shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana. Said Bonds and BANs shall have all of the qualities of negotiable instruments under the laws of the State of Indiana subject to the provisions for registration herein.

Section 9. 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 thereof:

*Form of Bond*

[Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Registrar or its agent for registration or transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.]

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

UNITED STATES OF AMERICA

STATE OF INDIANA

COUNTY OF DAVIESS

CITY OF WASHINGTON

[TAXABLE][TAX-EXEMPT] WATERWORKS REVENUE BOND, SERIES 20\_\_

[Maturity Date]      [Interest Rate]      [Original Date]      [Authentication Date]      [CUSIP]  
Registered Owner:

Principal Sum:

The City of Washington, Indiana (the "City"), in Daviess County, State of Indiana, for value received, hereby promises to pay to the Registered Owner (named above) or registered assigns, solely out of the special revenue fund hereinafter referred to, 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 [\_\_\_\_\_ 1 on the dates and in the amounts as set forth on Exhibit A attached 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 date 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 April and October 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 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, 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 shall not constitute an indebtedness of the City of Washington, Indiana, within the meaning of the provisions and limitations of the constitution of the State of Indiana, and the City shall not be obligated to pay this Bond or the interest hereon except from the special fund provided from the Net Revenues.

This Bond is [the only] one of an authorized issue of Bonds of the City of Washington, Indiana, [of like tenor and effect, except as to numbering, interest rate, and dates of maturity,] in the total amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) (the "Bonds"), numbered from 1 up, issued for the purpose of providing funds to be applied on the cost of the construction of additions and improvements to the City's waterworks, [to refund interim notes issued in anticipation of the Bonds] and to pay costs of issuance of the Bonds, as authorized by an Ordinance adopted by the Common Council of the City of Washington, Indiana, on the \_\_\_\_ day

of \_\_\_\_\_, 2018, entitled "An Ordinance concerning the construction of additions and improvements to the waterworks of the City of Washington, Indiana, the issuance of revenue bonds to provide the cost thereof, the collection, segregation and distribution of the revenues of said waterworks, the safeguarding of the interests of the owners of said revenue bonds, other matters connected therewith, including the issuance of notes in anticipation of bonds, and repealing ordinances inconsistent herewith" (the "Ordinance"), and in strict compliance with the provisions of Indiana Code 8-1.5, as in effect on the issue date of the Bonds (the "Act").

[Reference is hereby made to the Financial Assistance Agreement between the City and the Indiana Finance Authority as to certain terms and covenants pertaining to the waterworks project and this Bond (the "Financial Assistance Agreement").]

[The Bonds shall be initially issued in a book entry system by The Depository Trust Company ("DTC"). The provisions of this Bond and of the Ordinance are subject in all respect to the provisions of the Letter of Representations between the City and DTC, or any substitute agreement affecting such book entry system under DTC.]

Pursuant to the provisions of said Act and said Ordinance, the principal and interest of this Bond and all other Bonds of said issue, and any bonds hereafter issued on a parity therewith, are payable solely from the Waterworks Bond Fund (continued by the Ordinance) to be provided from the Net Revenues (defined as the gross revenues, inclusive of System Development Charges (as defined in the Ordinance), remaining after the payment of the reasonable expenses of operation, repair and maintenance excluding transfers for payment in lieu of property taxes) of the waterworks of the City, including the works authorized under the Ordinance to be acquired and constructed and all additions and improvements thereto and replacements thereof subsequently constructed or acquired. The payment of this Bond ranks on a parity with the payment of the Outstanding Parity Bonds (as defined in the Ordinance). The City reserves the right to issue additional bonds on a parity with this Bond and the issue of which it is a part, as provided in the Ordinance.

The City of Washington, Indiana irrevocably pledges the entire Net Revenues of said waterworks to the prompt payment of the principal of and interest on the Bonds authorized by said Ordinance, of which this is one, and any bonds ranking on a parity therewith, including the Outstanding Parity Bonds, to the extent necessary for that purpose, and covenants that it will cause to be fixed, maintained and collected such rates and charges for service rendered by said 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 said works and for the payment of the sums required to be paid into said Waterworks Bond Fund under the provisions of the Act and the Ordinance. If the City or the proper officers of the City 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 Indiana law, including the provisions of the Act.

The City of Washington, Indiana further covenants that it will set aside and pay into its Waterworks Bond Fund a sufficient amount of the Net Revenues of said works to meet (a) the interest on all bonds which by their terms are payable from the revenues of the waterworks, as such interest shall fall due, (b) the necessary fiscal agency charges for paying the bonds and interest, (c) the principal of all bonds which by their terms are payable from the revenues of the waterworks, as such principal shall fall due, and (d) an additional amount to [create and] maintain the reserve required by the Ordinance. Such required payments shall constitute a first charge upon all the Net Revenues of said works, on a parity with the payment of the Outstanding Parity Bonds.

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

\_\_\_\_\_% if redeemed on \_\_\_\_\_ 1, 20\_\_ or thereafter  
on or before \_\_\_\_\_, 20\_\_;  
\_\_\_\_\_% if redeemed on \_\_\_\_\_ 1, 20\_\_ or thereafter  
on or before \_\_\_\_\_, 20\_\_;  
0% if redeemed on \_\_\_\_\_ 1, 20\_\_, or thereafter  
prior to maturity;]

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

[Notwithstanding the foregoing, the Bonds shall not be redeemable at the option of the City unless and until consented to by the Indiana Finance Authority.]

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

<u>Date</u>	<u>Amount</u>
-------------	---------------

\*Final Maturity]

Each [Five Thousand Dollar (\$5,000)][One Dollar (\$1)] 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, the Bonds to be called for redemption 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 redemption shall be mailed to the address of the registered owner as shown on the registration record of the City, 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. 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 City. 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 City 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 City shall have no further obligation or liability in respect thereto.

This Bond is transferable or exchangeable only upon the books of the City kept for that purpose at the office of the Registrar, by the registered owner hereof in person, or by its 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 its attorney duly authorized in writing, and thereupon a new fully registered Bond or Bonds 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 to the registered owner, as the case may be, in exchange therefor. The City, the Registrar and any 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 Ordinance referred to herein. THE OWNER OF THIS BOND, BY THE ACCEPTANCE HEREOF, HEREBY AGREES TO ALL THE TERMS AND PROVISIONS CONTAINED IN THE ORDINANCE. The Ordinance may be amended without the consent of the owners of the Bonds as provided in the Ordinance.

The Bonds maturing in any one year are issuable only in fully registered form in the denomination of [Five Thousand Dollars (\$5,000)][One Dollar (\$1)] or any integral multiple thereof not exceeding the aggregate principal amount of the Bonds maturing in such year.

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the preparation and complete 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.

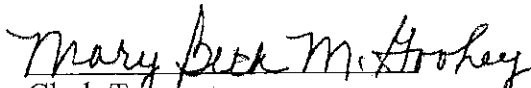
IN WITNESS WHEREOF, the City of Washington, in Daviess County, Indiana, has caused this Bond to be executed in its corporate name by the manual or facsimile signature of its Mayor, its corporate seal to be hereunto affixed, imprinted or impressed by any means and attested manually or by facsimile by its Clerk-Treasurer.

CITY OF WASHINGTON, INDIANA

By:   
Mayor

[SEAL]

Attest:

  
Clerk-Treasurer

#### REGISTRAR'S CERTIFICATE OF AUTHENTICATION

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

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

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

#### ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_, the within 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

\_\_\_\_\_  
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

guarantee program.

whatsoever.

[EXHIBIT A]

*End of Bond Form*

Section 10. Preparation and Sale of BANs and Bonds; Official Statement; and Investment Letter. The Clerk-Treasurer is hereby authorized and directed to have said BANs and Bonds prepared, and the Mayor and Clerk-Treasurer are hereby authorized and directed to execute said BANs and Bonds in the form and manner herein provided. The Clerk-Treasurer is hereby authorized and directed to deliver said BANs and Bonds to the respective purchasers thereof after sale made in accordance with the provisions of this ordinance, provided that at the time of said delivery the Clerk-Treasurer shall collect the full amount which the respective purchasers have agreed to pay therefor, which amount shall not be less than 98.0% of the par value of said BANs and not less than the par value of said Bonds, as the case may be. The City 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 purchaser, shall be the binding special revenue obligations of the City, payable out of the Net Revenues of the City's waterworks to be set aside into the Waterworks Bond 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 City 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 ordinance.

The preparation and distribution of an official statement (preliminary and final) on behalf of the City for the Bonds and BANs sold to a purchaser other than the SRF Program or Indiana Bond Bank is hereby authorized. The Mayor of the City and Clerk-Treasurer are hereby authorized and directed to execute any such preliminary official statement on behalf of the City in a form consistent with this ordinance and are further authorized to designate any such preliminary official statement as "nearly final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). If the Bonds or BANs will be sold to the Indiana Bond Bank, the Mayor of the City and Clerk-Treasurer are hereby authorized to provide information and materials to the Indiana Bond Bank relating to the City, its waterworks and the Bonds or BANs, as the case may be (the "City Material"), for inclusion in any official statement relating to any financing of the Indiana Bond Bank the proceeds of which will be used to acquire the Bonds or BANs. The Mayor of the City and Clerk-Treasurer are further authorized to deem any such City Material as "nearly final" for purposes of the Rule.

Alternatively, in lieu of preparing and distributing an official statement, the City may obtain a sophisticated investment letter from the purchaser of the Bonds or BANs at the time of delivery of the Bonds or BANs which satisfies applicable state and federal securities laws.

Section 11. Bond Sale Notice. Unless sold to the Authority or the Indiana Bond Bank, the Bonds will be sold at a competitive sale and, in such case, the Clerk-Treasurer shall cause to be published either (i) a notice of such sale in the *Washington Times-Herald*, 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 in the *Washington Times-Herald* and the *Court & Commercial Record*, all in accordance with IC 5-1-11 and IC 5-3-1. A notice of sale may also be published one time in the *Court & Commercial Record*, and a notice or 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 rate of interest thereon, the terms and conditions upon which bids will be received and the sale made, and such other information as the Clerk-Treasurer and the attorneys employed by the City shall deem advisable and any summary notice may contain any information deemed so advisable. The notice may provide, among other things, that each bid shall be accompanied by a certified or cashier's check in an amount equal to one percent (1%) of the principal amount of the Bonds described in the notice and that 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 City and shall be considered as its liquidated damages on account of such default; 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), one-twentieth (1/20) or one-hundredth (1/100) 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 bid or bid for less than the par value of the Bonds will be considered. The opinion of Bose McKinney & Evans LLP, nationally recognized bond counsel of Indianapolis, Indiana, approving the legality of said Bonds, will be furnished to the purchaser at the expense of the City.

The Bonds shall be awarded by the Clerk-Treasurer to the best bidder who has submitted its bid in accordance with the terms of this ordinance, 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 City, 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 the premium bid, if any. The right to reject any and all bids shall be 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 City than the best bid received at the time of the advertised sale will be considered.

As an alternative to public sale, the Clerk-Treasurer may negotiate the sale of said Bonds to the Indiana Bond Bank or the Authority through the SRF Program. The Mayor of the City and the Clerk-Treasurer are hereby authorized to (i) submit an application to the Authority through the SRF Program or the Indiana Bond Bank, (ii) execute a Financial Assistance Agreement with the Authority or a Qualified Entity Purchase Agreement with the Indiana Bond Bank with terms conforming to this ordinance and (iii) sell such Bonds upon such terms as are acceptable to the Mayor of the City and the Clerk-Treasurer consistent with the terms of this ordinance.

In the event the Bonds are sold to the Authority through the SRF Program, the Financial Assistance Agreement for the Bonds and the Project shall be executed by the City. The Mayor of the City and the Clerk-Treasurer are hereby authorized to approve, execute and deliver said Financial Assistance Agreement, and to approve such changes in form or substance thereto which are consistent with the terms of this ordinance, such changes to be conclusively evidenced by its execution. In the event the Bonds are sold in series to the Authority, the Financial Assistance Agreement may be amended and restated for any subsequent series of Bonds sold to the Authority through the SRF Program, with such changes in form or substance to the original Financial Assistance Agreement as the Mayor of the City and the Clerk-Treasurer may approve, execute and deliver, consistent with the terms of this ordinance, as conclusively evidenced by its execution.

Section 12. Use of Proceeds. The accrued interest received at the time of the delivery of the Bonds and premium, if any, shall be deposited in the Waterworks Bond Fund. 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 City, in a special account or accounts to be designated as the "City of Washington, Waterworks Construction Account" (the "Construction Account"). All funds deposited to the credit of said Waterworks Bond 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, IC 5-1.2-1 through 5-1.2-4 and IC 5-1.2-10, and the acts amendatory thereof and supplemental thereto. The funds in the Construction Account shall be expended only for the purpose of paying the cost of the Project, funding capitalized interest on the BANs, if necessary, 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 Bose McKinney & Evans LLP shall be considered as a part of the 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 Waterworks Bond Fund and used solely for the purposes thereof 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.

If the Bonds are sold to the Authority as part of the SRF Program, to the extent that (a) the total principal amount of such Bonds is not paid by the purchaser or drawn down by the City or (b) proceeds remain in the Construction Account and are not applied to the Project (or any modifications or additions thereto approved by the Authority), the City shall reduce the principal amount of the Bond maturities to effect such reduction in a manner that will still achieve as level annual debt service as practicable as described in Section 3 subject to and upon the terms set forth in the Financial Assistance Agreement for the Bonds.



The City hereby declares its "official intent" to reimburse the City's advances to the Project, such advances from the City's General Fund or Improvement Fund (as hereinafter defined), from proceeds of the BANs or the Bonds herein authorized by this ordinance. The City reasonably expects to make such advances for the costs of the Project.

Section 13. Revenue Fund. There is hereby continued the "Revenue Fund" (the "Revenue Fund"). All income and revenues derived from the operation of the waterworks and from the collection of water rates and charges (and any System Development Charges), shall be deposited in the Revenue Fund. The Revenue Fund shall be maintained separate and apart from all other funds and accounts of the City. Out of the Revenue Fund, the proper and reasonable expenses of operation, repair and maintenance of the works shall be paid, the requirements of the Waterworks Bond Fund shall be met and the costs of improvements, replacements, additions and extensions to the works shall be paid. So long as any Bonds are held by the Authority, no moneys derived from the revenues of the waterworks shall be transferred to the General Fund of the City (except for payment in lieu of property taxes) or be used for any purpose not connected with the waterworks.

Section 14. Operation and Maintenance Fund. The "Operation and Maintenance Fund" (the "Operation and Maintenance Fund") is hereby continued. On the last day of each calendar month, revenues of the waterworks shall thereafter be transferred from the Revenue Fund to the Operation and Maintenance Fund. The balance maintained in this fund shall be sufficient to pay the expenses of operation, repair and maintenance of the waterworks 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 waterworks on a day-to-day basis, but none of the moneys in the Operation and Maintenance Fund shall be used for payment in lieu of property taxes, 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 Waterworks Bond Fund if necessary to prevent a default in the payment of principal of or interest on the outstanding bonds of the waterworks.

Section 15. Waterworks Bond Fund. There is hereby continued a special fund designated the "Waterworks Bond Fund" (the "Bond Fund") for the payment of the principal of and interest on all outstanding waterworks revenue bonds, and the payment of any fiscal agency charges in connection with the payment of bonds. There shall be set aside and deposited in the Bond Fund, as available, and as hereinafter provided, a sufficient amount of the Net Revenues of the waterworks (including any System Development Charges) to meet the requirements of the Interest Account, the Principal Account and the Reserve Account hereby continued in the Bond Fund. Such payments shall continue until the aggregate balance in the Interest Account, the Principal Account and the Reserve Account hereinafter described, equals the amount needed to redeem all of the then outstanding bonds.

If the Bonds are sold to the Authority as part of its SRF Program, the Bond Fund, containing the Interest Account, the Principal Account and the Reserve Account, and/or the Construction Account, may be held by a financial institution acceptable to the Authority as part of its SRF Program, pursuant to terms acceptable to the Authority. If the Bond Fund and the accounts therein are held in trust, the City shall transfer the monthly required amounts of Net Revenues to the Interest Account, the Principal Account and the Reserve Account in accordance with this Section 15, 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 City's outstanding bonds. The Mayor and Clerk-Treasurer are hereby authorized to execute and deliver an agreement with a financial institution to reflect this trust arrangement for the Bond Fund and/or the Construction Account. The financial institution selected to serve in this role may also serve as the Registrar and the Paying Agent for any outstanding bonds of the City, including the Outstanding Parity Bonds.

(a) Interest Account. There is hereby continued, within the Bond Fund, the "Interest Account". There shall be credited on the last day of each calendar month to the Interest Account an amount of the Net Revenues equal to at least one-sixth (1/6) of the interest on all then outstanding bonds payable on the then next succeeding interest payment date, until the amount of interest payable on the then next succeeding interest payment date 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 City shall, from the sums deposited in the Bond Fund and credited to the Interest Account, remit promptly to the registered owner or to the bank fiscal agency sufficient moneys to pay the interest on the due dates thereof together with the amount of bank fiscal agency charges.

(b) Principal Account. There is hereby continued, within the Bond Fund, the "Principal Account". There shall be credited on the last day of each calendar month to the Principal Account an amount of the Net Revenues equal to at least one-sixth (1/6) of the principal on all then outstanding bonds payable on the then next succeeding principal payment date, until the amount of principal payable on the then next succeeding principal payment date 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 principal on the bonds as the same become payable. The City shall, from the sums deposited in the Bond Fund and credited to the Principal Account, remit promptly to the registered owner or to the bank fiscal agency sufficient moneys to pay the interest on the due dates thereof together with the amount of bank fiscal agency charges.

(c) Reserve Account. There is hereby continued, within the Bond Fund, the Reserve Account (the "Reserve Account") which consists solely of the 2013 Reserve Subaccount which is hereby redesignated as the Reserve Account. On the date of delivery of the Bonds, the City may deposit funds on hand, Bond proceeds, unless the Bonds are sold to the Authority as part of its SRF Program, or a combination thereof into the Reserve Account. The balance to be maintained in the Reserve Account shall equal but not exceed the least of (i) the maximum annual debt service on the Outstanding Parity Bonds, the Bonds and any additional bonds issued

in the future on a parity with the Bonds (the "Parity Bonds"), (ii) 125% of average annual debt service on the Outstanding Parity Bonds, the Bonds and any Parity Bonds or (iii) 10% of the proceeds of the Outstanding Parity Bonds, the Bonds and any Parity Bonds (the "Reserve Requirement"); provided, however, that if the Bonds are sold to the Authority the Reserve Requirement shall be as described in (i) above. 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, an amount of Net Revenues shall be credited to the Reserve Account on the last day of each calendar month until the balance therein equals the Reserve Requirement. The monthly deposits shall be equal in amount and sufficient to accumulate the Reserve Requirement within five (5) years of the date of delivery of the Bonds.

The Reserve Account shall constitute the margin for safety and a protection against default in the payment of principal of and interest on the Outstanding Parity Bonds, the Bonds and any Parity Bonds, and the moneys in the Reserve Account shall be used to pay current principal and interest on the Outstanding Parity Bonds, the Bonds and any Parity Bonds, to the extent that moneys in the Interest Account and Principal 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 Interest Account and Principal Account. If monies in the Reserve Account are transferred to the Interest Account or the Principal Account to pay interest and principal on the Outstanding Parity Bonds, the Bonds or any Parity Bonds, then this depletion of the balance in the Reserve Account shall be made up from the next available Net Revenues after the credits into the Interest Account and Principal Account hereinbefore provided for. Any moneys in the Reserve Account in excess of the Reserve Requirement shall be transferred to the Waterworks Improvement Fund. The Common Council has determined, based upon the advice of its financial advisor, that the Reserve Account is reasonably required and that the Reserve Requirement is no larger than necessary to market the Bonds.

In the event the Authority shall hold the Bonds, no surety policy as may be authorized under the ordinance authorizing the Outstanding Parity Bonds may be acquired for the portion of the Reserve Requirement allocable to the Outstanding Parity Bonds without the prior written consent of the Authority.

Section 16. Waterworks Improvement Fund. There is hereby continued a special fund designated the "Waterworks Improvement Fund" (the "Improvement Fund"). In the event after all required payments into the Operation and Maintenance Fund and the Bond Fund have been met to date, then any excess Net Revenues may be transferred to the Improvement Fund for improvements, replacements, additions and extensions to the works and to make payments in lieu of property taxes. The City reserves the right to transfer payments in lieu of property taxes from the Improvement Fund no more frequently than semiannually, in accordance with the Act, and only if all required transfers have been made to the Bond Fund and the Accounts of the Bond Fund contain the required balances as of the date the payments in lieu of taxes are paid. No such transfer to the Improvement Fund shall be made, however, which will interfere with the requirements of the Bond Fund or the accumulation of the required reserves therein. In no event

shall any payment in lieu of property taxes be treated as an expense of operation and maintenance, nor in any case shall it be payable from the Operation and Maintenance Fund or the Bond Fund. All or any portion of the funds accumulated and reserved in the Improvement Fund shall be transferred to the Bond Fund, if necessary, to prevent a default in the payment of principal of or interest on any bonds payable from the Bond Fund or to eliminate any deficiencies in credits to or minimum balance in the Reserve Account. Moneys in the Improvement Fund may also be transferred to the Operation and Maintenance Fund to meet unforeseen contingencies in the operation, repair and maintenance of the waterworks.

Section 17. Maintenance of Accounts; Investments. The Bond Fund shall be deposited in and maintained as a separate account or accounts from all other accounts of the City. 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 City and apart from the Bond 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, IC 5-1.2-1 through IC 5-1.2-4 and IC 5-1.2-10 (as applicable), and the acts amendatory thereof and supplemental thereto, 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 ordinance. Nothing in this Section or elsewhere in this ordinance shall be construed to require that separate bank accounts be established and maintained for the Funds and Accounts continued by this ordinance except that (a) the Bond Fund and Construction Account shall be maintained as a separate bank account from the other Funds and Accounts of the waterworks and (b) the other Funds and Accounts of the waterworks shall be maintained as a separate bank account from the other funds and accounts of the City.

Section 18. Maintenance of Books and Records. The City 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 collected from said works and all disbursements made on account of the works, also all transactions relating to said works. There shall be furnished, upon written request, to any owner of the Bonds, the most recent audit report of the waterworks prepared by the State Board of Accounts. Copies of all such statements and reports shall be kept on file in the office of the Clerk-Treasurer. Any owner of the Bonds then outstanding shall have the right at all reasonable times to inspect the works and all records, accounts, statements, audits, reports and data of the City relating to the waterworks. Such inspections may be made by representatives duly authorized by written instrument.

If the Bonds or BANs are sold to the Authority through the SRF Program, the City 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 waterworks 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 19. Rate Covenant. The City 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 waterworks, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses the waterworks by or through any part of the waterworks system of the City, or that in any way uses or is served by the waterworks, at a level adequate to produce and maintain sufficient revenue, provided that System Development Charges shall be excluded, to the extent permitted by law, when determining if such rates and charges are sufficient so long as the Bonds are outstanding and owned by the Authority as part of its SRF Program, to provide for the proper (i) Operation and Maintenance (as defined in the Financial Assistance Agreement) of the waterworks, if the Bonds are sold to the SRF Program, and (ii) operation, repair and maintenance of the waterworks, if the Bonds are sold to a purchaser other than the SRF Program, to comply with and satisfy all covenants contained in this ordinance and, if applicable, the Financial Assistance Agreement, and to pay all obligations of the waterworks and of the City with respect to the waterworks. 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, repair and maintenance of the waterworks, or Operation and Maintenance of the waterworks, as the case may be, and the requirements of the Bond Fund. The rates and charges so established shall apply to any and all use of such works by and service rendered to the City, and all departments thereof, and shall be paid by the City, or the various departments thereof, as the charges accrue.

Section 20. Defeasance of Bonds. If, when any of the Bonds issued hereunder 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 or any 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 or any portion thereof and coupons 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 of the United States of America, the principal of and the interest on which when due will provide sufficient moneys, 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 issued hereunder or any designated portion thereof shall no longer be deemed outstanding or entitled to the pledge of the Net Revenues of the City's waterworks.

Section 21. Additional Bond Provisions. The City reserves the right to authorize and issue additional BANs at any time ranking on a parity with the BANs. The City reserves the right to authorize and issue additional Parity Bonds, payable out of the Net Revenues of its waterworks, ranking on a parity with the Bonds, for the purpose of financing the cost of future additions, extensions and improvements to the waterworks, or to refund obligations, subject to the following conditions:

(a) All required payments into the Bond Fund shall have been made in accordance with the provisions of this ordinance, and the interest on and principal of all bonds payable from the Net Revenues of the waterworks shall have been paid to date 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 (5) year or shorter period, in a manner which is commensurate with the requirements established in Section 15(c) of this ordinance.

(b) The Net Revenues of the waterworks in the fiscal year immediately preceding the issuance of any such Parity 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 said Parity Bonds, the water rates and charges shall be increased sufficiently so that said increased rates and charges applied to the previous fiscal year's operations would have produced Net Revenues for said period equal to 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. For purposes of this subsection, the records of the waterworks shall be analyzed and all showings prepared by a certified public accountant employed by the City for that purpose. In addition, for purposes of this subsection with respect to any Parity Bonds hereafter issued, while the Bonds remain outstanding and owned by the Authority as part of its SRF Program, Net Revenues may not include any revenues from the System Development Charges unless the Authority provides its consent to include all or some portion of the System Development Charges as part of the Net Revenues or otherwise consents to the issuance of such Parity Bonds without satisfying this subsection (b).

(c) The interest on the additional Parity Bonds shall be payable semiannually on the first days of April and October and the principal on, or mandatory sinking fund redemption dates for, the additional Parity Bonds shall be payable semiannually on April 1 to October 1.

(d) If the Bonds are sold to the Authority through the SRF Program, (i) the City obtains the consent of the Authority, (ii) the City has faithfully performed and is in compliance with each of its obligations, agreements and covenants contained in the Financial Assistance Agreement and this ordinance, and (iii) the City is in compliance with its waterworks permits, except for non-compliance for which purpose the Parity Bonds are issued, including refunding bonds issued prior to, but part of the overall plan to eliminate such non-compliance.

Section 22. Further Covenants. For the purpose of further safeguarding the interests of the holders of the BANs and Bonds, it is specifically provided as follows:

(a) All contracts let by the City 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 employer's 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 engineers as shall be designated by the City. All estimates for work done or material furnished shall first be checked by the engineers and approved by the City.

(c) The City shall at all times maintain its waterworks 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 herein authorized are outstanding, the City shall acquire and maintain insurance coverage, including fidelity bonds, to protect the waterworks and its operations. If the Bonds or BANs are sold to the Authority through its SRF Program, such insurance shall be acceptable to the Authority. 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 waterworks or if not used for that purpose shall be treated and applied as Net Revenues of the works, unless the Authority consents to a different use of such proceeds or awards if the Bonds or BANs are held by the Authority through its SRF Program.

(e) So long as any of the BANs or Bonds are outstanding, the City shall not mortgage, pledge or otherwise encumber such works or any part thereof, nor shall it sell, lease or otherwise dispose of any portion thereof except machinery, equipment or property which may become worn out, obsolete or no longer suitable for use in the waterworks. If the Bonds or BANs are sold to the Authority through the SRF Program, the City shall obtain the consent of the Authority prior to the disposal of any portion of the waterworks as described herein.

(f) If the BANs or Bonds are sold to the Authority through the SRF Program, the City shall not without the prior written consent of the Authority (i) enter into any lease, contract or agreement or incur any other liabilities in connection with the waterworks, other than for normal operating expenditures, or (ii) borrow any money (including without limitation any loan from other utilities operated by the City) in connection with the waterworks.

(g) Except as hereinbefore provided in Section 21 hereof, so long as any of the Bonds herein authorized are outstanding, no additional bonds or other obligations pledging any portion of the revenues of said waterworks shall be authorized, executed, or issued by the City except such as shall be made subordinate and junior in all respects to the Bonds herein authorized, unless all of the Bonds herein authorized are redeemed, retired or defeased pursuant to Section 20 hereof coincidentally with the delivery of such additional bonds or other obligations.

(h) The provisions of this ordinance shall constitute a contract by and between the City and the owners of the Bonds and BANs herein authorized, and after the issuance of said Bonds or BANs, this ordinance shall not be repealed or amended in any respect which will adversely affect the rights of the owners of said Bonds or BANs nor shall the Common Council adopt any law, ordinance or resolution which in any way adversely affects the rights of such owners so long as any of said Bonds, BANs or the interest thereon remain unpaid. Except for the

changes set forth in Section 25(a)-(g), this ordinance may be amended, however, without the consent of BAN or Bond owners, if the Common Council determines, in its sole discretion, that such amendment would not adversely affect the owners of the BANs or Bonds; provided, however, that if the Bonds or BANs are sold to the Authority through the SRF Program, the City shall obtain the prior written consent of the Authority.

(i) The provisions of this ordinance 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 ordinance and of said governing Act. The provisions of this ordinance shall also be construed to create a trust in the portion of the Net Revenues herein directed to be set apart and paid into the Bond Fund for the uses and purposes of said fund as in this ordinance set forth. The owners of said Bonds shall have all of the rights, remedies and privileges set forth under Indiana law in the event of default in respect to any of the provisions of this ordinance or in the provisions of the governing Act hereinbefore referred to, including the right to have a receiver appointed to administer said waterworks, in the event the City shall fail or refuse to fix and collect sufficient rates and charges, or shall fail or refuse to operate and maintain said system and to apply the revenues derived from the operation thereof, or if there be a 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 ordinance or the governing Act.

(j) For purpose this Section 22, the term "lease" shall include any lease, contract, or other instrument conferring a right upon the City to use property in exchange for a periodic payments made from the revenues of the waterworks, whether the City desires to cause such to be, or by its terms (or its intended effects) is to be, (i) payable as rent, (ii) booked as an expense or an expenditure, or (iii) classified for accounting or other purposes as a capital lease, financing lease, operating lease, non-appropriation leases, installment purchase agreement or lease, or otherwise (including any combination thereof).

Section 23. Investment of Funds. The Clerk-Treasurer is hereby authorized to invest moneys pursuant to IC 5-1-14-3 and the provisions of this ordinance (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 Clerk-Treasurer shall keep full and accurate records of investment earnings and income from moneys held in the funds and accounts continued or referenced herein. In order to comply with the provisions of the ordinance, the Clerk-Treasurer is hereby authorized and directed to employ consultants or attorneys from time to time to advise the City as to requirements of federal law to preserve the tax exclusion. The Clerk-Treasurer may pay any such fees as operating expenses of the waterworks.



Section 24. Tax Covenants. In order to preserve the exclusion of interest on any series of Bonds that may be issued as tax-exempt for purposes of federal tax law (the "Tax-Exempt Bonds") 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 Tax-Exempt Bonds (the "Code") and as an inducement to purchasers of the Tax-Exempt Bonds, the City represents, covenants and agrees that:

(a) The Tax-Exempt Bonds will be issued as exempt facility private activity bonds under Section 142 of the Code. The City will comply with all requirements applicable to the Tax-Exempt Bonds as "exempt facility bonds" under the Code, including, but not limited to, receiving volume cap under Section 146 of the Code and restricting Tax-Exempt Bond proceeds used for costs of issuance to two percent of the face amount of the Tax-Exempt Bonds. Additionally, the Common Council of the City will approve the issuance of the Tax-Exempt Bonds after a public hearing is held in accordance with Section 147 of the Code.

(b) The waterworks is or will be made available to members of the general public (including electric utility, industrial, agricultural and commercial users), and the waterworks is operated by the City as a governmental unit within the meaning of the Code.

(c) The City will not take any action nor fail to take any action with respect to the Tax-Exempt Bonds that would result in the loss of the exclusion from gross income for federal tax purposes on the Tax-Exempt Bonds pursuant to Section 103 of the Code, nor will the City act in any other manner which would adversely affect such exclusion.

(d) It shall not be an event of default under this ordinance if the interest on any Tax-Exempt Bond 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 Tax-Exempt Bonds.

(e) The City represents that it will rebate all arbitrage profits to the United States of America in accordance with the Code.

(f) These covenants are based solely on current law in effect and in existence on the date of delivery of the Tax-Exempt Bonds. These covenants shall not apply to any Bonds that are issued as taxable for purpose of federal tax law.

Section 25. Amendments with Consent of Bondholders. Subject to the terms and provisions contained in this Section and Section 22(h), and not otherwise, 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 ordinance and then outstanding shall have the right, from time to time, anything contained in this ordinance to the contrary notwithstanding, to consent to and approve the adoption by the City of such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this ordinance, or in any

supplemental ordinance; provided, however, that if the Bonds or BANs are sold to the Authority through the SRF Program, the City 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 any Bond issued pursuant to this ordinance; 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 of the waterworks ranking prior to the pledge thereof created by this ordinance; or
- (d) A preference or priority of any Bond or Bonds issued pursuant to this ordinance over any other Bond or Bonds issued pursuant to the provisions of this ordinance; or
- (e) A reduction in the aggregate principal amount of the Bonds required for consent to such supplemental ordinance; or
- (f) A reduction in the Reserve Requirement; or
- (g) The extension of mandatory sinking fund redemption dates, if any.

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 ordinance shall have consented to and approved the adoption thereof by written instrument to be maintained on file in the office of the Clerk-Treasurer, no owner of any Bond issued pursuant to this ordinance shall have any right to object to the adoption of such supplemental ordinance 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 City or its officers from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental ordinance pursuant to the provisions of this section, this ordinance shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this ordinance of the City and all owners of Bonds issued pursuant to the provisions of this ordinance then outstanding, shall thereafter be determined exercised and enforced in accordance with this ordinance, subject in all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this ordinance, the rights and obligations of the City and of the owners of the Bonds authorized by this ordinance, and the terms and provisions of the Bonds and this ordinance, or any supplemental ordinance, may be modified or altered in any respect with the consent of the City and the consent of the owners of all the Bonds issued pursuant to this ordinance then outstanding.

Section 26. Issuance of BANs. The City, having satisfied all the statutory requirements for the issuance of its Bonds, may elect to issue its BAN or BANs to a financial institution, the Indiana Bond Bank, the Authority or to any other purchaser, pursuant to a Bond Anticipation Note Purchase Agreement (the "Bond Anticipation Note Agreement") to be entered into between the City and the purchaser of the BAN or BANs. If the BANs are sold to the Authority through the SRF Program, the Financial Assistance Agreement shall serve as the Bond Anticipation Note Agreement. The Common Council hereby authorizes the issuance and execution of the BAN or BANs in lieu of initially issuing Bonds to provide interim financing for the Project until permanent financing becomes available. It shall not be necessary for the City 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. The Mayor and the Clerk-Treasurer 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 substance as they shall approve acting upon the advice of counsel. The Mayor and the Clerk-Treasurer 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 27. Continuing Disclosure. If necessary in order for the purchaser of the Bonds or BANs to comply with the Rule, the Mayor and Clerk-Treasurer are hereby authorized to execute and deliver, in the name and on behalf of the City, an agreement by the City to comply with the requirements of a continuing disclosure undertaking by the City pursuant to subsection (b)(5) of the Rule, and any amendments thereto from time to time (the "Continuing Disclosure Agreement"). The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement.

Section 28. Tax Exemption. Notwithstanding any other provisions of this ordinance, the covenants and authorizations contained in this ordinance (the "Tax Sections") which are designed to preserve the exclusion of interest on the BANs, if such BANs are issued as tax exempt under the Code ("Tax-Exempt BANs"), and Tax-Exempt Bonds from gross income under federal law (the "Tax Exemption") need not be complied with if the City receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption. At the time of delivery of the Tax-Exempt BANs and Tax-Exempt Bonds, if any, the Mayor and Clerk-Treasurer will execute post-issuance compliance procedures with respect to such Tax-Exempt BANs and Tax-Exempt Bonds relating to continued compliance of the City with respect to the Tax Sections to preserve the Tax Exemption.

Section 29. Conflicting Ordinances. All ordinances and parts of ordinances in conflict herewith, except the ordinances authorizing the Outstanding Parity Bonds, are hereby repealed; provided, however, that this ordinance shall not be construed as adversely affecting the rights of the owners of the Outstanding Parity Bonds. The Common Council finds that this ordinance amends the designated name of the 2013 Reserve Subaccount of the Bond Fund but that such

amendment does not in any respect adversely affect the rights of the owners of the Outstanding Parity Bonds.

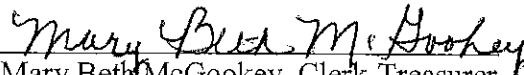
Section 30. Effective Date. This ordinance shall be in full force and effect from and after its passage and execution by the Mayor.

Passed and adopted this 13<sup>th</sup> day of November, 2018.

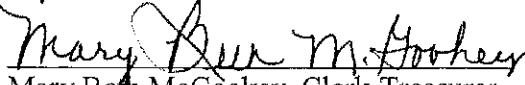
COMMON COUNCIL CITY OF  
WASHINGTON

  
Presiding Officer

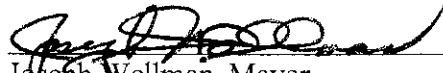
Attest:

  
Mary Beth McGookey, Clerk-Treasurer

Presented by me to the Mayor of the City of Washington, Indiana, on the 14<sup>th</sup> day of November, 2018, at the hour of 3:45pm.

  
Mary Beth McGookey, Clerk-Treasurer

This ordinance approved and signed by me, the Mayor of the City of Washington, Indiana, on the 14<sup>th</sup> day of November, 2018, at the hour of 3:45p.m.

  
Joseph Wellman, Mayor

## **EXHIBIT A**

### *Description of Project*

Water lines impacted from improvements of Business 50 will be replaced and relocated. New mains with associated appurtenances will be installed in various locations along Business 50 from the roadway roundabout on the east side of Washington to near the west City limits of the City of Washington.

3515236v1

## APPENDIX D





December \_\_, 2018

\_\_\_\_\_  
\_\_\_\_\_  
City of Washington  
Washington, Indiana

RE: City of Washington, Indiana  
Tax-Exempt Waterworks Bond Anticipation Notes, Series 2018  
Principal Amount: \$ \_\_\_\_\_  
Dated: December \_\_, 2018

Ladies and Gentlemen:

We have acted as bond counsel to the City of Washington, Indiana (the “City”) in connection with its issuance of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) of its Tax-Exempt Waterworks Bond Anticipation Notes, Series 2018, dated as of December \_\_, 2018 (the “BANs”), pursuant to Ordinance No. 23-2018, adopted November 13, 2018 by the Common Council of the City (the “Ordinance”).

As bond counsel, we have examined such laws, including statutes and regulations, published rulings and judicial decisions existing on the date of this opinion, a transcript of the proceedings relating to the authorization, issuance and sale of the BANs (the “Transcript”), and such other documents as we deem necessary to render this opinion. We have relied upon the Transcript, including the City’s tax covenants and representations (the “Tax Covenants”), and we have not undertaken to verify any facts by independent investigation.

We were not engaged to and have not undertaken to review the accuracy, completeness or sufficiency of the Preliminary Official Statement dated December \_\_, 2018 or the final Official Statement dated December \_\_, 2018, or any other offering material relating to the BANs, and we express no opinion relating thereto.

On the basis of our examination described above, we are of the opinion that under existing law as of the date of this opinion:

1. The BANs have been duly authorized, executed and delivered and are valid and binding obligations of the City, enforceable in accordance with their terms. The principal of and interest on the BANs are payable from the proceeds of bonds of the City as described in the Ordinance. Interest on the BANs is also payable from the Net Revenues (as defined in the Ordinance) of the City’s waterworks, junior and subordinate to the payment of the Outstanding Parity Bonds (as defined in the Ordinance), any bonds issued pursuant to the Ordinance and any additional parity bonds issued in the future pursuant to Section 21 of the Ordinance.

2. The interest on the BANs is exempt from taxation in the State of Indiana (the “State”) for all purposes except for the Indiana Financial Institutions Tax imposed upon financial institutions pursuant to Indiana Code 6-5.5, as amended. The opinion in this paragraph 2 relates only to exemption of interest on the BANs from State income taxation.
3. Interest on the BANs is excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), except for interest on any BAN for any period during which such BAN is held by a person who is a “substantial user” of the facilities financed by the BANs, or a “related person” thereto within the meaning of Section 147(a) of the Code and the regulations promulgated pursuant thereto. Further, under existing law, interest on the BANs is an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals. The opinion in this paragraph 3 relates only to exemption of interest on the BANs from federal income taxation under Section 103 of the Code, and is conditioned on continued compliance by the City with its Tax Covenants. Failure to comply with the Tax Covenants could cause interest on the BANs to lose the exclusion from gross income for federal income tax purposes retroactive to their date of issue. We express no opinion regarding other federal tax consequences arising with respect to the BANs.

This opinion is subject to the qualifications that the validity and binding effect of the BANs may be: (i) limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting the enforcement of creditors' rights generally; (ii) subject to judicial discretion and may be limited by general principles of equity; and (iii) limited by the valid exercise of constitutional powers of the United States of America, the State or the City.

We are not expressing an opinion on the investment quality of the BANs, and we have not investigated or examined the facts, figures or financial statements or other representations made to the purchaser of the BANs respecting the City by its representatives. Furthermore, we are not expressing an opinion as to whether the facts, figures, financial statements or other representations made to the purchaser of the BANs respecting the City by its representatives contained any untrue statements of a material fact or omitted to state any material facts necessary to make the statements made not misleading.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

## APPENDIX E



## CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This CONTINUING DISCLOSURE UNDERTAKING AGREEMENT (the “Disclosure Agreement”) is executed and delivered by CITY OF WASHINGTON, INDIANA (the “Obligor” or “Issuer”), in connection with the issuance by the Obligor of its Tax-Exempt Waterworks Bond Anticipation Notes, Series 2018 in the aggregate principal amount of \$\_\_\_\_\_ (the “BANs”). The BANs are being issued pursuant to Indiana Code 8-1.5, as amended, and Ordinance No. 23-2018, adopted on November 13, 2018 by the Common Council of the Issuer (the “Ordinance”) (collectively, the “BAN Proceedings”). The Obligor covenants and agrees as follows:

### Section 1. Purpose of the Disclosure Agreement.

(a) This Disclosure Agreement is being executed and delivered by the Obligor for the benefit of the BANholders and the Beneficial Owners and in order to assist the Participating Underwriter in complying with the Rule.

(b) In consideration of the purchase and acceptance of any and all of the BANs by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Agreement shall be deemed to be and shall constitute a contract between the Obligor and the BANholders and Beneficial Owners from time to time of the BANs, and the covenants and agreements herein set forth to be performed on behalf of the Obligor shall be for the benefit of the BANholders and Beneficial Owners of any and all of the BANs.

(c) The Obligor hereby determines that it will be an obligated person with respect to more than \$10,000,000 in aggregate amount of outstanding municipal securities, including the BANs and excluding municipal securities that were offered in a transaction exempt pursuant to subsection (d)(1) of the Rule.

Section 2. Definitions. In addition to the definitions set forth in the BAN Proceedings, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any BANs (including any person holding BANs through nominees, depositories or other intermediaries).

“EMMA” means an Internet-based electronic filing system called the “Electronic Municipal Market Access” system as described in 1934 Act Release No. 59062 created and operated by the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org).

“Listed Events” shall mean any of the events listed in Section 5(a) and (b) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the 1934 Act which is the sole central repository through the operation of EMMA.

“1934 Act” shall mean the Securities Exchange Act of 1934, as amended.

“Official Statement” shall mean the Official Statement for the BANs dated December \_\_, 2018.

“Participating Underwriter” shall mean \_\_\_\_\_.

“Rule” shall mean Rule 15c2-12 (17 CFR Part 240, §240.15c2-12) promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

“SEC” shall mean the United States Securities and Exchange Commission.

“Securities Counsel” shall mean legal counsel expert in federal securities law.

“State” shall mean the State of Indiana.

### Section 3. Provision of Financial Information.

(a) The Obligor hereby undertakes to provide the following financial information:

- (1) To the MSRB through EMMA, when and if available, the audited financial statements of the Obligor as prepared and examined by the State Board of Accounts for each twelve-month period ending December 31, together with the opinion of such accountants and all notes thereto, within sixty (60) days of receipt from the State Board of Accounts. For audited or examined financial statements which have been released by the Indiana State Board of Accounts please refer to <http://www.in.gov/sboa/resources/reports/audit/>; and
- (2) To the MSRB through EMMA, within 180 days of each December 31, beginning December 31, 2018, unaudited annual financial information for the Obligor for such calendar year including (i) unaudited financial statements of the Obligor (for unaudited financial statements from prior periods please refer to the Indiana Gateway for Government Units at <https://gateway.ifionline.org>) and (ii) operating data (excluding any demographic information or forecast) of the general type included under the following headings in Appendix A to the Official Statement (collectively the “Annual Information”) (which updated information may be provided in such format as the Obligor deems appropriate):

[INSERT HEADINGS]

(b) If any Annual Information or audited financial statements relating to the Obligor referred to in paragraph (a) of this Section 3 no longer can be generated because the operations to which they related have been materially changed or discontinued, a statement to that effect, provided by the Obligor to the MSRB, along with any other Annual Information or audited financial statements required to be provided under this Disclosure Agreement, shall satisfy the undertaking to provide such Annual Information or audited financial statements. To the extent available, the Obligor shall cause to be filed along with the other Annual Information or audited financial statements operating data similar to that which can no longer be provided.

(c) The Obligor agrees to make a good faith effort to obtain Annual Information. However, failure to provide audited financial statements or portions of Annual Information because it is unavailable through circumstances beyond the control of the Obligor shall not be deemed to be a breach of this Disclosure Agreement. The Obligor further agrees to supplement the Annual Information filing when such data is available.

(d) The disclosure of the Annual Information shall be accompanied by a certificate of an authorized representative of the Obligor in the form of **Exhibit A** attached hereto.

(e) Annual Information or audited financial statements required to be provided pursuant to this Section 3 may be provided by a specific reference to such Annual Information or audited financial statements already prepared and previously provided to the MSRB, or filed with the SEC; however, if such document is a final official statement, it must also be available from the MSRB.

(f) Except as provided in (c) above in this Section 3, if the Obligor fails to provide the audited financial statements or Annual Information as required by this Disclosure Agreement, the Obligor shall provide notice of such failure in a timely manner to the MSRB through EMMA in the form of **Exhibit B** attached hereto.

(g) The Obligor and any Dissemination Agent (as described in Section 7) appointed by the Obligor, must file all filings under this Disclosure Agreement with the MSRB through EMMA in an electronic format in the form of a word searchable portable document format (PDF).

**Section 4. Accounting Principles.** The financial information will be prepared on a cash basis as prescribed by the Indiana State Board of Accounts, as in effect from time to time, as described in the auditors' report and notes accompanying the audited financial statements of the Obligor or those mandated by state law from time to time. The audited financial statements of the Obligor, as described in Section 3(a)(1) hereof, will be prepared in accordance with generally accepted accounting standards and Government Auditing Standards issued by the Comptroller General of the United States.

## Section 5. Reporting of Listed Events.

(a) The Obligor shall disclose the following events to the MSRB through EMMA, within 10 business days of the occurrence of any of the following events, if material (which determination of materiality shall be made by the Obligor in accordance with the standards established by federal securities laws):

- (1) non-payment related defaults;
- (2) modifications to rights of BANholders;
- (3) bond calls;
- (4) release, substitution or sale of property securing repayment of the BANs;
- (5) the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the obligated person, or entry into or termination of a definitive agreement relating to the foregoing; and
- (6) appointment of a successor or additional trustee or the change of name of a trustee.

The disclosure shall be accompanied by a certificate of an authorized representative of the Obligor in the form of **Exhibit C** attached hereto.

(b) The Obligor shall disclose the following events to the MSRB through EMMA, within 10 business days of the occurrence of any of the following events, regardless of materiality:

- (1) principal and interest payment delinquencies;
- (2) unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) substitution of credit or liquidity providers, or their failure to perform;
- (5) defeasances;
- (6) rating changes;
- (7) adverse tax opinions or events affecting the status of the BANs, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material events, notices or determinations with respect to the tax status of the BANs;



- (8) tender offers; and
- (9) bankruptcy, insolvency, receivership or similar event of the obligated person.

The disclosure shall be accompanied by a certificate of an authorized representative of the Obligor in the form of **Exhibit C** attached hereto.

(c) If the Obligor determines that the occurrence of a Listed Event must be filed as set forth above, the Obligor shall promptly cause a notice of such occurrence to be filed with the MSRB through EMMA. In connection with providing a notice of the occurrence of a Listed Event described above in subsection (b)(5), the Obligor shall include in the notice explicit disclosure as to whether the BANs have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) The Obligor acknowledges that the “rating changes” referred to above in subsection (b)(6) may include, without limitation, any change in any rating on the BANs or other indebtedness for which the Obligor is liable.

(e) The Obligor acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the BANs, the Obligor does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

#### Section 6. Termination of Reporting Obligation.

(a) The Obligor’s obligations under this Disclosure Agreement shall terminate upon the legal defeasance, the prior redemption or the payment in full of all of the BANs. If the Obligor’s obligation to pay the principal of and interest on the BANs is assumed in full by some other entity, such entity shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Obligor, and the Obligor shall have no further responsibility hereunder.

(b) This Disclosure Agreement, or any provision hereof, shall be null and void in the event that the Obligor (i) receives an opinion of Securities Counsel, addressed to the Obligor, to the effect that those portions of the Rule, which require such provisions of this Disclosure Agreement, do not or no longer apply to the BANs, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the BANs, as shall be specified in such opinion, and (ii) delivers notice to such effect to the MSRB through EMMA.

Section 7. Dissemination Agent. The Obligor, from time to time, may appoint or engage an agent to assist it in carrying out its obligations under this Disclosure Agreement (the “Dissemination Agent”) and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If a Dissemination Agent is appointed or engaged by the Obligor, the Obligor shall provide prior written notice thereof (as well as notice of replacement or dismissal of such Dissemination Agent) to the MSRB.

Section 8. Amendment; Waiver.

(a) Notwithstanding any other provisions of this Disclosure Agreement, this Disclosure Agreement may be amended, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(1) if the amendment or waiver relates to a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the Obligor, or type of business conducted by the Obligor or in connection with the project referred to in the Official Statement;

(2) this Disclosure Agreement, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the BANs, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) the amendment or waiver either (A) is approved by the BANholders in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of the BANholders, or (B) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the BANholders.

(b) In the event of any amendment to, or waiver of a provision of, this Disclosure Agreement, the Obligor shall describe such amendment or waiver in the next Annual Information and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the financial information required to be included in the Annual Information pursuant to Section 3 of this Disclosure Agreement, the first Annual Information that contains the amended financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of financial information being provided. Further, if the annual financial information required to be provided in the Annual Information can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Information that does not include such information.

(c) If the amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 3 of this Disclosure Agreement, the Annual Information for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be sent by the Obligor, or the Dissemination Agent at the written direction of the Obligor, to the MSRB through EMMA.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Obligor from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any audited financial statements, Annual Information or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Obligor chooses to include any information in any audited financial statements, Annual Information or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Obligor shall have no obligation under this Disclosure Agreement to update such information or include it in any future audited financial statements, Annual Information or notice of occurrence of a Listed Event.

Section 10. Failure to Comply. In the event of a failure of the Obligor or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any BANholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the Obligor or the Dissemination Agent under this Disclosure Agreement, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Disclosure Agreement shall not constitute a default with respect to the BANs or under the Ordinance. Notwithstanding the foregoing, if the alleged failure of the Obligor to comply with this Disclosure Agreement is the inadequacy of the information disclosed pursuant hereto, then the BANholders and the Beneficial Owners (on whose behalf a BANholder has not acted with respect to this alleged failure) of not less than twenty percent (20%) of the aggregate principal amount of the then outstanding BANs must take the actions described above before the Obligor shall be compelled to perform with respect to the adequacy of such information disclosed pursuant to this Disclosure Agreement.

Section 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Obligor, the Dissemination Agent, if any, the Participating Underwriter, the BANholders and the Beneficial Owners, and shall create no rights in any other person or entity.

Section 12. Additional Disclosure Obligations. The Obligor acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the Obligor, and that under some circumstances, compliance with this Disclosure Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Obligor under such laws.

Section 13. Prior Undertakings. Except as otherwise disclosed in the Official Statement, during the past five (5) years, the Obligor has not failed to comply, in all material respects, with any previous undertakings.

Section 14. Governing Law. This Disclosure Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Agreement shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Agreement addresses matters of

federal securities laws, including the Rule, this Disclosure Agreement shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

Section 15. Severability. If any portion of this Disclosure Agreement is held or deemed to be, or is, invalid, illegal, inoperable or unenforceable, the validity, legality, operability or enforceability of the remaining portions of this Disclosure Agreement shall not be affected, and this Disclosure Agreement shall be construed as if it did not contain such invalid, illegal, inoperable or unenforceable portion.

*Signature Page to Continuing Disclosure Undertaking Agreement*

**CITY OF WASHINGTON, INDIANA**

By: \_\_\_\_\_  
Joseph Wellman, Mayor

ATTEST:

\_\_\_\_\_  
Mary Beth McGookey, Clerk-Treasurer

Dated: December \_\_, 2018

**EXHIBIT A**

**CERTIFICATE RE: ANNUAL FINANCIAL INFORMATION DISCLOSURE**

Name of Issuer/Obligor:      City of Washington, Indiana

Name of Issue:                Tax-Exempt Waterworks Bond Anticipation Notes, Series 2018

Date of BANs:                December \_\_, 2018

The undersigned, on behalf of the above referenced Obligor, as the Obligor under the Continuing Disclosure Undertaking Agreement, dated December \_\_, 2018 (the "Disclosure Agreement"), hereby certifies that the information enclosed herewith constitutes the Annual Information (as defined in the Disclosure Agreement) which is required to be provided pursuant to Section 3(a) of the Disclosure Agreement.

CITY OF WASHINGTON, INDIANA

By \_\_\_\_\_

Its \_\_\_\_\_

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

**EXHIBIT B**

**NOTICE OF FAILURE TO FILE INFORMATION**

Name of Issuer/Obligor:      City of Washington, Indiana

Name of Issue:                Tax-Exempt Waterworks Bond Anticipation Notes, Series 2018

Date of BANs:                December \_\_, 2018

NOTICE IS HEREBY GIVEN that the Obligor has not provided the Annual Information as required by Section 3(a) of the Continuing Disclosure Undertaking Agreement of the Obligor, dated December \_\_, 2018.

CITY OF WASHINGTON, INDIANA

By \_\_\_\_\_

Its \_\_\_\_\_

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

**EXHIBIT C**

**CERTIFICATE RE: EVENT DISCLOSURE**

The undersigned, on behalf of the City of Washington, Indiana, as Obligor under the Continuing Disclosure Undertaking Agreement, dated December \_\_, 2018 (the “Disclosure Agreement”), hereby certifies that the information enclosed herewith constitutes notice of the occurrence of an event which is required to be provided pursuant to Section 5 of the Disclosure Agreement.

Dated: \_\_\_\_\_, 20\_\_

CITY OF WASHINGTON, INDIANA

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

Name: \_\_\_\_\_

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



## APPENDIX F



## **APPENDIX F**

**This Appendix F assumes that (a) the winning bidder (the “Purchaser”) is purchasing the 2018 BANs as an Underwriter (as hereinafter defined) and is not purchasing the 2018 BANs with the intent to hold the 2018 BANs for its own account, and (b) City of Washington, Indiana (the “Issuer”) and the Purchaser shall agree to the process by which issue price will be established on the date of sale of the 2018 BANs in the event that the Competitive Sale Requirements (as hereinafter defined) are not met. The Purchaser must agree to execute the applicable schedules depending on the sale results.**

(a) By submitting a bid, the Purchaser agrees to assist the Issuer in establishing the issue price of the 2018 BANs and shall execute and deliver to the Issuer at the Closing (as hereinafter defined) for the 2018 BANs written evidence identifying the “Issue Price” as defined in the provisions of Treasury Regulation Section 1.148-1 (“Issue Price Rules”) for the 2018 BANs or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the 2018 BANs, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Purchaser, the Issuer and Bond Counsel. All actions to be taken by the Issuer to establish the Issue Price of the 2018 BANs may be taken on behalf of the Issuer by the Issuer’s municipal advisor identified in the Official Statement (H.J. Umbaugh & Associates, Certified Public Accountants, LLP) and any notice or report to be provided to the Issuer may be provided to the Issuer’s municipal advisor.

(b) For purposes of this Appendix F, the Competitive Sale Requirements will be satisfied in accordance with the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (the “Competitive Sale Requirements”) for purposes of establishing the Issue Price of the 2018 BANs and will apply to the initial sale of the 2018 BANs if the Issuer receive bids for the 2018 BANs from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds because:

- (1) all bidders shall have an equal opportunity to bid; and
- (2) the Issuer anticipates awarding the sale of the 2018 BANs to the bidder who submits a firm offer to purchase the 2018 BANs at the highest price (or lowest interest cost) (the requirements set forth in this paragraph (b), collectively, the “Competitive Sale Requirements”).

Any bid submitted shall be considered a firm offer for the purchase of the 2018 BANs, as specified in the bid. If all of the Competitive Sale Requirements are satisfied, the Purchaser shall execute Schedule I if the Purchaser is purchasing the 2018 BANs as an Underwriter.

(c) In the event that the Competitive Sale Requirements are not satisfied, the Issuer shall so advise the Purchaser and the Issuer and the Purchaser (the “Parties”) agree to execute an agreement which will establish which method to determine Issue Price will be employed, a form of which is attached as Schedule II. The methods are as follows:

(1) General Rule

Issue Price will be established by the first price at which 10% of a maturity of the 2018 BANs is sold to the Public (as hereinafter defined) (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity)(the “10% test”).

Until the 10% test has been satisfied as to each maturity of the 2018 BANs, the Purchaser agrees to promptly report to the Issuer the prices at which the unsold 2018 BANs of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the Closing Date (as hereinafter defined) has occurred, until the 10% test has been satisfied as to the 2018 BANs of that maturity or until all 2018 BANs of that maturity have been sold;

- OR -

(2) Hold the Price

Issue Price shall be established by applying the Hold the Price Rule (as defined below), which will allow the Issuer to treat the Initial Offering Price (as defined below) to the Public of each such maturity as of the Sale Date as the Issue Price of that maturity, provided the Purchaser agrees that it will neither offer nor sell these maturities to any person at a price that is higher than the Initial Offering Price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the Sale Date; or

(2) the date on which the Purchaser has sold at least 10% of that maturity of the 2018 BANs to the Public at a price that is no higher than the Initial Offering Price to the Public.

(the “Hold the Price Rule”). The Purchaser shall promptly advise the Issuer when it has sold 10% of a maturity to the Public at a price that is no higher than the Initial Offering Price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

**(d) The Purchaser will be required to execute a certificate in the form of Schedule III if the Competitive Sale Requirements are not satisfied indicating that all of the requirements set forth in such certificate have been satisfied such as a certification to that the Purchaser has offered or will offer the 2018 BANs to the Public on or before the date of the award at the Initial Offering Price set forth in the bid submitted by the Purchaser. The Purchaser will also be required to provide a copy of the pricing wire or equivalent communication.**

(e) By submitting a bid, each bidder acting as an Underwriter confirms that: (i) any agreement among Underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the 2018 BANs to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (1) to report the prices at which it sells to the Public the unsold 2018 BANs of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Purchaser that the 10% test has been satisfied as to the 2018 BANs of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Purchaser, and (2) to promptly notify the Purchaser of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the Public, and (3) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the Purchaser shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public, (ii) any agreement among Underwriters or other selling group agreement relating to the initial sale of the 2018 BANs to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the 2018 BANs to the Public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the Public the unsold 2018 BANs of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Purchaser or such Underwriter that the 10% test has been satisfied as to the 2018 BANs of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Purchaser or such Underwriter.

(f) Sales of any 2018 BANs to any person that is a related party to an Underwriter participating in the initial sale of the Bonds to the Public shall not constitute sales to the Public for purposes of this Appendix F. Further, for purposes of this Appendix:

- (1) “Public” means any person other than an Underwriter or a related party,
- (2) “Underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the 2018 BANs to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the 2018 BANs to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the 2018 BANs to the Public),
- (3) a purchaser of any of the 2018 BANs is a “related party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common

ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other),

- (4) “Sale Date” means the date that the 2018 BANs are awarded by the Issuer to the winning bidder,
- (5) “Closing” and “Closing Date” mean the day the 2018 BANs are delivered to the Purchaser and payment is made thereon to the Issuer, and
- (6) “Initial Offering Prices” means the respective initial offering prices of the 2018 BANs offered by the Purchaser to the Public on or before the Sale Date as set forth in the pricing wire or equivalent communication for the 2018 BANs provided to the Issuer by the Purchaser.

**Schedule I**  
**\$1,725,000**  
**TAX-EXEMPT WATERWORKS BOND ANTICIPATION NOTES, SERIES 2018**  
**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligation (the “2018 BANs”).

1. ***Reasonably Expected Initial Offering Price.***

- (a) As of the Sale Date, the reasonably expected initial offering prices of the 2018 BANs to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the 2018 BANs used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the 2018 BANs. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the 2018 BANs.
- (b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.
- (c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the 2018 BANs.

2. ***Defined Terms.***

- (a) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (b) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2018 BANs to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the 2018 BANs to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the 2018 BANs to the Public).
- (c) *Sale Date* means the first day on which there is a binding contract in writing for the sale or exchange the 2018 BANs. The Sale Date of the 2018 BANs is December 13, 2018.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Section 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the [Tax Certificate] and with respect to compliance with the federal income tax rules affecting the 2018 BANs, and by Bose McKinney & Evans LLP in connection with rendering its opinion that the interest on the 2018 BANs is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice that it may give to the Issuer from time to time relating to the 2018 BANs.



[UNDERWRITER], as [Underwriter]

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

Name: \_\_\_\_\_

Dated: [ISSUE DATE]

**SCHEDULE A**  
**EXPECTED OFFERING PRICES**  
*(Attached)*

**SCHEDULE B**  
**COPY OF UNDERWRITER'S BID**  
*(Attached)*

**Schedule II**  
**AGREEMENT TO ESTABLISH ISSUE PRICE**

The City of Washington, Indiana (the “Issuer”) offered its Tax-Exempt Waterworks Bond Anticipation Notes, Series 2018 (the “2018 BANs”) through a competitive offering in compliance with state law. For federal tax law purposes, Issue Price as defined in Treasury Regulations Section 1.148-1(f) (the “Issue Price Regulations”) must be established by one of the methods set forth in Issue Price Regulations. One of the methods to establish Issue Price is to offer the 2018 BANs to achieve a Competitive Sale as defined by the Issue Price Regulations by meeting specific requirements under the Issue Price Regulation. Although the Issuer achieved a competitive sale to comply with state law, one or more of the requirements for a Competitive Sale, for federal tax law purposes, was not achieved. The Issue Price Regulations provide if more than one rule for determining the Issue Price of the 2018 BANs is available, the Issuer may select the rule it will use to determine the Issue Price of the 2018 BANs.

On the date hereof, the Purchaser represents that the first price at which at least 10% of each maturity of the 2018 BANs listed on Exhibit I was sold to the Public (as defined in Schedule A) is the respective price listed on Exhibit I. For the remaining maturities of the 2018 BANs (the “Unsold Maturities”) the Issuer has determined and the Purchaser agrees that Issue Price will be established as set forth in Schedule A as attached.

**[PURCHASER]**

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

**City of Washington, Indiana**

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

## SCHEDULE A

This Schedule A sets forth as of the date hereof, the agreement between the City of Washington, Indiana (the “Issuer”) and \_\_\_\_\_ (the “Purchaser”) on the method by which Issue Price, as defined in Treasury Regulations Section 1.148-1(f) (the “Issue Price Regulations”) for the Unsold 2018 BANs (as defined in Schedule II) must be established (the “Agreement”).

Based on the Agreement, the Issuer and the Purchaser have determined that Issue Price for the Unsold 2018 BANs will be established by:

Check one, as applicable:

- \_\_\_\_\_ (1) General Rule (the “10% test”) set forth below in (1); or  
\_\_\_\_\_ (2) “Hold the Price Rule” set forth below in (2).

### SELECTION OF METHOD OF ISSUE PRICE ESTABLISHMENT

The methods are as follows:

(1) General Rule

Issue Price will be established by the first price at which 10% of a maturity of the 2018 BANs is sold to the Public (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity).

Until the 10% test has been satisfied as to each maturity of the 2018 BANs, the Purchaser agrees to promptly report to the Issuer the prices at which the unsold 2018 BANs of that maturity have been sold to the Public provided that, the winning bidder’s reporting obligation after the Closing Date may be at reasonable, periodic intervals or otherwise upon request of the Issuer of bond counsel. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the 2018 BANs of that maturity or until all 2018 BANs of that maturity have been sold.

- OR -

(2) Hold the Price

Issue Price shall be established by applying the Hold the Price Rule (as defined below), which will allow the Issuer to treat the Initial Offering Price to the Public of each such maturity of the 2018 BANs as of the Sale Date as the issue price of that maturity, provided the Purchaser agrees that it will neither offer nor sell these maturities to any person at a price that is higher than the Initial Offering Price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or

(2) the date on which the Purchaser has sold at least 10% of that maturity of the 2018 BANs to the Public at a price that is no higher than the Initial Offering Price to the Public.

(the “Hold the Price Rule”). The Purchaser will advise the Issuer promptly after the close of the fifth (5<sup>th</sup>) business day after the Sale Date whether it has sold 10% of a maturity of the Public at a price that is no higher than the Initial Offering Price to the Public.

## **DEFINITIONS OF GENERAL APPLICABILITY**

“Public” shall mean any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (as defined below) or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly

“Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the 2018 BANs to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the 2018 BANs to the Public (including a member of a selling group or a party to a third party distribution agreement participating in the initial sale of the 2018 BANs to the Public).

A purchaser of any of the 2018 BANs is a “related party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

“Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the 2018 BANs. The Sale Date of the 2018 BANs is December 13, 2018.

“Closing” and “Closing Date” mean the day the 2018 BANs are delivered to the Purchaser and payment is made thereon to the Issuer.

**[FORM TO USE WHEN GENERAL RULE OR SPECIAL RULE OF COMBINATION OF BOTH  
RULES APPLIES]**

**Schedule III**

**\$1,725,000**

**TAX-EXEMPT WATERWORKS BOND ANTICIPATION NOTES, SERIES 2018**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ( [ “[SHORT NAME OF UNDERWRITER]” ] [the “Representative”] ), on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “2018 BANs”).

Select appropriate provisions below:

1. [Alternative 1<sup>1</sup> – All Maturities Use General Rule: *Sale of the 2018 BANs*. As of the date of this certificate, for each Maturity of the 2018 BANs, the first price at which at least 10% of such Maturity of the 2018 BANs was sold to the Public is the respective price listed in Schedule A.] [Alternative 2<sup>2</sup> – Select Maturities Use General Rule: *Sale of the General Rule Maturities*. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the 2018 BANs was sold to the Public is the respective price listed in Schedule A.] [Alternative 3<sup>3</sup>-Issue Price not required on Closing Date and Select Maturities Use General Rule]: As of the date of this certificate, the General Rule Maturities and their respective issue prices (the first price at which 10% of such Maturity was sold to the Public) are listed in Schedule A. [SHORT NAME OF UNDERWRITER] certifies that it agreed in its [bid form][bond purchase agreement] to report to the Issuer the prices at which the Unsold 2018 BANs have been sold to the Public within 5 business days of such sale until [SHORT NAME OF UNDERWRITER] can establish the first price at which at least 10% test of each Maturity of the Unsold 2018 BANs has been sold to the Public.]

2. ***Initial Offering Price of the 2018 BANs*****[*Hold-the-Offering-Price Maturities*]**.

(a) [Alternative 1<sup>4</sup> – All Maturities Use Hold-the-Offering-Price Rule: [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the 2018 BANs to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the 2018 BANs is attached to this

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<sup>1</sup> If Alternative 1 is used, delete the remainder of paragraph 1 and all of paragraph 2 and renumber paragraphs accordingly.

<sup>2</sup> If Alternative 2 is used, delete Alternative 1 of paragraph 1 and use each Alternative 2 in paragraphs 2(a) and (b).

<sup>3</sup> If Alternative 3 is used, delete the remainder of paragraph 1 and all of paragraph 2 and renumber paragraphs accordingly.

<sup>4</sup> If Alternative 1 is used, delete all of paragraph 1 and renumber paragraphs accordingly.

certificate as Schedule B.] [Alternative 2<sup>5</sup> – Select Maturities Use Hold-the-Offering-Price Rule: [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the 2018 BANs is attached to this certificate as Schedule B.]

(b) [Alternative 1 – All Maturities use Hold-the-Offering-Price Rule: As set forth in the [Notice of Intent to Sell Bonds][bond sale notice], [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the 2018 BANs, [it][they] would neither offer nor sell any of the 2018 BANs of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the 2018 BANs at a price that is higher than the respective Initial Offering Price for that Maturity of the 2018 BANs during the Holding Period. [Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule: As set forth in the [Bond Purchase Agreement][Notice of Sale and bid award], [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the 2018 BANs of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the 2018 BANs during the Holding Period.

(c) [To be used when the 2018 BANs were subject to a failed competitive bidding process and the Issuer elected to apply the hold the price rule and the bidder confirmed its bid and agreed to comply with hold the price]. The 2018 BANs were originally subject to a competitive bidding process. Attached as Schedule C hereto is the notification received by [SHORT NAME OF UNDERWRITER] that the Issuer elected to invoke the hold-the-offering-price rule and the [SHORT NAME OF UNDERWRITER]’s confirmation of its bid and its agreement to comply with the hold the offering price rule.

### 3. ***Defined Terms.***

[(a) *General Rule Maturities* means those Maturities of the 2018 BANs listed in Schedule A hereto as the “General Rule Maturities.”]

[(b) *Hold-the-Offering-Price Maturities* means those Maturities of the 2018 BANs listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]

[(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which the [SHORT NAME OF UNDERWRITER][the Underwriters]

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<sup>5</sup> Alternative 2(a) of paragraph 2 should be used in conjunction with Alternative 2 in paragraphs 1 and 2(b).

[has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d) *Issuer* means City of Washington, Indiana.

(e) *Maturity* means 2018 BANs with the same credit and payment terms. 2018 BANs with different maturity dates, or 2018 BANs with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the 2018 BANs. The Sale Date of the 2018 BANs is December 13, 2018.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2018 BANs to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the 2018 BANs to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the 2018 BANs to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDERWRITING FIRM][the Representative’s] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer[ and the Borrower] with respect to certain of the representations set forth in the [Tax Certificate] and with respect to compliance with the federal income tax rules affecting the 2018 BANs, and by Bose McKinney & Evans LLP in connection with rendering its opinion that the interest on the 2018 BANs is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice it may give to the Issuer [and the Borrower] from time to time relating to the 2018 BANs.

[UNDERWRITER][REPRESENTATIVE]

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

Dated: [ISSUE DATE]

**SCHEDULE A**  
**SALE PRICES OF THE GENERAL RULE MATURITIES AND**  
**INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**  
*(Attached)*



**SCHEDULE B**  
**PRICING WIRE OR EQUIVALENT COMMUNICATION**  
*(Attached)*

**SCHEDULE C**  
**CERTIFICATE OF INVOCATION OF HOLD THE PRICE RULE AND CONFIRMATION OF**  
**BID**

[Defined terms should correspond to those in the Bid Form]

The Issuer hereby notifies \_\_\_\_\_, as the winning bidder (the "Purchaser") for the [Insert Caption of Bonds] (the "2018 BANs") that the Issuer has determined to apply the hold the price rule (as described in the Bid Form dated \_\_\_\_\_, 20\_\_) to the 2018 BANs maturing \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_. (the "Hold the Price Maturities"). The Purchaser's bid will be cancelled and deemed withdrawn unless the Purchaser affirmatively confirms its bid and agrees to comply with the hold the price rule by executing and **[faxing/e-mailing]** the confirmation below by \_\_\_\_:00 **[a.m./p.m.]**.

**City of Washington, Indiana**

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

The Purchaser hereby acknowledges the Issuer's intention to apply the hold the price rule to the "Hold the Price Maturities". The Purchaser confirms its bid with respect to the 2018 BANs and agrees to comply with the hold the price rule with respect to the Hold the Price Maturities.

**[PURCHASER]**

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