

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 on December 10, 2018***

In the opinion of Bose McKinney & Evans LLP (“Bond Counsel”), under federal statutes, decisions, regulations and rulings, interest on the 2018 Bonds (hereinafter defined) is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof, for federal income tax purposes and is not a specific item of tax preference for purpose of the federal alternative minimum tax, although Bond Counsel observes that it is included in adjusted current earnings in calculating corporate alternative minimum taxable income for taxable years that began prior to January 1, 2018. Such exclusion is conditioned on continuing compliance with the Tax Covenants (hereinafter defined). In the opinion of Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the 2018 Bonds is exempt from income taxation in the State of Indiana. The 2018 Bonds have been designated as qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986. See “TAX MATTERS” herein.

\$2,130,000
CITY OF WASHINGTON, INDIANA
ELECTRIC UTILITY REVENUE BONDS, SERIES 2018

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

Due: January 1 and July 1, as shown below

The City of Washington, Indiana (the “City”) is issuing \$2,130,000 of Electric Utility Revenue Bonds, Series 2018 (the “2018 Bonds”) for the purpose of paying the costs of certain additions, extensions and improvements of the City’s municipal electric utility (the “Electric Utility”) related to the Old US 50 Highway relinquishment (the “Project”) and to pay issuance expenses.

The 2018 Bonds will be issued as provided in Ordinance No. 22-2018 adopted by the Common Council on November 13, 2018 (the “Bond Ordinance” or “Ordinance”). The 2018 Bonds are payable solely from and constitute a first charge upon the Net Revenues (hereinafter defined) of the City’s Electric Utility as more fully described in this Official Statement. The 2018 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.

The 2018 Bonds will be issued only as fully registered bonds, 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 Bonds 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 Bonds (the “Beneficial Owners”) will not receive physical delivery of certificates representing their interests in the 2018 Bonds. Interest on the 2018 Bonds will be payable semiannually on January 1 and July 1 of each year, beginning July 1, 2019. Principal and interest will be disbursed on behalf of the City by _____, in _____ (the “Registrar” and “Paying Agent”). Interest on the 2018 Bonds 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 Bonds 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 Bonds will be paid directly to DTC by the Paying Agent so long as DTC or its nominee is the registered owner of the 2018 Bonds. The final disbursement of such payments to the Beneficial Owners of the 2018 Bonds will be the responsibility of the DTC Participants and the Indirect Participants. See “BOOK-ENTRY-ONLY SYSTEM”. The 2018 Bonds are not subject to optional redemption prior to maturity. The 2018 Bonds may be issued as “Term Bonds” at the Underwriter’s (hereinafter defined) discretion and subject to mandatory sinking fund redemption 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>	<u>Maturity</u>	<u>Principal**</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
January 1, 2020	\$200,000				July 1, 2022	\$215,000			
July 1, 2020	205,000				January 1, 2023	215,000			
January 1, 2021	205,000				July 1, 2023	220,000			
July 1, 2021	210,000				January 1, 2024	225,000			
January 1, 2022	210,000				July 1, 2024	225,000			

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**Preliminary, subject to change.

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: 4.0%

Minimum Purchase Price: 99% (\$2,108,700)

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

Anticipated Closing Date: December 20, 2018

Good Faith Deposit: \$21,300 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 described in Appendix F to this Preliminary Official Statement, the winning bidder agrees by submission of its bid to assist the City in establishing the issue price of the 2018 Bonds 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 winning bidder, the City and Bond Counsel. All interested bidders should read Appendix F regarding the City's requirement for the winning bidder to establish the issue price of the Bonds within the meaning of the Code.

For a complete description of terms and conditions for bidding, please refer to the next section of this Official Statement (Appendix i) for the Notice of Intent to Sell Bonds.

The 2018 Bonds 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 Bonds 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 BONDS OR INTEREST THEREON EXCEPT FROM THE NET REVENUES, AS DESCRIBED HEREIN, OF ITS ELECTRIC UTILITY, AND THE 2018 BONDS 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 BONDS 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 BONDS.

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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

Electric Utility Superintendent

Randy Emmons

Utility Office Manager

Anita Ash

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H.J. Umbaugh & Associates

Certified Public Accountants, LLP

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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

\$2,130,000

CITY OF WASHINGTON, INDIANA ELECTRIC UTILITY REVENUE BONDS, SERIES 2018

INTRODUCTION TO THE OFFICIAL STATEMENT

The City of Washington, Indiana (the “City”) is issuing \$2,130,000 of Electric Utility Revenue Bonds, Series 2018 (the “2018 Bonds”). The City owns and operates the Electric Utility.

SECURITY AND SOURCES OF PAYMENT

The 2018 Bonds are payable from the Net Revenues (defined in the Bond Ordinance as the gross revenues after deduction only for the payment of the reasonable expenses of operation, repair and maintenance including any payments required under the City’s power sales contract, as amended from time to time, with the Indiana Municipal Power Agency, and excluding transfers for payment in lieu of property taxes) of the Electric Utility.

PURPOSE

The 2018 Bonds are being issued for the purpose of paying the costs of certain additions, extensions and improvements to the Electric 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 Bonds and interest earnings during construction.

REDEMPTION PROVISIONS

The 2018 Bonds are not subject to optional redemption prior to maturity. The 2018 Bonds may be issued as Term Bonds at the discretion of the Underwriter and in that case, would be subject to mandatory sinking fund redemption as more fully described herein.

DENOMINATIONS

The 2018 Bonds 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 Bonds can be found in the Bond Ordinance.

BOOK-ENTRY-ONLY SYSTEM

The 2018 Bonds 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 Bonds. The 2018 Bonds will be issued as fully-registered in the name of Cede & Co. (DTC’s partnership nominee). One fully registered Bond certificate will be issued for the 2018 Bonds, 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 Bond for all purposes including, without limitation, the receiving of payment of the principal of, premium, if any, and interest on such 2018 Bonds, the receiving of notice and the giving of consent. Interest payable July 1, 2019, and semiannually thereafter, 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 Bonds 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 Bonds 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 Bonds 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 Bonds, principal and interest on the 2018 Bonds will be paid directly to DTC by the Paying Agent. (The final disbursement of such payments to the Beneficial Owners of the 2018 Bonds 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 Bonds, not less than 30 days prior to the date fixed for redemption.

TAX MATTERS

In the opinion of Bose McKinney & Evans LLP ("Bond Counsel"), interest on the 2018 Bonds is excludable from gross income for federal income tax purposes, and is not a specific item of tax preference for purpose of the federal alternative minimum tax, although Bond Counsel observes that it is included in adjusted current earnings in calculating corporate alternative minimum taxable income for taxable years that began prior to January 1, 2018. Such exclusion is conditioned on continuing compliance with the Tax Covenants, hereinafter defined. In the opinion of Bond Counsel, interest on the 2018 Bonds is exempt from income taxation in the State of Indiana. *See* Appendix D.

The 2018 Bonds have been designated as qualified tax-exempt obligations to qualify for the \$10,000,000 exception from the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986 relating to the disallowance of 100% of the deduction for interest expense allocable to tax-exempt obligations.

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 Bonds, the security for the payment of the 2018 Bonds 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 Bonds.

THE PROJECT

PROJECT DESCRIPTION

The Old US 50 Highway relinquishment (the “Project”) will remove existing lights and replace them with period lighting from State Street to western City limits. Electrical facilities will be in conflict with proposed roadway improvements and will be relocated underground. All incidental work necessary to install new lighting and relocate existing facilities is also included.

CONSTRUCTION PROGRAM

Construction of the Project will begin in early 2019 and is anticipated to be completed December 2021.

ESTIMATED PROJECT COSTS AND FUNDING

Estimated Project Costs

Construction Costs	
East and west electric infrastructure projects	\$500,125
LPA project	<u>902,000</u>
Sub-totals	1,402,125
Construction contingencies (25%)	<u>350,530</u>
Total Construction Costs	<u>1,752,655</u>
Non-Construction Costs:	
Engineering/design	140,213
Construction inspection	52,580
Underwriter’s discount (1%)	21,300
Legal, bond counsel, financial advisory and contingencies	<u>163,252</u>
Total Non-Construction Costs	<u>377,345</u>
Total Estimated Project Costs	<u><u>\$2,130,000</u></u>

Estimated Project Funding

Proposed Electric Utility Revenue Bonds, Series 2018	<u>\$2,130,000</u>
Total Estimated Project Funding	<u><u>\$2,130,000</u></u>

SCHEDULE OF AMORTIZATION OF \$2,130,000 PRINCIPAL AMOUNT OF
ELECTRIC UTILITY REVENUE BONDS, 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>
07/01/2019	\$2,130					
01/01/2020	2,130	\$200				
07/01/2020	1,930	205				
01/01/2021	1,725	205				
07/01/2021	1,520	210				
01/01/2022	1,310	210				
07/01/2022	1,100	215				
01/01/2023	885	215				
07/01/2023	670	220				
01/01/2024	450	225				
07/01/2024	225	<u>225</u>				
Totals		<u>\$2,130</u>				

*Preliminary, subject to change.

SECURITIES BEING OFFERED

AUTHORIZATION AND APPROVAL PROCESS

The 2018 Bonds 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 Bonds and pursuant to the Bond Ordinance (Appendix C) adopted by the City of Washington, Indiana on November 13, 2018.

Prior to issuing revenue bonds, the political subdivision must adopt a bond ordinance to authorize the issuance and sale of the 2018 Bonds. 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. The political subdivision prepares a report showing the sufficiency of the proposed revenues to finance the 2018 Bonds. With a few exceptions, revenue bonds must be sold through a competitive public sale and may not be negotiated.

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 revenue bonds. 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 2018 Bonds are payable solely out of the Net Revenues (defined as the gross revenues after deduction only for the payment of the reasonable expenses of operation, repair and maintenance including any payments required under the City's power sales contract, as amended from time to time, with the Indiana Municipal Power Agency, and excluding transfers for payment in lieu of property taxes) of the Electric Utility. The 2018 Bonds constitute a first charge upon the Net Revenues of the Electric Utility.

The 2018 Bonds are further secured by a Debt Service Reserve Account (the "Reserve Account"). It is anticipated that the Reserve Account will be funded over a five-year period from the date of delivery of the 2018.

The City irrevocably pledges the Net Revenues of the Electric Utility to the payment of the principal of and interest on the 2018 Bonds and any bonds ranking on parity therewith to the extent necessary. The City covenants that it will cause to be fixed, maintained and collected such rates and charges for services rendered by the Electric Utility as are

sufficient in each year for the payment of the proper and reasonable expenses of operation, repair and maintenance of the Electric Utility and for the payment of the sums required by the Sinking Fund under the provisions of the Bond Ordinance.

The Net Revenues of the Electric Utility that are pledged to payment of the 2018 Bonds 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 Electric Utility are pledged as security for the 2018 Bonds.

FUNDS AND ACCOUNTS

Construction Account: Accrued interest and any premium received at the time of delivery of the 2018 Bonds shall be deposited in the Electric Utility Sinking Fund (hereinafter defined). The remaining proceeds from the sale of the 2018 Bonds will be deposited in the City of Washington, Electric Utility 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 Sinking Fund and used solely for the purposes of the Sinking Fund or (ii) be used for the same purpose or type of Project for which the 2018 Bonds were originally issued.

Revenue Fund: All revenues derived from the operation of the Electric Utility and from the collection of electric 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 Sinking Fund in order to prevent a default on any outstanding bonds of the Electric Utility.

Sinking Fund: The Sinking Fund consists of the Bond and Interest Account and Reserve Account. Net Revenues of the Electric Utility shall be credited on the last day of each calendar month to the Bond and Interest Account 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 Bond and Interest Account 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 2018 Bonds. 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 2018 Bonds and any parity bonds, (ii) 125% of average annual debt service on the 2018 Bonds and any parity bonds or, (iii) 10% of the proceeds of the 2018 Bonds and any parity bonds (the “Reserve Requirement”). The Reserve Requirement is anticipated to be funded over a five-year period from the date of delivery of the 2018 Bonds. This is in accordance with Section 15 of the Bond Ordinance.

Improvement Fund: The Improvement Fund is to be used for improvements, replacements, additions and extensions of the Electric Utility or for any other lawful purpose. Money in the Improvement Fund may be transferred to the Sinking 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 Electric Utility.

ADDITIONAL BONDS

The City reserves the right to authorize and issue additional bonds payable out of the Net Revenues of the Electric Utility ranking on parity with the 2018 Bonds for the purpose of financing the cost of future additions, extensions and improvements to the Electric Utility, 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 BONDS

INTEREST CALCULATION

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

REDEMPTION PROVISIONS

Optional Redemption:

The 2018 Bonds are not subject to optional redemption prior to maturity.

Mandatory Sinking Fund Redemption:

If any 2018 Bonds are issued as Term Bonds, the Paying Agent shall credit against the mandatory sinking fund requirement for the Term Bonds, and corresponding mandatory redemption obligation, in the order determined by the City, any Term Bonds which have previously been redeemed (otherwise than as a result of a previous mandatory redemption requirement) or delivered to the Paying Agent for cancellation or purchased for cancellation by the Paying Agent and not theretofore applied as a credit against any redemption obligation. Each 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 redemption date, and any excess of such amount shall be credited on future redemption obligations, and the principal amount of that Term Bond to be redeemed by operation of the mandatory sinking fund requirement shall be accordingly reduced; provided, however, the Paying Agent shall only credit such Term Bond to the extent received on or before 45 days preceding the applicable mandatory redemption date.

If fewer than all the 2018 Bonds are called for redemption at one time, the 2018 Bonds shall be redeemed in order of maturity determined by the City and by lot within maturity. Each \$5,000 principal amount shall be considered a separate bond for purposes mandatory redemption.

Notice of Redemption:

Notice of redemption shall be mailed to the registered owners of all 2018 Bonds to be redeemed at least 30 days prior to the date fixed for such redemption. If any of the 2018 Bonds 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 Bonds shall cease to bear interest from and after the date fixed for redemption in the call.

BOOK-ENTRY-ONLY SYSTEM

The 2018 Bonds 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 Bonds. The ownership of one fully registered Bond for each maturity of the 2018 Bonds 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 BONDS, 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 Bonds. The 2018 Bonds 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 Bond will be issued for the 2018 Bonds, 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.

Purchases of 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2018 Bonds 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 Bonds 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 Bonds, except in the event that use of the book-entry system for the 2018 Bonds is discontinued.

To facilitate subsequent transfers, all 2018 Bonds 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 Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2018 Bonds 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2018 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of 2018 Bonds may wish to ascertain that the nominee holding the 2018 Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bond is registered as the absolute owner of such Bond 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 Bonds or (2) the City elects to discontinue its use of DTC as a clearing agency for the 2018 Bonds, 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 Bonds, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the 2018 Bonds and to transfer the ownership of each of the 2018 Bonds to such person or persons, including any other clearing agency, as the holder of such 2018 Bonds 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 Bonds 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 Bonds. 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 Bonds 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 Bonds, 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.

BOND RATING

S&P Global Ratings (“S&P Global”) has assigned a bond rating of “_____” to the 2018 Bonds. 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 Bonds, 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 Bonds.

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

UNDERWRITING

The 2018 Bonds are being purchased by _____ (the “Underwriter”) at a purchase price of \$_____, which is the par amount of the 2018 Bonds of \$_____ less the underwriter’s discount of \$_____ plus the original issue premium of \$_____. The Notice of Intent to Sell Bonds provides that all of the 2018 Bonds will be purchased by the Underwriter if any of such 2018 Bonds are purchased.

The Underwriter intends to offer the 2018 Bonds to the public at the offering prices set forth on the cover page 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 Bonds into investment trusts), who may reallocate 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 Bonds.

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 Bonds.

The offer and sale of the 2018 Bonds 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 Bonds, 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 Bonds 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 Bonds. Prospective purchasers of the 2018 Bonds 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 Bonds. Bond Counsel’s opinion is based upon the law in existence on the date of issuance of the 2018 Bonds. It is possible that legislation enacted after the date of issuance of the 2018 Bonds or proposed for consideration will have an adverse effect on the excludability of all or a part of the interest on the 2018 Bonds from gross income, the manner in which such interest is subject to federal income taxation or the market price of the 2018 Bonds.

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 Bonds or proposed for consideration will have an adverse effect on payment or timing of payment or other matters impacting the 2018 Bonds.

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 Bonds 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, Indianapolis, Indiana, Bond Counsel, under federal statutes, decisions, regulations and rulings, the interest on the 2018 Bonds is excludable for federal tax income purposes, and is not a specific item of tax preference for purpose of the federal alternative minimum tax, although Bond Counsel observes that it is included in adjusted current earnings in calculating corporate alternative minimum taxable income for taxable years that began prior to January 1, 2018. Such exclusion is conditioned on continuing compliance by City with the Tax Covenants (as hereinafter defined). Failure to comply with the Tax Covenants could cause interest on the 2018 Bonds to lose the exclusion from gross income for federal income taxation retroactive to the date of issue. In the opinion of Bose McKinney & Evans LLP, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the 2018 Bonds is exempt from income taxation in the State of Indiana (“State”). See Appendix D for the form of Bond Counsel opinion.

The Code imposes certain requirements which must be met subsequent to the issuance of the 2018 Bonds as a condition to the exclusion from gross income of interest on the 2018 Bonds 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 Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the 2018 Bonds 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 Bonds 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 Bonds 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 Bonds.

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 that interest on the 2018 Bonds is excluded from federal gross income and exempt from State income tax, the accrual or receipt of interest on the 2018 Bonds 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. Prospective purchasers of the 2018 Bonds should consult their own tax advisors with regard to the federal and State tax consequences of owning the 2018 Bonds other than those consequences set forth in the form of opinion of Bond Counsel.

Under existing laws, judicial decisions, regulations and rulings, the 2018 Bonds have been designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the exception from the 100% disallowance of the deduction for interest expense allocable to interest on tax-exempt obligations acquired by financial institutions. The designation is conditioned on continuing compliance with the Tax Covenants.

ORIGINAL ISSUE DISCOUNT

The initial public offering price of the 2018 Bonds maturing on _____ through and including _____ (collectively, the "Discount Bonds") is less than the principal amount payable at maturity. As a result the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price of the Discount Bonds, 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 Bonds will be treated as "original issue discount." A taxpayer who purchases a Discount Bond in the initial public offering at the Issue Price for such maturity and who holds such Discount Bond 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 Bond for federal income tax purposes and will not, under present federal income tax law, realize taxable capital gain upon payment of the Discount Bond at maturity.

The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Bond 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 January 1 and July 1 (with straight line interpolation between compounding dates).

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discount Bonds, that the amount of original issue discount accruing each period will be added to the owner's tax basis for the Discount Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale, redemption or payment at maturity). Owners of Discount Bonds who dispose of Discount Bonds 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 Bonds prior to maturity.

As described above in "Tax Matters," the original issue discount that accrues in each year to an owner of a Discount Bond may result in certain collateral federal income tax consequences. Owners of any Discount Bonds 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 Bonds will not receive a corresponding cash payment until a later year.

Owners who purchase Discount Bonds 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 Bonds.

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 Bonds. Owners who do not purchase Discount Bonds in the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discount Bonds. It is possible under the applicable provisions governing the determination of state or local income taxes accrued interest on the Discount Bonds 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 BOND PREMIUM

The initial offering price of the 2018 Bonds maturing on _____ through and including _____ (collectively, the “Premium Bonds”), is greater than the principal amount payable at maturity or call date. As a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the “Bond Premium”). An owner who acquires a Premium Bond in the initial offering will be required to adjust the owner’s basis in the Premium Bond downward as a result of the amortization of the Bond 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 Bonds (including sale, redemption or payment at maturity or call). The amount of amortizable Bond 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 Bond 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 Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Bond 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 Bonds. Owners of the Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of Premium Bonds and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Special rules governing the treatment of Bond 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 Bond 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 Bonds, the collection of revenues of the Electric Utility, the pledge of Net Revenues to the payment of the 2018 Bonds, 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 Bonds that there is no litigation pending or in any way threatened questioning the validity of the 2018 Bonds, or any of the proceedings had relating to the authorization, issuance and sale of the 2018 Bonds, 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 Bonds 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 Bonds. 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 Bonds 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 Bonds.

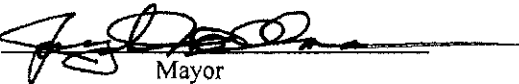
The various legal opinions to be delivered concurrently with the delivery of the 2018 Bonds will be qualified as to the enforceability of the various legal instruments by the valid exercise of the constitutional powers of the City, the State of Indiana and the United States of America and bankruptcy, 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

APPENDIX i

CITY OF WASHINGTON, INDIANA

NOTICE OF INTENT TO SELL BONDS

Upon not less than twenty-four (24) hours' notice given by telephone, fax or E-Mail by H.J. Umbaugh & Associates Certified Public Accountants, LLP (the "Municipal Advisor"), as designee for the City of Washington, Indiana (the "Issuer" or the "City"), the Issuer will receive by mail at the offices of the Municipal Advisor, 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240, and consider bids for the purchase of the following described bonds (or in the alternative, bids may be submitted via facsimile transmission or thru "PARITY", Attention: Scott Hadler (317) 465-1662 or via E-Mail at hadler@umbaugh.com and bids@umbaugh.com). Any person interested in submitting a bid for the bonds may furnish in writing to the Issuer, c/o its Municipal Advisor, at the aforementioned address, fax number or E-Mail Address, on or before 11:00 a.m. (Eastern Standard Time) by December 12, 2018, the person's name, address and telephone number and if desired, a fax number or E-Mail address. The Issuer's representative or its designee will notify (or cause to be notified) each person so registered of the date and time bids will be received not less than twenty-four (24) hours before the date and time of sale. The notification shall be made by telephone at the number furnished by such person and/or by fax or E-Mail, if a fax number or E-Mail address has been received. The sale is expected to take place on or about December 13, 2018.

If a potential bidder has questions related to the Issuer, the financing or the submission of bids, questions should be submitted by electronic mail to the Municipal Advisor at the addresses set forth in this notice no later than 11:00 a.m. (applicable Eastern Time) on December 11, 2018. Any question submitted after such date and time or not submitted via electronic mail to the Municipal Advisor at the addresses set forth in this notice will not receive any response. To the best of the Issuer's ability, all questions submitted on or before such date and time and submitted via electronic mail to the Municipal Advisor at the addresses set forth in this notice will be addressed by the Issuer and sent to all potential bidders requesting the 24 hours' notice of sale no later than 5:00 p.m. (applicable Eastern Time) on December 11, 2018. Additionally, upon request, the written responses of the Issuer will be sent via electronic mail to any other interested person or entity requesting such written responses. Potential bidders should review the information in this notice as well as the Official Statement (hereinafter described) for information regarding the Issuer, the financing and the submission of bids in advance of the above-stated deadline for submission of questions.

At the time designated for the sale, the Issuer will receive and consider bids for the purchase of the bonds of the Issuer designated as "City of Washington, Indiana Electric Utility Revenue Bonds, Series 2018", in the aggregate principal amount of \$2,130,000 ("Bonds"). Each bid must be for not less than all of the Bonds described herein. Bidders may bid a discount not to exceed 1.0% of the face amount of the Bonds. The Bonds will bear interest at a rate or rates not to exceed 4.0% per annum (the exact interest rate or rates will be determined by bidding). Interest will be calculated on a 30/360-day basis and will be payable on July 1, 2019, and semiannually thereafter on January 1 and July 1 of each year. Said Bonds will be dated the date of delivery, will be in the denominations of \$5,000 or integral multiples thereof and will mature semiannually on January 1 and July 1 of each year, on the dates and in the amounts as follows,

provided that the Issuer reserves the right to modify the below amounts following the award of the Bonds to effectuate as level annual debt service as practicable:

<u>Date</u>	<u>Amount</u>
01/01/2020	\$200,000
07/01/2020	205,000
01/01/2021	205,000
07/01/2021	210,000
01/01/2022	210,000
07/01/2022	215,000
01/01/2023	215,000
07/01/2023	220,000
01/01/2024	225,000
07/01/2024	225,000

All or a portion of the Bonds may be issued as one or more term bonds, upon election of the successful bidder. Such term bonds shall have a stated maturity or maturities of January 1 or July 1, beginning on July 1, 2020, with a final maturity no later than July 1, 2024, as determined by the successful bidder. The term bonds shall be subject to mandatory sinking fund redemption and final payment(s) at maturity at 100% of the principal amount thereof, plus accrued interest to the redemption date, on dates consistent with the above schedule.

At the request of the successful bidder, the Bonds may be issued as fully registered Bonds in book entry only form, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). In such case, the successful bidder is expected to apply to DTC to make such Bonds depository eligible.

The Bonds are not subject to optional redemption prior to maturity.

Principal is payable at the office of a registrar and paying agent to be designated by the Issuer. Interest shall be paid by check mailed to the registered owners or by wire transfer to depositories. The Bonds will be issued in fully registered form.

Each bid must be for all of said Bonds and must state the rate or rates of interest in multiples of 1/8, 1/20 or 1/100 of 1%, non-descending. Any bids specifying two or more interest rates shall also specify the amount and maturities of the Bonds bearing each rate, but all Bonds maturing on the same date shall bear the same single interest rate. The rate on any maturity shall be equal to or greater than the rate on the immediately preceding maturity. The award will be made to the bidder complying with the terms of sale and offering the lowest net interest cost to the Issuer, to be determined by computing the total interest on all of the Bonds to their maturities and deducting therefrom the premium bid, if any, and adding thereto the discount bid, if any. Although not a term of sale, it is requested that each bid show the net dollar interest cost to final maturity and the net effective average interest rate on the entire issue. No conditional bid or bid for less than 99.0% of the face value of said Bonds will be considered. The right is reserved to reject any and all bids. If no satisfactory bids are received at the time and on the date fixed for the 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 Issuer than the best bid received at the time of the advertised sale will be considered.

Each bid must be on the bid form provided by the Issuer which shall be enclosed in a sealed envelope addressed to the Clerk-Treasurer of the City of Washington, Indiana and marked “Bid for City of Washington, Indiana Electric Utility Revenue Bonds, Series 2018” or emailed to the Municipal Advisor at the email address listed above. The winning bidder will be notified and instructed to submit a good faith deposit which may consist of either a certified or cashier’s check or wire transfer in the amount of \$21,300. If a check is submitted, it shall be drawn on a bank or trust company which is insured by the Federal Deposit Insurance Corporation and shall be submitted to the Issuer (or the successful bidder shall wire transfer the deposit amount as instructed by the Issuer) not later than 3:30 p.m. (Eastern Standard Time) on the next business day after the date of the award. In either case, the deposit shall be payable to the “City of Washington, Indiana” and shall be held as a guaranty of the performance of the bid. No interest on the deposit will accrue to the successful bidder. In the event the successful bidder fails to honor its accepted bid, the deposit will be retained by the Issuer. The deposit will be applied to the purchase price of the Bonds. The successful bidder will be required to make payment for the Bonds in Federal Reserve funds or other immediately available funds and accept delivery of the Bonds within five (5) days after being notified that the Bonds are ready for delivery. It is anticipated that the Bonds will be ready for delivery within thirty (30) days of the sale date, and if not ready for delivery within forty-five (45) days after the sale date, the purchaser shall be entitled to rescind the sale and obtain the return of the good faith deposit.

As set forth in the hereinafter described Official Statement, each bidder agrees by submission of its bid to assist the Issuer in establishing issue price of the Bonds. In the event that the Issuer fails to receive a bid on the Bonds from at least three Underwriters (as hereinafter defined), the Issuer shall so advise the successful bidder for the Bonds (such successful bidder, the “Purchaser”). If the Purchaser is an Underwriter intending to resell all or any portion of the Bonds to the Public (as hereinafter defined), the Purchaser must, prior to acceptance of its bid by the Issuer, either (i) agree in writing to neither offer nor sell any of the Bonds to any person at a price that is higher than the initial offering price for each maturity of Bonds during the Holding Period (as hereinafter defined) for any maturity of the Bonds or (ii) request in writing that the Issuer treat the first price at which 10% of a maturity of the Bonds (the 10% test) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis. For purposes of this Notice of Intent to Sell Bonds, (a) the term “Public” shall mean any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter, (b) the term “related party” means any two or more persons who have greater than 50 percent common ownership, directly or indirectly, (c) the term “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 Bonds 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 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public), (d) the term “Underwriters” means more than one Underwriter, and (e) the term “Holding Period” means the period starting on the date the Issuer awards the Bonds to the Purchaser (the “Sale Date”) and

ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriter has sold at least 10% of each maturity of the Bonds to the Public at prices that are no higher than the initial offering price for such maturity of the Bonds. Any Underwriter executing and delivering a bid with respect to the Bonds agrees thereby that if its bid is accepted by the Issuer (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all participating underwriters of the Bonds for purposes of assuring the receipt of each such participating underwriter of the final Official Statement. The Purchaser shall be responsible for providing (i) in writing the initial reoffering prices and other terms, if any, to the Municipal Advisor as and at the time requested and (ii) a certification verifying information as to the bona fide initial offering prices of the Bonds to the Public and sales of the Bonds appropriate for determination of the issue price of, and the yield on, the Bonds under Internal Revenue Code of 1986, as amended, as and at the time requested by the City's bond counsel.

Additional information regarding the establishment of the issue price is set forth in the Official Statement, including the appendices thereto, relating to the Bonds. The opinion of Bose McKinney & Evans LLP, bond counsel, of Indianapolis, Indiana, approving the legality of said Bonds, together with a transcript of the bond proceedings, and closing certificates in the usual form showing no litigation, will be furnished to the successful bidder at the expense of the Issuer.

Bids may be submitted electronically via PARITY in accordance with this notice until the time fixed for the sale, but no bid will be received after such time. To the extent any instructions or directions set forth in PARITY conflict with this notice, the terms of this notice shall control. For further information about PARITY, potential bidders may contact the Municipal Advisor at the address set forth herein, or may contact i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018 (phone: 212-849-5021).

CUSIP identification numbers may be printed on the Bonds if requested by the successful bidder; provided, however, that neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the successful bidder therefor to accept delivery of and pay for the Bonds in accordance with the terms of its bid. No CUSIP identification number shall be deemed to be a part of any Bond or a part of the contract evidenced thereby, and no liability shall hereafter attach to the Issuer or any of its officers or agents because of or on account of such numbers. All expenses in relation to the printing of CUSIP identification numbers on the Bonds shall be paid for by the Issuer; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the successful bidder. The successful bidder will also be responsible for any other fees or expenses it incurs in connection with the resale of the Bonds, including any charges in connection with DTC.

The Bonds are being issued under the provisions of Indiana Code 8-1.5 for the purpose of providing funds to be applied to the costs of electric utility improvement projects in the City, including replacement of existing street lights and relocation of electric facilities in connection with certain roadway improvements in the City. The Bonds will be payable solely out of a special fund from the net revenues of the electric utility of the Issuer. The Issuer has reserved the right to issue additional bonds ranking on a parity with the Bonds upon certain terms and

conditions specifically set forth in the ordinance authorizing the issuance of the Bonds.

In the opinion of Bose McKinney & Evans LLP, bond counsel, under the federal statutes, decisions, regulations and rulings existing on this date, the interest on the Bonds is excludable from gross income for purposes of federal income taxation. The Bonds are subject to the Internal Revenue Code of 1986 as in effect on the date of their issuance (“Code”) which imposes limitations on the issuance of obligations such as the Bonds under federal tax law. The Issuer has covenanted to comply with those limitations to the extent required to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes. The Issuer has designated the Bonds as qualified tax-exempt obligations for purposes of Section 265(b) of the Code.

In order to assist bidders in complying with Securities and Exchange Commission Rule 15c2-12, as in effect on the date of delivery of the Bonds, the Issuer will undertake, pursuant to a Continuing Disclosure Undertaking Agreement, to provide audited financial statements, certain operating data and notices of certain events. A form of this Continuing Disclosure Undertaking Agreement is available upon request at the offices of Bond Counsel, Dennis H. Otten, Bose McKinney & Evans LLP, 111 Monument Circle, Suite 2700, Indianapolis, IN 46204.

The Issuer has prepared an Official Statement relating to the Bonds which it deems to be nearly final. A copy of the nearly final Official Statement may be obtained from the Municipal Advisor. Information concerning the Issuer may be obtained from the Municipal Advisor.

Within seven (7) business days of the sale, the Issuer will provide the successful bidder of each issue of Bonds with 20 copies of the final Official Statement at the Issuer’s expense and such additional copies as may be requested, within five (5) business days of the sale, by the successful bidder at the expense of the successful bidder. Inquiries concerning matters contained in the nearly final Official Statement must be made and pricing and other information necessary to complete the final Official Statement must be submitted by the successful bidder within two (2) business days following the sale to be included in the final Official Statement.

Dated this 19th day of November, 2018.

/s/ Mary Beth McGookey
Clerk-Treasurer
City of Washington, Indiana

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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 BONDS.

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CITY OF WASHINGTON, INDIANA

SYSTEM OVERVIEW

The City owns and operates the Electric Utility, located in the city. Established in August 1892, the system provides services to over 7,500 residential, commercial, industrial and municipal customers, within 13 square miles, using 126 miles of line. The service area for Electric Utility is defined by the Indiana Utility Regulatory Commission ("IURC"), even though the city opted out of the IURC in April 2006. The service area includes all customers within the city limits, some surrounding areas and the Town of Montgomery, Indiana. 24% of the customers are outside city limits and 76% of the customers are inside city limits.

The system is comprised of two substations. One substation has two transformers, a 20 MVA and a 33 MVA, feeding five circuits. The second substation has one 20 MVA transformer feeding four circuits. Both substations are fed by a 138 KV line from Duke Energy.

The City is a member of Indiana Municipal Power Agency ("IMPA"). As a member of IMPA, the Electric Utility purchases its full power requirements from the agency. The five-year average for annual purchased power for the City is 179,000,000 kWh.

RATES

The rates for the Electric Utility are set and approved by the City's Common Council. The last rate increase was on September 28, 2009. The City adjusts its purchased power tracker quarterly to reflect changes in purchased power costs, which is then added to the present rates and charges. A rate ordinance is currently under consideration by the Common Council to increase the present rates and charges of the Electric 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 - 700 kWh</u>
1998	January 28, 1998	IURC Order 40897	\$38.58*
2009	September 28, 2009	Ordinance No. 27-2009	62.08*
2018**	December 10, 2018 (est.)	Ordinance No. 33-2018	77.69*

*Excludes purchased power tracker changes.

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

DEBT SERVICE COVERAGE

The Electric Utility has not had any debt outstanding in the previous five calendar years.

USER CONNECTIONS

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

<u>Year</u>	<u>Number of Customers</u>
2009	7,338
2010	7,372
2011	7,369
2012	7,393
2013	7,408
2014	7,458
2015	7,532
2016	7,565
2017	7,542
2018*	7,594

*As of August 31, 2018.

CUSTOMER USE

Percent of Total Consumption

	<u>Commercial</u>	<u>Residential</u>	<u>Municipal</u>	<u>Total</u>
2013	52%	43%	5%	100%
2014	53%	42%	5%	100%
2015	53%	42%	5%	100%
2016	54%	41%	5%	100%
2017	55%	40%	5%	100%

Percent of Total Revenues

	<u>Commercial</u>	<u>Residential</u>	<u>Municipal</u>	<u>Total</u>
2013	48%	46%	6%	100%
2014	49%	45%	6%	100%
2015	49%	45%	6%	100%
2016	50%	44%	6%	100%
2017	51%	44%	5%	100%

LARGE USERS

The following is a list of the ten largest users of the Electric Utility, according to the utility records. Total billed revenue for the twelve months ended August 31, 2018 was \$17,310,384. The ten largest users as presented below accounted for approximately 28 percent of billed revenue.

<u>Name</u>	<u>Type of Business</u>	<u>Twelve Months Ended August 31, 2018</u>	
		<u>Billed Consumption</u> (kWh)	<u>Billed Revenue</u>
Perdue Farms, Inc.	Process turkeys, frozen turkeys and turkey rolls	24,285,866	\$1,915,454
Daviess Community Hospital	Health care facility	7,235,381	548,623
Washington Community Schools	School corporation	5,708,945	511,094
Alliance Barrier Films	Film manufacturer	6,247,260	469,916
Wal-Mart	Supermarket	4,386,000	347,821
Washington Wastewater	Municipal utility	3,529,400	288,900
Washington Waterworks	Municipal utility	3,061,200	246,350
MacAllister Machinery	Farm equipment	2,021,010	201,868
Eagle Railcar Services	Railcar services	1,671,600	200,099
Daviess County Jail	County jail	<u>2,202,641</u>	<u>176,320</u>
	Totals	<u>60,349,303</u>	<u>\$4,906,445</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 Electric Utility is under the direction of the Board of Public Works. The Electric Utility superintendent oversees the day-to-day operations of the system. Electric Utility currently employs 25 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 of Washington. 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 of Washington. 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 of Washington. The company currently employs approximately 210 workers, according to company personnel.

Grain Processing Corporation (“GPC”) is a grain processing facility in Washington 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 Washington facility. 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 of Washington, 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 the 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 (In 1,000s)</u>	<u>Percent of Earnings</u>	<u>Labor Force</u>	<u>Distribution of 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>
Self-Supporting Revenue Debt			
Proposed Electric Utility Revenue Bonds, Series 2018	\$2,130,000 *	07/01/24	\$2,130,000 *
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>31,416,674</u>
Tax Supported Debt			
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>\$41,889,263</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>
Tax Supported Debt			
Daviess County	\$22,440,000	100.00%	\$22,440,000
Washington Community Schools	20,769,736	100.00%	<u>20,769,736</u>
Total Overlapping Debt			<u><u>\$43,209,736</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 Electric Utility Revenue Supported Debt*	Direct Waterworks Revenue Supported Debt	Direct Sewage Works Revenue Supported Debt	Total Direct Utility Revenue Debt*
	<u>\$2,130,000</u>	<u>\$10,640,000</u>	<u>\$18,646,674</u>	<u>\$31,416,674</u>
Per capita (1)	\$175.83	\$878.32	\$1,539.27	\$2,593.42
Per user (2)				
Electric Utility	\$280.48			
Waterworks		\$1,941.61		
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:

Electric Utility	7,594
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.

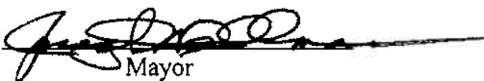
Source: County Auditor's office and the DLGF. Individual parcel data is submitted by the County Auditor to the DLGF once a year for preparation of the county abstract.

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: 
Clark-Treasurer

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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 Electric Utility ("Electric Utility") as of December 31, 2018, 2019, 2020, 2021 and 2022 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 Electric 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 Electric 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.



WASHINGTON (INDIANA) MUNICIPAL ELECTRIC UTILITY
FORECASTED FINANCIAL STATEMENTS

WASHINGTON (INDIANA) MUNICIPAL ELECTRIC UTILITY

FORECASTED COMPARATIVE STATEMENT OF NET POSITION

(Amounts rounded to the nearest \$100)

ASSETS:	As of				
	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Current Assets:					
Cash and cash equivalents	\$1,654,100	\$1,664,100	\$1,674,300	\$1,684,700	\$1,695,200
Improvement cash and investments	765,300	643,200	643,100	615,300	559,500
Accounts receivable (net of allowance)	1,505,700	1,505,700	1,505,700	1,505,700	1,505,700
Accounts receivable - other	28,500	28,500	28,500	28,500	28,500
Interfund receivables:					
Interfund services provided and used	6,200	6,200	6,200	6,200	6,200
Inventories	372,100	372,100	372,100	372,100	372,100
Prepaid items	14,300	14,300	14,300	14,300	14,300
Total Current Assets	<u>4,346,200</u>	<u>4,234,100</u>	<u>4,244,200</u>	<u>4,226,800</u>	<u>4,181,500</u>
Noncurrent Assets:					
Restricted cash, cash equivalents and investments:					
Bond and interest cash and investments	-	-	-	-	-
Construction cash and investments	1,945,400	1,251,500	1,251,500	-	-
Debt service reserve cash and investments	-	42,600	85,200	127,800	170,400
Customer deposits	538,100	538,100	538,100	538,100	538,100
Total Restricted Assets	<u>2,483,500</u>	<u>1,832,200</u>	<u>1,874,800</u>	<u>665,900</u>	<u>708,500</u>
Capital Assets:					
Land, improvements to land and construction in progress	2,393,000	2,393,000	2,393,000	2,393,000	2,393,000
Other capital assets (net of accumulated depreciation)	5,424,800	6,105,500	5,721,600	6,565,300	6,133,600
Net Capital Assets	<u>7,817,800</u>	<u>8,498,500</u>	<u>8,114,600</u>	<u>8,958,300</u>	<u>8,526,600</u>
Total Noncurrent Assets	<u>10,301,300</u>	<u>10,330,700</u>	<u>9,989,400</u>	<u>9,624,200</u>	<u>9,235,100</u>
Total Assets	<u>\$14,647,500</u>	<u>\$14,564,800</u>	<u>\$14,233,600</u>	<u>\$13,851,000</u>	<u>\$13,416,600</u>
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred bond issuance costs	\$184,600	\$151,000	\$117,400	\$83,800	\$50,200
Deferred pension outflows	303,800	303,800	303,800	303,800	303,800
Total Deferred Outflows of Resources	<u>\$488,400</u>	<u>\$454,800</u>	<u>\$421,200</u>	<u>\$387,600</u>	<u>\$354,000</u>
Total Assets and Deferred Outflows	<u>\$15,135,900</u>	<u>\$15,019,600</u>	<u>\$14,654,800</u>	<u>\$14,238,600</u>	<u>\$13,770,600</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 ELECTRIC UTILITY

(Cont'd)

FORECASTED COMPARATIVE STATEMENT OF NET POSITION
(Amounts rounded to the nearest \$100)

LIABILITIES:	As of				
	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Current Liabilities:					
Accounts payable	\$1,418,700	\$1,418,700	\$1,418,700	\$1,418,700	\$1,418,700
Wages payable	43,400	43,400	43,400	43,400	43,400
Current liabilities payable from restricted assets:					
Customer deposits	538,100	538,100	538,100	538,100	538,100
Revenue bonds payable - current portion	200,000	410,000	420,000	430,000	445,000
Total Current Liabilities	2,200,200	2,410,200	2,420,200	2,430,200	2,445,200
Noncurrent Liabilities:					
Net pension liability	1,077,600	1,077,600	1,077,600	1,077,600	1,077,600
Revenue bonds payable	1,930,000	1,520,000	1,100,000	670,000	225,000
Total Noncurrent Liabilities	3,007,600	2,597,600	2,177,600	1,747,600	1,302,600
Total Liabilities	\$5,207,800	\$5,007,800	\$4,597,800	\$4,177,800	\$3,747,800
DEFERRED INFLOWS OF RESOURCES:					
Deferred pension inflows	\$60,600	\$60,600	\$60,600	\$60,600	\$60,600
Total Liabilities and Deferred Inflows of Resources	\$5,268,400	\$5,068,400	\$4,658,400	\$4,238,400	\$3,808,400
NET POSITION:					
Invested in Capital Assets, Net of Related Debt	\$5,872,400	\$6,719,500	\$6,712,000	\$7,942,100	\$7,906,800
Restricted	2,483,500	1,832,200	1,874,800	665,900	708,500
Unrestricted	1,511,600	1,399,500	1,409,600	1,392,200	1,346,900
Total Net Position	\$9,867,500	\$9,951,200	\$9,996,400	\$10,000,200	\$9,962,200

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

WASHINGTON (INDIANA) MUNICIPAL ELECTRIC 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	12/31/2022
Operating Revenues:					
Residential sales	\$7,547,000	\$7,581,900	\$7,616,800	\$7,651,700	\$7,686,600
Commercial and industrial sales	9,576,300	9,576,300	9,576,300	9,576,300	9,576,300
Public street and highway lighting	187,100	187,100	187,100	187,100	187,100
Penalties	165,600	165,600	165,600	165,600	165,600
Other	189,200	189,200	189,200	189,200	189,200
Total Operating Revenues	<u>17,665,200</u>	<u>17,700,100</u>	<u>17,735,000</u>	<u>17,769,900</u>	<u>17,804,800</u>
Operating Expenses:					
Transmission and distribution - operations and maintenance	1,509,400	1,539,600	1,570,400	1,601,800	1,633,800
Customer accounts	96,600	98,500	100,500	102,500	104,600
Administrative and general	533,300	544,000	554,900	566,000	577,300
Purchased power	13,856,700	13,856,700	13,856,700	13,856,700	13,856,700
Insurance expense	500,400	510,400	520,600	531,000	541,600
Taxes	317,300	323,600	330,100	336,700	343,400
Bad debt expense	39,200	40,000	40,800	41,600	42,400
Sub-totals	<u>16,852,900</u>	<u>16,912,800</u>	<u>16,974,000</u>	<u>17,036,300</u>	<u>17,099,800</u>
Depreciation and amortization expense	<u>511,700</u>	<u>566,800</u>	<u>587,500</u>	<u>611,400</u>	<u>635,300</u>
Total Operating Expenses	<u>17,364,600</u>	<u>17,479,600</u>	<u>17,561,500</u>	<u>17,647,700</u>	<u>17,735,100</u>
Operating Income (Loss)	<u>300,600</u>	<u>220,500</u>	<u>173,500</u>	<u>122,200</u>	<u>69,700</u>
Nonoperating Revenues:					
Interest and investment revenue	29,200	29,200	29,200	29,200	29,200
Miscellaneous revenue	14,500	14,500	14,500	14,500	14,500
Totals	<u>43,700</u>	<u>43,700</u>	<u>43,700</u>	<u>43,700</u>	<u>43,700</u>
Nonoperating Expense:					
Interest expense	<u>-</u>	<u>56,900</u>	<u>48,400</u>	<u>38,500</u>	<u>27,800</u>
Income (Loss) Before Contributions and Transfers	<u>344,300</u>	<u>207,300</u>	<u>168,800</u>	<u>127,400</u>	<u>85,600</u>
Capital Contributions and (Transfers):					
Payment in lieu of property taxes	<u>(123,600)</u>	<u>(123,600)</u>	<u>(123,600)</u>	<u>(123,600)</u>	<u>(123,600)</u>
Change In Net Position	220,700	83,700	45,200	3,800	(38,000)
Total Net Position - Beginning	<u>9,646,800</u>	<u>9,867,500</u>	<u>9,951,200</u>	<u>9,996,400</u>	<u>10,000,200</u>
Total Net Position - Ending	<u><u>\$9,867,500</u></u>	<u><u>\$9,951,200</u></u>	<u><u>\$9,996,400</u></u>	<u><u>\$10,000,200</u></u>	<u><u>\$9,962,200</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 ELECTRIC UTILITY

FORECASTED COMPARATIVE STATEMENT OF CASH FLOWS

**Increase (Decrease) in Cash & Cash Equivalents
(Amounts rounded to the nearest \$100)**

	Calendar Year Ending				
	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>	<u>12/31/2022</u>
Cash flows from operating activities:					
Cash received from customers	\$17,665,200	\$17,700,100	\$17,735,000	\$17,769,900	\$17,804,800
Cash paid to suppliers, employees and others	<u>(16,852,900)</u>	<u>(16,912,800)</u>	<u>(16,974,000)</u>	<u>(17,036,300)</u>	<u>(17,099,800)</u>
Net cash from operating activities	<u>812,300</u>	<u>787,300</u>	<u>761,000</u>	<u>733,600</u>	<u>705,000</u>
Cash flows from noncapital financing activities:					
Transfers out - payment in lieu of property taxes	<u>(123,600)</u>	<u>(123,600)</u>	<u>(123,600)</u>	<u>(123,600)</u>	<u>(123,600)</u>
Cash flows from capital and related financing activities:					
Additions to utility plant	(209,900)	(1,213,900)	(170,000)	(1,421,500)	(170,000)
Principal paid on bonds	-	(200,000)	(410,000)	(420,000)	(430,000)
Interest expense	-	(56,900)	(48,400)	(38,500)	(27,800)
Miscellaneous revenue	14,500	14,500	14,500	14,500	14,500
Bond issuance costs	(184,600)	-	-	-	-
Bond proceeds	<u>2,130,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash from capital and related financing activities	<u>1,750,000</u>	<u>(1,456,300)</u>	<u>(613,900)</u>	<u>(1,865,500)</u>	<u>(613,300)</u>
Cash flows from investing activities:					
Interest income	<u>29,200</u>	<u>29,200</u>	<u>29,200</u>	<u>29,200</u>	<u>29,200</u>
Cash and Cash Equivalents:					
Increase (decrease)	2,467,900	(763,400)	52,700	(1,226,300)	(2,700)
Beginning balance	<u>2,435,000</u>	<u>4,902,900</u>	<u>4,139,500</u>	<u>4,192,200</u>	<u>2,965,900</u>
Ending balance	<u><u>\$4,902,900</u></u>	<u><u>\$4,139,500</u></u>	<u><u>\$4,192,200</u></u>	<u><u>\$2,965,900</u></u>	<u><u>\$2,963,200</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 ELECTRIC 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 Electric Utility (the “Electric Utility”). These financial forecasts present, to the best of management's knowledge and belief, the Electric 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 \$2,130,000 Electric Utility Revenue Bonds, Series 2018 (the “Proposed Bonds”) by the Electric Utility to pay the costs of certain additions, extensions and improvements to the Electric Utility and to pay costs of issuance.

Significant Accounting Policies

Reporting Entity:

The financial statements of the Electric Utility, a component unit (Enterprise Fund) of the City, conform to generally accepted accounting principles for state and local governments. The Electric Utility provides electric services for the greater Washington area. These services primarily consist of electrical power and lighting services for residential, commercial and industrial customers. The Electric Utility had 7,594 customers at August 31, 2018.

Basis of Accounting:

The Electric 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 ELECTRIC 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 Electric Utility, acting through the Common Council, has proposed certain improvements to its electric system. The proposed project being funded by the Proposed Bonds includes the utility work related to the Old US Highway 50 relinquishment. The project is estimated to cost \$2,130,000 including construction estimates of \$1,752,655 and estimated non-construction costs of \$377,345. Construction is assumed to commence January 2019 and be substantially complete by December 2021. The project will be financed from the proceeds of \$2,130,000 of the Proposed Bonds.

(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:

- (i) Residential sales: The Test Year amount is adjusted for historical user growth over the past eight years at an assumed average usage of 1,000 kWh. The Common Council is currently considering a proposed rate ordinance to increase the present rates and charges 6.1%. It is anticipated the Common Council will consider the ordinance for adoption on December 10, 2018. This rate increase has not been factored into the forecasted revenues.

(Continued on next page)

WASHINGTON (INDIANA) MUNICIPAL ELECTRIC UTILITY

(Cont'd)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ASSUMPTIONS AND NOTES

See Accountants' Compilation Report

(2) Revenues: (Continued)

- (ii) Commercial and industrial sales, public street and highway lighting, penalties and other: Assumed to remain at Test Year amounts 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) Miscellaneous revenue: 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 transmission and distribution and administrative and general.
- (B) The Electric Utility performs a quarterly purchased power tracker and reconciliation calculation. Any changes to power cost or usage is anticipated to be recovered through the tracker mechanism.
- (C) Forecasted expenses excluding purchased power for forecasted years 2019, 2020, 2021 and 2022 have been increased to reflect an assumed annual inflation rate of 2%.

(4) Debt Service

The Electric Utility does not currently have any outstanding debt. The Proposed Bonds are assumed to be dated December 20, 2018 and are amortized at an annual interest rate as shown on page B-13.

(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 Electric 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.

(Continued on next page)

WASHINGTON (INDIANA) MUNICIPAL ELECTRIC UTILITY

(Cont'd)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ASSUMPTIONS AND NOTES

See Accountants' Compilation Report

(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 Electric Utility had \$1,077,581 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.

(10) Compensated Absences

(A) Sick Leave: Electric 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: Electric 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: Electric 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.

(Continued on next page)

WASHINGTON (INDIANA) MUNICIPAL ELECTRIC UTILITY

(Cont'd)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ASSUMPTIONS AND NOTES

See Accountants' Compilation Report

(11) Replacements and Improvements (Capital Additions)

The Electric Utility cash expenditures for replacement and improvements are assumed based on the Electric 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 and one month's forecasted purchased power expense.
- (B) Bond and Interest Account - The forecasted balance is assumed to equal the required amount based on the bond ordinance. The Electric Utility is required to make monthly transfers of 1/6 of the next principal and interest payment on the Proposed Bonds. Assumes the payments due on January 1st are made in the preceding December.
- (C) Debt Service Reserve Account - The requirement for the Proposed Bonds will be funded over five years from net revenues.
- (D) Customer Deposit Fund - Assumed to remain at calendar year 2017 amount.
- (E) Construction Fund – The forecasted balance assumes the east and west projects will be completed in 2019 and the LPA project will be completed in 2021.
- (F) Improvement Fund - The forecasted balance consists of the remaining forecasted cash and investment balances not provided for above.

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

WASHINGTON (INDIANA) MUNICIPAL ELECTRIC UTILITY

GENERAL COMMENTS

The City of Washington, Indiana, proposes to issue \$2,130,000 par amount of Electric Utility Revenue Bonds, Series 2018. Proceeds from the sale of the Proposed Bonds, after payment of issuance costs, will be used to provide funds to be applied to the costs of the electric work related to the Old US Highway 50 relinquishment.

The City will pledge to the payment of principal and interest on the Proposed Bonds 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 Electric Utility.

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 Electric Utility's consulting engineer. The project (to be financed with the proceeds of the Proposed Bonds) includes utility improvements for the Old US Highway 50 relinquishment.

The Proposed Bonds will be the primary source of funding for the expected costs of the projects.

Schedule of Amortization of \$2,130,000 Principal Amount of Proposed Electric Utility Revenue Bonds, Series 2018 - Page B-13

The amortization of the \$2,130,000 par amount of Proposed Bonds is presented in this schedule. The Proposed Bonds are anticipated to be dated December 20, 2018 and will mature over a period of approximately 5 and a half years ending July 1, 2024. Principal and interest is scheduled to be payable semiannually on January 1st and July 1st with principal beginning January 1, 2020 and interest beginning July 1, 2019 at tax-exempt interest rates resulting from a competitive sale.

Computation of Forecasted Bond Coverage - Page B-14

This schedule presents the forecasted annual debt service coverage based upon the forecasted annual principal and interest payments on the Proposed 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, 2021 and 2022.

Schedule of Present Electric Rates and Charges - Pages B-15-16

This schedule displays the current Electric Utility rates and charges that were adopted by the Common Council on September 28, 2009 pursuant to Ordinance No. 27-2009. The Electric Utility utilizes a purchased power tracker which it adjusts quarterly to reflect changes in purchased power costs, which is then added to the present rates and charges. The Common Council is currently considering a proposed rate ordinance to increase the present rates and charges 6.1%. It is anticipated the Common Council will consider the ordinance for adoption on December 10, 2018.

WASHINGTON (INDIANA) MUNICIPAL ELECTRIC UTILITY

SCHEDULE OF ESTIMATED PROJECT COSTS AND FUNDING

(Per Consulting Engineers)

ESTIMATED PROJECT COSTS

Construction Costs:

East and west side electric infrastructure projects	\$500,125
LPA project	902,000

Sub-total	1,402,125
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Construction Contingencies (25%)	350,530
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Total Construction Costs	1,752,655
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Non-Construction Costs:

Engineering/design	140,213
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Construction inspection	52,580
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Underwriter's discount (1%)	21,300
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Legal, bond counsel, financial advisory and contingencies	163,252
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Total Non-Construction Costs	377,345
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Total Project Costs	\$2,130,000
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ESTIMATED PROJECT FUNDING

Proposed Electric Utility Revenue Bonds, Series 2018	\$2,130,000
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(The Accountants' Compilation Report and the accompanying
comments are an integral part of this statement.)

WASHINGTON (INDIANA) MUNICIPAL ELECTRIC UTILITY

**SCHEDULE OF AMORTIZATION OF \$2,130,000 PRINCIPAL AMOUNT
OF PROPOSED ELECTRIC UTILITY REVENUE BONDS, SERIES 2018**

Principal and interest payable semi-annually January 1st and July 1st

Assumed interest rate as shown

Assumes bonds dated December 20, 2018

Payment Date	Principal Balance (-----In \$1,000's-----)	Principal (-----In \$1,000's-----)	Assumed Interest Rate (%)	Debt Service		Bond Year Total
				Interest (-----In Dollars-----)	Total	
07/01/19	\$2,130			\$29,309.22	\$29,309.22	\$29,309.22
01/01/20	2,130	\$200	2.25	27,621.25	227,621.25	
07/01/20	1,930	205	2.30	25,371.25	230,371.25	457,992.50
01/01/21	1,725	205	2.40	23,013.75	228,013.75	
07/01/21	1,520	210	2.45	20,553.75	230,553.75	458,567.50
01/01/22	1,310	210	2.55	17,981.25	227,981.25	
07/01/22	1,100	215	2.60	15,303.75	230,303.75	458,285.00
01/01/23	885	215	2.70	12,508.75	227,508.75	
07/01/23	670	220	2.75	9,606.25	229,606.25	457,115.00
01/01/24	450	225	2.90	6,581.25	231,581.25	
07/01/24	225	225	2.95	3,318.75	228,318.75	459,900.00
Totals		<u>\$2,130</u>		<u>\$191,169.22</u>	<u>\$2,321,169.22</u>	<u>\$2,321,169.22</u>

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

WASHINGTON (INDIANA) MUNICIPAL ELECTRIC 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	12/31/2022
Operating Revenues: (1)					
Residential sales	\$7,547,000	\$7,581,900	\$7,616,800	\$7,651,700	\$7,686,600
Commercial and industrial sales	9,576,300	9,576,300	9,576,300	9,576,300	9,576,300
Public street and highway lighting	187,100	187,100	187,100	187,100	187,100
Penalties	165,600	165,600	165,600	165,600	165,600
Other	189,200	189,200	189,200	189,200	189,200
Sub-totals	17,665,200	17,700,100	17,735,000	17,769,900	17,804,800
Forecasted Interest Income (1)	29,200	29,200	29,200	29,200	29,200
Total Available Revenues	17,694,400	17,729,300	17,764,200	17,799,100	17,834,000
Less: Forecasted Annual Operation and Maintenance Expense (1)	(16,852,900)	(16,912,800)	(16,974,000)	(17,036,300)	(17,099,800)
Forecasted Net Revenues Available for Debt Service	\$841,500	\$816,500	\$790,200	\$762,800	\$734,200
Forecasted Annual Principal and Interest Payment on the Proposed Bonds (2)	\$ -	\$256,900	\$458,400	\$458,500	\$457,800
Forecasted Debt Service Coverage (3)	-	318%	172%	166%	160%

(1) See page B-4.

(2) See page B-13.

(3) The forecasted debt service coverage including the payment in lieu of property taxes transfer at the forecasted amount of \$123,600 is 270%, 145%, 139% and 133% for years 2019, 2020, 2021 and 2022, respectively.

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

WASHINGTON (INDIANA) MUNICIPAL ELECTRIC UTILITY

SCHEDULE OF PRESENT ELECTRIC RATES AND CHARGES

<u>Monthly Rates (per kilowatt hour)</u>	<u>Present Rates (1)</u>
<u>Residential Rate RS</u>	
Energy charge:	
First 500 KWH	\$0.09152
For the next 1,000 KWH	0.08162
Over 1,500 KWH	0.07510
Customer charge	\$3.96
<u>Commercial Service Rate CS</u>	
Energy charge:	
First 1,000 KWH	\$0.09094
For the next 4,000 KWH	0.08636
Over 5,000 KWH	0.08124
Customer charge	\$6.07
<u>General Service Rate GS</u>	
Energy charge:	
First 200 hours use of billing maximum load KWH	\$0.05172
Over 200 hours use of billing maximum load KWH	0.03840
Maximum Load Charge (per KW of billing maximum load)	\$12.32
<u>Large Power Service Rate LP</u>	
Energy charge:	
For all energy used per month KWH	\$0.036365
Maximum Load Charge (per KW of billing maximum load)	\$16.10
<u>Municipal Service Rate MS</u>	
Energy charge:	
For all energy used per month	\$0.06851
Customer charge	\$16.88

(1) The present rates and charges were adopted per Ordinance No. 27-2009 on September 28, 2009.
Excludes purchased power tracker adjustments.

(Continued on next page)

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

WASHINGTON (INDIANA) MUNICIPAL ELECTRIC UTILITY

(Cont'd)

SCHEDULE OF PRESENT ELECTRIC RATES AND CHARGES

Monthly Rates (per kilowatt hour)

Present
Rates (1)

Municipal Water Service Rate MWS

Energy charge:

For all energy used per month

\$0.06937

Customer charge

\$16.88

Outdoor Lighting Service - Rate OL (per unit)

Lamp size:

100 Watt HPS	\$8.14
150 Watt HPS	6.77
175 Watt MV/HPS/MH	8.14
250 Watt MV/HPS/MH	8.82
400 Watt MV/HPS/MH	12.15
1,000 Watt MV/HPS/MH	23.29
43 Watt LED	4.86
45 Watt LED	4.71
65 Watt LED	5.16
70 Watt LED	4.92
95 Watt LED	6.02
142 Watt MV/HPS/MH	7.56
157 Watt MV/HPS/MH	7.82
200 Watt MV/HPS/MH	8.37
300 Watt HPS	12.01

Municipal Street Lighting - Rate MSL (per unit)

Lamp size:

100 Watt HPS	\$8.78
150 Watt HPS	7.17
175 Watt MV/HPS/MH	8.78
250 Watt MV/HPS/MH	11.75
400 Watt MV/HPS/MH	12.20
43 Watt LED	4.86
45 Watt LED	4.71
65 Watt LED	5.16
70 Watt LED	4.92
95 Watt LED	6.02
142 Watt MV/HPS/MH	7.56
157 Watt MV/HPS/MH	7.82
200 Watt MV/HPS/MH	8.67
300 Watt HPS	12.01

Traffic Signal Service (TL)

Traffic signal	\$6.98
Flasher light	2.08

- (1) The present rates and charges were adopted per Ordinance No. 27-2009 on September 28, 2009.
Excludes purchased power tracker adjustments.

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

WASHINGTON (INDIANA) MUNICIPAL ELECTRIC UTILITY

SUPPLEMENTARY HISTORICAL DATA

WASHINGTON (INDIANA) MUNICIPAL ELECTRIC UTILITY

COMPARATIVE STATEMENT OF NET POSITION

ASSETS:	<u>12/31/2015</u>	<u>As of 12/31/2016</u>	<u>12/31/2017</u>	<u>As of 8/31/2018</u>
Current Assets:				
Cash and cash equivalents	\$1,752,690	\$1,507,806	\$1,144,580	\$1,136,319
Improvement cash and investments	565,662	451,599	752,363	1,009,801
Accounts receivable (net of allowance)	1,138,369	1,183,891	1,505,729	1,814,462
Accounts receivable - other	33,976	23,045	28,506	33,614
Interfund receivables:				
Interfund services provided and used	(7,823)	(7,125)	6,208	7,570
Inventories	228,521	254,777	372,098	445,090
Prepaid items	-	-	14,286	21,835
Total Current Assets	<u>3,711,395</u>	<u>3,413,993</u>	<u>3,823,770</u>	<u>4,468,691</u>
Non-Current Assets:				
Restricted cash, cash equivalents and investments:				
Federal street light grant cash and investments	2,475	7,592	-	-
Customer deposits	492,777	517,273	538,086	550,170
Total Restricted Assets	<u>495,252</u>	<u>524,865</u>	<u>538,086</u>	<u>550,170</u>
Capital Assets:				
Land, improvements to land and construction in progress	1,164,021	2,133,633	2,392,953	2,543,218
Other capital assets (net of accumulated depreciation)	6,997,956	6,324,960	5,726,589	5,296,239
Net Capital Assets	<u>8,161,977</u>	<u>8,458,593</u>	<u>8,119,542</u>	<u>7,839,457</u>
Total Non-Current Assets	<u>8,657,229</u>	<u>8,983,458</u>	<u>8,657,628</u>	<u>8,389,627</u>
Total Assets	<u>\$12,368,624</u>	<u>\$12,397,451</u>	<u>\$12,481,398</u>	<u>\$12,858,318</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charges	\$18,799	\$15,889	\$ -	\$ -
Deferred pension outflows	369,642	419,876	303,840	303,840
Total Deferred Outflows of Resources	<u>\$388,441</u>	<u>\$435,765</u>	<u>\$303,840</u>	<u>\$303,840</u>
Total Assets and Deferred Outflows	<u>\$12,757,065</u>	<u>\$12,833,216</u>	<u>\$12,785,238</u>	<u>\$13,162,158</u>

(Continued on next page)

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

WASHINGTON (INDIANA) MUNICIPAL ELECTRIC UTILITY

(Cont'd)

COMPARATIVE STATEMENT OF NET POSITION

LIABILITIES:	<u>12/31/2015</u>	<u>As of 12/31/2016</u>	<u>12/31/2017</u>	<u>As of 8/31/2018</u>
Current Liabilities:				
Accounts payable	\$1,200,961	\$1,430,483	\$1,418,737	\$1,735,581
Wages payable	41,656	51,865	43,426	-
Current liabilities payable from restricted assets:				
Accounts payable	9,500	18,961	-	2,583
Customer deposits	492,777	517,273	538,086	550,170
Total Current Liabilities	<u>1,744,894</u>	<u>2,018,582</u>	<u>2,000,249</u>	<u>2,288,334</u>
Noncurrent Liabilities:				
Net pension liability	<u>930,484</u>	<u>1,089,737</u>	<u>1,077,581</u>	<u>1,077,581</u>
Total Liabilities	<u>\$2,675,378</u>	<u>\$3,108,319</u>	<u>\$3,077,830</u>	<u>\$3,365,915</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred pension inflows	<u>\$89,510</u>	<u>\$74,349</u>	<u>\$60,633</u>	<u>\$60,633</u>
Total Liabilities and Deferred Inflows	<u>\$2,764,888</u>	<u>\$3,182,668</u>	<u>\$3,138,463</u>	<u>\$3,426,548</u>
NET POSITION:				
Invested in capital assets, net of related debt	\$8,161,977	\$8,458,593	\$8,119,542	\$7,839,457
Restricted	495,252	524,865	538,086	550,170
Unrestricted	<u>1,334,948</u>	<u>667,090</u>	<u>989,147</u>	<u>1,345,983</u>
Total Net Position	<u>\$9,992,177</u>	<u>\$9,650,548</u>	<u>\$9,646,775</u>	<u>\$9,735,610</u>

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

WASHINGTON (INDIANA) MUNICIPAL ELECTRIC UTILITY

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

	Calendar Year			Twelve Months Ended 8/31/18
	2015	2016	2017	
Operating Revenues:				
Residential sales	\$7,331,316	\$7,361,456	\$7,226,963	\$7,546,973
Commercial and industrial sales	9,156,854	9,490,894	9,534,646	9,576,336
Public street and highway lighting	202,530	202,954	194,438	187,075
Penalties	165,342	164,489	158,615	165,624
Other	156,184	135,528	173,944	189,185
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Revenues	17,012,226	17,355,321	17,288,606	17,665,193
	<hr/>	<hr/>	<hr/>	<hr/>
Operating Expenses:				
Transmission and distribution - operations and maintenance	1,356,861	1,387,908	1,496,389	1,558,859
Customer accounts	74,647	90,155	92,449	96,562
Administrative and general	555,414	624,190	617,366	651,978
Purchased power	13,236,150	14,069,395	13,541,336	13,856,687
Insurance expense	353,014	347,514	419,392	500,386
Taxes	321,737	318,939	317,514	317,268
Bad debt expense	37,354	31,033	40,429	39,199
	<hr/>	<hr/>	<hr/>	<hr/>
Sub-totals	15,935,177	16,869,134	16,524,875	17,020,939
Depreciation and amortization	639,497	646,686	645,426	645,492
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Expenses	16,574,674	17,515,820	17,170,301	17,666,431
	<hr/>	<hr/>	<hr/>	<hr/>
Net Operating Revenues	437,552	(160,499)	118,305	(1,238)
	<hr/>	<hr/>	<hr/>	<hr/>
Nonoperating Revenues (Expenses):				
Interest and investment revenue	5,138	9,010	19,305	29,179
Miscellaneous revenue	12,852	6,622	24,028	24,154
Payment in lieu of taxes	(115,267)	(119,425)	(118,016)	(123,583)
Gain/loss on disposition of property	(36,686)	(77,337)	(47,395)	(47,395)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	(133,963)	(181,130)	(122,078)	(117,645)
	<hr/>	<hr/>	<hr/>	<hr/>
Change In Net Position	303,589	(341,629)	(3,773)	(118,883)
Net Position - Beginning	10,303,670	9,992,177	9,650,548	9,854,493
Net Position - Adjustment	(615,082)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net Position - Ending	<u>\$9,992,177</u>	<u>\$9,650,548</u>	<u>\$9,646,775</u>	<u>\$9,735,610</u>

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

WASHINGTON (INDIANA) MUNICIPAL ELECTRIC UTILITY

COMPARATIVE SCHEDULE OF DETAILED OPERATING EXPENSES

	Calendar Year			Twelve Months Ended 8/31/18
	2015	2016	2017	
Operating Expenses:				
Operation:				
Salaries and wages	\$827,361	\$889,344	\$900,944	\$902,403
Employee pensions and benefits	12,556	16,291	14,772	18,858
Materials and supplies	200,889	244,779	276,008	308,439
Repair and maintenance	45,339	45,850	38,460	64,356
Utilities	837	837	837	837
Purchased power	-	2,164	2,285	2,689
Contractual services	85,376	47,946	110,101	128,875
Other	28,972	25,801	28,069	29,130
Total Operations	<u>1,201,330</u>	<u>1,273,012</u>	<u>1,371,476</u>	<u>1,455,587</u>
Maintenance:				
Salaries and wages	16,965	1,228	6,075	1,388
Materials and supplies	132,639	91,862	102,937	97,070
Contractual services	4,600	7,353	8,823	2,128
Other	1,327	14,453	7,078	2,686
Total Maintenance	<u>155,531</u>	<u>114,896</u>	<u>124,913</u>	<u>103,272</u>
Customer Accounts:				
Salaries and wages	38,384	39,841	38,402	43,586
Employee pensions and benefits	877	359	253	64
Materials and supplies	4,307	5,592	9,037	6,482
Repair and maintenance	605	358	3,231	1,004
Contractual services	11,580	9,967	10,776	12,452
Other	18,894	34,038	30,750	32,974
Total Customer Accounts	<u>74,647</u>	<u>90,155</u>	<u>92,449</u>	<u>96,562</u>
Administrative and General:				
Salaries and wages	234,554	240,909	250,353	257,183
Employee pensions and benefits	160,292	234,161	222,745	229,984
Materials and supplies	21,521	29,936	24,557	16,875
Repair and maintenance	751	3,943	10,206	1,909
Utilities	10,743	9,845	10,460	10,728
Contractual services	96,082	76,466	69,644	108,996
Other	31,471	28,930	29,401	26,303
Total Administrative and General	<u>555,414</u>	<u>624,190</u>	<u>617,366</u>	<u>651,978</u>
Total Departmentalized Operating Expenses	<u><u>\$1,986,922</u></u>	<u><u>\$2,102,253</u></u>	<u><u>\$2,206,204</u></u>	<u><u>\$2,307,399</u></u>

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

WASHINGTON (INDIANA) MUNICIPAL ELECTRIC UTILITY

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

	<u>Calendar Year</u>			<u>Twelve Months Ended 8/31/2018</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	
Cash flows from operating activities:				
Receipts from customers and users	\$17,170,679	\$17,390,544	\$16,922,420	\$17,302,082
Payments to suppliers	(14,866,143)	(15,340,475)	(15,248,831)	(15,758,804)
Payments to employees	(1,150,068)	(1,254,971)	(1,294,377)	(1,294,724)
Other receipts	<u>12,852</u>	<u>6,622</u>	<u>24,028</u>	<u>24,154</u>
Net cash provided by operating activities	<u>1,167,320</u>	<u>801,720</u>	<u>403,240</u>	<u>272,708</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	<u>(423,181)</u>	<u>(1,020,639)</u>	<u>(353,770)</u>	<u>(220,963)</u>
Cash flows from noncapital financing activities:				
Payment in lieu of taxes	<u>(115,267)</u>	<u>(119,425)</u>	<u>(118,016)</u>	<u>(123,583)</u>
Cash flows from investing activities:				
Interest received	<u>5,138</u>	<u>9,010</u>	<u>19,305</u>	<u>29,179</u>
Cash and Cash Equivalents:				
Increase (decrease)	634,010	(329,334)	(49,241)	(42,659)
Beginning balance	<u>2,179,594</u>	<u>2,813,604</u>	<u>2,484,270</u>	<u>2,738,949</u>
Ending balance	<u><u>\$2,813,604</u></u>	<u><u>\$2,484,270</u></u>	<u><u>\$2,435,029</u></u>	<u><u>\$2,696,290</u></u>

(Continued on next page)

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

WASHINGTON (INDIANA) MUNICIPAL ELECTRIC UTILITY

(Cont'd)

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

	Calendar Year			Twelve Months Ended
	2015	2016	2017	8/31/2018
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income	\$437,552	(\$160,499)	\$118,305	(\$1,238)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and amortization expense	639,497	646,686	645,426	645,492
Pension expense	35,271	93,858	90,164	90,164
Nonoperating revenue	12,852	6,622	24,028	24,154
(Increase) decrease in assets:				
Accounts receivable	125,445	(45,522)	(321,838)	(369,952)
Accounts receivable - other	(9,555)	10,931	(5,461)	(2,485)
Interfund services provided or used	53,674	(698)	(13,333)	(7,326)
Inventories	(46,270)	(26,256)	(117,321)	(74,900)
Deferred charges	(18,799)	2,910	15,889	-
Prepaid items	18,687	-	(14,286)	1,388
Increase (decrease) in liabilities:				
Accounts payable	(108,842)	238,983	(30,707)	(54,636)
Wages payable	2,467	10,209	(8,439)	-
Customer deposits payable	25,341	24,496	20,813	22,047
Net Cash Provided from Operations	<u>\$1,167,320</u>	<u>\$801,720</u>	<u>\$403,240</u>	<u>\$272,708</u>

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

WASHINGTON (INDIANA) MUNICIPAL ELECTRIC UTILITY

COMPARISON OF FUND BALANCES WITH MINIMUM BALANCES RECOMMENDED

	Fund Balances at 8/31/18	Minimum Balance Recommended (1)	Ref.	Variance
Cash and Cash Equivalents:				
Operation and maintenance fund	\$1,136,319	\$1,654,192	(2)	(\$517,873)
Customer deposit fund	550,170	550,170	(3)	-
Improvement fund	<u>1,009,801</u>	<u>645,492</u>	(4)	<u>364,309</u>
Totals	<u><u>\$2,696,290</u></u>	<u><u>\$2,849,854</u></u>		<u><u>(\$153,564)</u></u>

(1) Minimum balances recommended per typical management practices.

(2) The balance maintained in the operation and maintenance fund should be sufficient to pay the purchased power expense for the next succeeding month and to provide for the payment of operation, repair and maintenance expenses of the utility for the next two succeeding months

Forecasted average monthly 2018 purchased power expense		\$1,154,725
Pro forma operating expenses	\$2,996,200	
Times factor for two month	<u>16.67%</u>	
		<u>499,467</u>
Minimum Balance Recommended		<u><u>\$1,654,192</u></u>

(3) Funds restricted to reimburse customers for meter deposits.

(4) No minimum balance 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 ongoing capital improvements.

Minimum Balance Recommended	<u><u>\$645,492</u></u>
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(See Accountants' Compilation Report and the accompanying
summary of accounting policies.)

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APPENDIX C

ORDINANCE NO. 22-2018

An Ordinance concerning the construction of additions and improvements to the electric utility 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 electric utility, 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 electric utility, and now owns and operates said electric utility 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 additions, extensions and improvements to said electric utility are necessary; that plans, specifications and estimates have been or will be prepared and filed by the engineers employed by the City for the construction of said additions, extensions and improvements (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 or will be submitted to all governmental authorities having jurisdiction and have been or 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 (the "Clerk-Treasurer") 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 Two Million Five Hundred Twenty-Five Thousand Dollars (\$2,525,000); and

WHEREAS, the Common Council finds that it has no funds on hand available to apply on the costs of the Project and that it is necessary to finance the entire costs of the Project by the issuance of electric utility revenue bonds, in one or more series, in an aggregate principal amount not to exceed Two Million Five Hundred Twenty-Five Thousand Dollars (\$2,525,000) and, if necessary, bond anticipation notes (the "BANs"); and

WHEREAS, the Common Council finds that there are no outstanding bonds currently payable out of the Net Revenues (as hereinafter defined) of the electric utility; and

WHEREAS, the bonds to be issued pursuant to this ordinance will constitute a first charge against the Net Revenues of the electric utility 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 (i) the proceeds of the bonds issued hereunder, (ii) capitalized interest and/or (iii) Net Revenues of the electric utility, junior and subordinate to the bonds herein authorized and any additional bonds issued pursuant to Section 21 hereof, and to authorize the refunding of the BANs, if issued; and

WHEREAS, Section 1.150-2 of the Treasury Regulations on Income Tax (the "Reimbursement Regulations") specifies conditions under which a reimbursement allocation may be treated as an expenditure of bond proceeds, and the City intends by this ordinance to qualify amounts advanced by the City to the Project for reimbursement from proceeds of the BANs or the bonds in accordance with the requirements of the Reimbursement Regulations; and

WHEREAS, the Common Council finds that the electric utility of the City is not subject to the jurisdiction of the Indiana Utility Regulatory Commission (the "Commission") and, therefore, the approval of the Commission will not be required for the issuance of the bonds or BANs herein authorized; and

WHEREAS, the Common Council has been advised that it may be cost efficient to purchase municipal bond insurance and a debt service reserve surety for the bonds authorized herein; 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, two copies of which plans and specifications will be placed on file in the office of 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 Two Million Five Hundred Twenty-Five Thousand Dollars (\$2,525,000), plus investment earnings on the BAN and bond proceeds, without further authorization of the Common Council. The terms "electric utility," "electric utility system," "utility," "system," and words of like import where used in this ordinance shall be construed to mean and include the existing electric utility system of the City 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. The Project shall be constructed in accordance

with the plans and specifications heretofore mentioned, which Project is hereby approved. Said Project shall be constructed, and the BANs and bonds herein authorized shall be issued, all pursuant to and in accordance with the Act.

Section 2. Issuance of BANs. The City shall issue, if necessary, its BANs, in one or more series, for the purpose of procuring interim financing to apply on the costs of the Project, capitalized interest, if necessary, and to pay costs of issuance. The City may issue its BANs in an aggregate principal amount not to exceed Two Million Five Hundred Twenty-Five Thousand Dollars (\$2,525,000) to be designated "Electric Utility Bond Anticipation Notes, Series 20__", to be completed with the year in which issued and series designation, if any. The BANs shall be sold at not less than 98.0% of their par value, numbered consecutively from 1 upward shall be in multiples of One Hundred Thousand Dollars (\$100,000) or Five Thousand Dollars (\$5,000) as designated in the purchase agreement for said BANs. The BANs shall be dated as of the date of delivery thereof and shall bear interest at a rate not to exceed 4.0% per annum (the exact rate or rates to be determined through negotiations with the purchaser of the BANs). Principal of and interest on the BANs shall be payable semiannually on January 1 and July 1 of each year, commencing on the first January 1 or the first July 1 following delivery of the BANs, or upon maturity or redemption. The actual payment dates of principal of and interest on the BANs shall be determined by the Clerk-Treasurer, with the advice of the City's financial advisor, prior to the sale 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 4.0% 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 5-1-14-5. 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.

Principal of and 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 electric utility. Any pledge of Net Revenues of the electric utility to the payment of principal of and interest on the BANs shall be junior and subordinate to the payment of 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 electric utility in the event more than one (1) series of BANs is outstanding and secured by the Net Revenues of the electric utility.

Section 3. Issuance of Bonds. The City shall issue its electric utility revenue bonds, in one or more series, in the aggregate principal amount not to exceed Two Million Five Hundred Twenty-Five Thousand Dollars (\$2,525,000) to be designated "Electric Utility Revenue Bonds, Series 20_ _," to be completed with the year in which the bonds are issued and series designation, if any (collectively, 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, including premiums for municipal bond insurance and a debt service reserve surety, if any. If the Bonds are sold in more than one series, any sale and issuance of Bonds which follows the issuance of the first series of Bonds hereunder shall rank on a parity with such first series of Bonds and must satisfy the requirements established by Section 21 of this ordinance.

The Bonds shall be issued and sold at a price not less than 98.0% of 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. 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 4.0% per annum (the exact rate or rates to be determined by bidding). The interest on the Bonds shall be payable semiannually on January 1 and July 1 in each year, commencing on either the first January 1 or the first July 1 following 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 on January 1 and July 1 of each year, or be subject to mandatory sinking fund redemption on January 1 or July 1, over a period ending no later than January 1, 2039. The Bonds shall mature in such amounts that will produce as level annual debt service as practicable taking into account the denominations of the Bonds.

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 electric utility remaining after the payment of the reasonable expenses of operation, repair and maintenance including any payments required under the City's power sales contract, as amended from time to time, with the Indiana Municipal Power Agency, and excluding transfers for payment in lieu of property taxes) of the electric utility of the City, including the electric utility improvements herein authorized and all additions, improvements and replacements to the electric utility subsequently constructed or acquired. Interest on the Bonds shall be calculated according to a 360-day calendar year containing twelve 30-day months.

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 Sinking Fund (as hereinafter defined) 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.

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 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 five (5) years after their date of delivery, or any date thereafter, on thirty (30) days' notice, in whole or in part, in the order of maturity as determined by the City, and by lot within a maturity, at face value with no premium, plus accrued interest to the date fixed for redemption. The exact redemption dates 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 \$5,000 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.

In either case, notice of redemption shall be given not less than thirty (30) days 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 forty-five (45) days 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 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 electric utility of the City. The City shall not be obligated to pay said Bonds or the interest thereon except from the Net Revenues of said utility, 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
ELECTRIC UTILITY 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 on the Maturity Date set forth above (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 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 January and July of each year, beginning on _____ 1, _____. Interest shall be calculated according to a 360-day calendar year containing twelve 30-day months.

The principal of this Bond is payable at the principal office of _____ (the "Registrar" or "Paying Agent"), in the _____ of _____, Indiana. All payments of principal of and interest on this Bond shall be paid by check mailed one business day prior to the interest payment date 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 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 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 (\$____) for this series (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 electric utility, [to refund interim notes issued in anticipation of the Bonds] and to pay costs of issuance of the Bonds[, including a premium for a municipal bond insurance policy and debt service reserve surety policy,] 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 electric utility 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 electric utility, 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").

[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 Sinking Fund (created by the Ordinance) to be provided from the Net Revenues (defined as the gross revenues remaining after the payment of the reasonable expenses of operation, repair and maintenance including any payments required under the City's power sales contract, as amended from time to time, with the Indiana Municipal Power Agency, and excluding transfers for payment in lieu of property taxes) of the electric utility of the City, including the electric utility improvements authorized under the Ordinance to be acquired and constructed and all additions and improvements thereto and replacements thereof subsequently constructed or acquired. 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 electric utility 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, 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 utility as are sufficient in each year for the payment of the proper and reasonable expenses of operation, repair and maintenance of said utility and for the payment of the sums required to be paid into said Sinking 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.

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

The City of Washington, Indiana further covenants that it will set aside and pay into its Sinking Fund a sufficient amount of the Net Revenues of said utility to meet (a) the interest on all bonds which by their terms are payable from the revenues of the electric utility, 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 electric utility, 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 utility.

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 thirty (30) days' notice, in whole or in part, in the order of maturity as determined by the City and by lot within a maturity, at face value with no premium, plus accrued interest to the date fixed for redemption.

[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) 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 forty-five (45) days prior to such redemption date, not less than 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) 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.

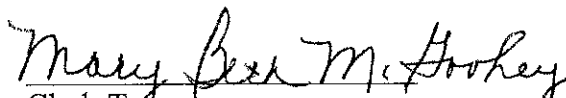
IN WITNESS WHEREOF, the City of Washington, in Daviess County, Indiana, has caused this Bond to be executed in its corporate name by the manual or facsimile signature of its Mayor, and its corporate seal to be hereunto affixed, imprinted or impressed by any means and attested manually or by facsimile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

[INSURANCE LEGEND]

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 guarantee program.

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

[EXHIBIT A]

End of Bond Form

Section 10. Preparation and Sale of BANs and Bonds; Official Statement; Investment Letter; Bond Insurance; and Rating. 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 98.0% of 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 electric utility to be set aside into the Sinking Fund as herein provided. The proceeds derived from the sale of the Bonds shall be and are hereby set aside for application on the cost of the Project hereinbefore referred to, the refunding of the BANs, if issued, and the expenses necessarily incurred in connection with the BANs and Bonds. The proper officers of the 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 is hereby authorized. The Mayor 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").

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.

In the event the financial advisor of the City certifies to the City that it would be economically advantageous for the City to obtain a municipal bond insurance policy, the City hereby authorizes the purchase of such an insurance policy. The acquisition of a municipal bond insurance policy is hereby deemed economically advantageous in the event the difference between the present value of (a) the total debt service on the Bonds if issued without municipal bond insurance and (b) the total debt service on the Bonds if issued with municipal bond insurance, is greater than the cost of the premium on the municipal bond insurance policy. If such an insurance policy is purchased, the Mayor and the Clerk-Treasurer are hereby authorized to execute and deliver all agreements with the provider of the policy to the extent necessary to comply with the terms of such insurance policy and the commitment to issue such policy. Such agreement shall be deemed a part of this ordinance for all purposes and is hereby incorporated herein by reference.

The Clerk-Treasurer, with the advice of the City's financial advisor, is hereby authorized to obtain one or more ratings for any series of the Bonds if such rating or ratings will facilitate the sale of the Bonds.

Section 11. Bond Sale Notice. The Bonds will be sold at a competitive sale and the Clerk-Treasurer shall cause to be published either (i) a notice of such sale in the *Washington Times-Herald*, 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 electronic bidding will be permitted and that the successful bidder shall be required to submit a certified or cashier's check or a wire transfer 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 ninety-eight and one-half percent (98.0%) of 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.

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 Sinking 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, Electric utility Construction Account" (the "Construction Account"). All funds deposited to the credit of said Sinking Fund or Construction Account shall be deposited, held, secured or invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds, including particularly IC 5-13, 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, 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 Sinking 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.

The City hereby declares its "official intent", as such term is used in the Reimbursement Regulations, 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 created the Electric Utility Revenue Fund (the "Revenue Fund") into which all income and revenues derived from the operation of the electric utility and from the collection of electric utility rates and charges shall be deposited. This fund shall be maintained separate and apart from all other accounts of the City. Except as permitted hereunder, no moneys derived from the revenues of the electric utility shall be transferred to the General Fund of the City or be used for any purpose not connected with the

electric utility so long as any obligations payable from the Net Revenues of the utility are outstanding.

Section 14. Operation and Maintenance Fund. The Electric Utility Operation and Maintenance Fund ("Operation and Maintenance Fund") is hereby created. On the last day of each calendar month, revenues of the electric utility shall be transferred from the Revenue Fund to the Operation and Maintenance Fund so that the balance maintained in this Fund shall be sufficient to pay (a) purchased power expense for the then next succeeding calendar month and (b) the other expenses of operation, repair and maintenance of the electric utility 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 electric utility on a day-to-day basis, but none of the moneys in the Operation and Maintenance Fund shall be used for depreciation, replacements, improvements, extensions or additions. Any moneys in said Fund in excess of the expected expenses of operation, repair and maintenance for the next succeeding month may be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal of or interest on the outstanding obligations of the electric utility.

Section 15. Sinking Fund. There is hereby created a sinking fund for the payment of the principal of and interest on revenue bonds which by their terms are payable from the Net Revenues of the electric utility, and the payment of any fiscal agency charges in connection with the payment of bonds and interest, which fund is hereby designated as the Electric Utility Sinking Fund (the "Sinking Fund"). There shall be set aside and deposited in the Sinking Fund, as available, and as provided below, a sufficient amount of the Net Revenues of the electric utility to meet the requirements of the Bond and Interest Account and the Debt Service Reserve Account hereby created in the Sinking Fund. Such payments shall continue until the balances in the Bond and Interest Account and the Debt Service Reserve Account equal the principal of and interest on all of the then outstanding bonds of the electric utility to their final maturity.

(a) Bond and Interest Account. There is hereby created, within the Sinking Fund, the Bond and Interest Account. There shall be credited on the last day of each calendar month from the Revenue Fund to the Bond and Interest Account an amount of the Net Revenues equal to (i) at least one-sixth ($1/6$) of the interest on all then outstanding bonds payable from Net Revenues on the then next succeeding interest payment date and (ii) at least one-sixth ($1/6$) of the principal of all then outstanding bonds payable from Net Revenues on the then next succeeding principal payment date, until the amount of interest and principal payable on the then next succeeding interest and 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 of and interest on outstanding bonds payable from Net Revenues as the same become payable. The City shall, from the sums deposited in the Sinking Fund and credited to the Bond and Interest Account, remit promptly to the registered owner or to the bank fiscal agency sufficient moneys to pay the interest and principal on the due dates thereof together with the amount of bank fiscal agency charges. In the event principal and interest on any BANs are payable from Net Revenues, the Clerk-Treasurer may set aside Net Revenues in a subaccount of the Bond and

Interest Account for the BANs on a monthly basis in a manner commensurate with the deposits above to accumulate payments of principal and interest on the BANs as they come due; provided, however, that any such deposits to such subaccount shall be junior and subordinate to the payment of the Bonds and any Parity Bonds.

(b) Debt Service Reserve Account. There is hereby created, within the Sinking Fund, the Debt Service Reserve Account (the "Reserve Account"). On the date of delivery of the Bonds, the City may deposit funds on hand, Bond proceeds, 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 Bonds and any Parity Bonds, (ii) 125% of average annual debt service on the Bonds and any Parity Bonds or (iii) 10% of the proceeds of the Bonds and any Parity Bonds (the "Reserve Requirement"). 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 City may fund all or part of the Reserve Account with a debt service reserve surety bond. In such case, the provider of the surety bond must be rated, at the time such surety bond is acquired, in one of the three (3) highest rating categories by either Standard & Poor's Financial Services or Moody's Investors Service. If the City acquires a debt service reserve surety to satisfy the Reserve Requirement, the Mayor and the Clerk-Treasurer are hereby authorized to execute and delivery all agreements with the provider of the surety to the extent necessary to comply with its terms. Such agreement shall be deemed a part of this ordinance for all purposes and is hereby incorporated by reference.

The Reserve Account shall constitute the margin for safety and a protection against default in the payment of principal of and interest on the Bonds and any Parity Bonds, and the moneys in the Reserve Account shall be used to pay current principal and interest on the Bonds and any Parity Bonds, to the extent that moneys in the Bond and Interest Account are insufficient for that purpose. Any deficiency in the balance maintained in the Reserve Account shall be promptly made up from the next available Net Revenues remaining after credits into the Bond and Interest Account. In the event moneys in the Reserve Account are transferred to the Bond and Interest Account to pay principal and interest on the Bonds or any Parity Bonds, then such depletion of the balance in the Reserve Account shall be made up from the next available Net Revenues after the credits into the Bond and Interest Account. Any moneys in the Reserve Account in excess of the Reserve Requirement shall be transferred to the Electric Utility Improvement Fund unless used for the prepayment of installments of principal on the then outstanding bonds payable from the Net Revenues which are then callable or prepayable, or for the purchase of outstanding bonds payable from Net Revenues including accrued interest.

Section 16. Improvement Fund. After meeting the requirements of the Operation and Maintenance Fund and the Sinking Fund, any excess revenues may be transferred or credited to the Electric Utility Improvement Fund (the "Improvement Fund"), hereby created, and said fund shall be used for improvements, replacement, additions and extensions of the electric utility, and for payment in lieu of property taxes. Moneys in the Improvement Fund shall be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal or interest on any outstanding bonds payable from the Sinking Fund or, if necessary, to eliminate any deficiencies in credits to or minimum balance in the Reserve Account of the Sinking Fund. 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 electric utility. The City may make payments in lieu of property taxes from the Improvement Fund to the City but only if the amounts required to be held in the Operation and Maintenance Fund and the Sinking Fund are so held after considering any such contemplated payments in lieu of property taxes.

Section 17. Maintenance of Accounts; Investments. The Sinking 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 Sinking Fund account or accounts. All moneys deposited in the accounts shall be deposited, held and secured as public funds in accordance with the public depository laws of the State of Indiana; provided that moneys therein may be invested in obligations in accordance with the applicable laws, including particularly IC 5-13, 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.

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 utility and all disbursements made on account of the utility, also all transactions relating to said utility. There shall be furnished, upon written request, to any owner of the Bonds, the most recent audit report of the electric utility 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 utility and all records, accounts, statements, audits, reports and data of the City relating to the electric utility. Such inspections may be made by representatives duly authorized by written instrument.

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 electric utility, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses the electric utility by or through any part of the electric utility system of the City, or that in any way uses or is served by the electric utility, at a level adequate to produce and maintain sufficient revenue (including user and other charges, fees, income or revenues available to the City) to provide for the proper operation, repair and maintenance of the electric

utility, to comply with and satisfy all covenants contained in this ordinance, and to pay all obligations of the electric utility and of the City with respect to the electric utility. 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 electric utility and the requirements of the Sinking Fund. The rates and charges so established shall apply to any and all use of such utility 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 electric utility.

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 electric utility, ranking on a parity with the Bonds, for the purpose of financing the cost of future additions, extensions and improvements to the electric utility, or to refund obligations, subject to the following conditions:

(a) All required payments into the Sinking Fund shall have been made in accordance with the provisions of this ordinance, and the interest on and principal of all bonds payable from the Net Revenues of the electric utility 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(b) of this ordinance.

(b) The Net Revenues of the electric utility in the fiscal year immediately preceding the issuance of any such Parity Bonds (provided, within the 90 day period following the end of such preceding fiscal year, if such year's accounting records are not final as of the sale date of the additional Parity Bonds, the fiscal year preceding such year may be used in lieu of the immediately preceding fiscal year) 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 electric rates and charges shall be increased sufficiently so that said increased rates and charges applied to the previous fiscal year's operations (provided, within the 90 day period following the end of such preceding fiscal year, if such year's accounting records are not final as of the sale date of the additional Parity Bonds, the fiscal year preceding such year may be used in lieu of the immediately preceding fiscal year) 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 electric utility shall be analyzed and all showings prepared by a certified public accountant employed by the City for that purpose.

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

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 electric utility 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 electric utility and its operations. 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 electric utility, or if not used for that purpose shall be treated and applied as Net Revenues of the electric utility. As an alternative to maintaining such insurance, the City may maintain a self-insurance program with catastrophic or similar coverage so long as such program meets the requirements of applicable laws and is maintained in a manner consistent with programs maintained by similarly situated governmental entities.

(e) So long as any of the BANs or Bonds are outstanding, the City shall not mortgage, pledge or otherwise encumber such utility 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 electric utility.

(f) 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 electric utility 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.

(g) 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.

(h) 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 Sinking 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 under Indiana law 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.

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 created 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 electric utility.

Section 24. Tax Covenants. In order to preserve the exclusion of interest on the Bonds and BANs from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as existing on the date of issuance of the Bonds or BANs, as the case may be (the "Code") and as an inducement to purchasers of the Bonds and BANs, the City represents, covenants and agrees that:

(a) The electric utility will be available for use by members of the general public. Use by a member of the general public means use by natural persons not engaged in a trade or business. No person or entity other than the City or another state or local governmental unit will use more than 10% of the proceeds of the Bonds or BANs or property financed by the Bond or BAN proceeds other than as a member of the general public. No person or entity other than the City or another state or local governmental unit will own property financed by Bond or BAN proceeds or will have any actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract, arrangements such as take-or-pay or output contracts or any other type of arrangement that conveys other special legal entitlements and differentiates that person's or entity's use of such property from use by the general public, unless such uses in the aggregate relate to no more than 10% of the proceeds of the Bonds or BANs, as the case may be. If the City enters into a management contract for the electric utility, the terms of the contract will comply with Internal Revenue Service Revenue Procedure 2017-13, as it may be amended, supplemented or superseded for time to time, so that the contract will not give rise to private business use under the Code and the Regulations, unless such use in aggregate relates to no more than 10% of the proceeds of the Bonds or BANs, as the case may be.

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

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

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

(e) No more than 5% of the proceeds of the Bonds or BANs will be attributable to private business use as described in (a) and private security or payments described in (b) attributable to unrelated or disproportionate private business use. For this purpose, the private

business use test is applied by taking into account only use that is not related to any government use of proceeds of the issue (Unrelated Use) and use that is related but disproportionate to any governmental use of those proceeds (Disproportionate Use).

(f) The City will not take any action nor fail to take any action with respect to the Bonds or BANs that would result in the loss of the exclusion from gross income for federal tax purposes on the Bonds or BANs pursuant to Section 103 of the Code, nor will the City act in any other manner which would adversely affect such exclusion. The City covenants and agrees not to enter into any contracts or arrangements which would cause the Bonds or BANs to be treated as private activity bonds under Section 141 of the Code.

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

(h) The City represents that it will rebate any arbitrage profits to the United States to the extent required by the Code and the regulations promulgated thereunder.

(i) The City represents that:

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

(ii) The City hereby designates the Bonds and the BANs as qualified tax-exempt obligations for purposes of Section 265(b) of the Code;

(iii) The reasonably anticipated amount of qualified tax-exempt obligations (including qualified 501(c)(3) obligations and tax-exempt leases but excluding other private activity bonds) which will be issued by the City, and all entities subordinate to the City during the period 2018 through 2023 does not exceed Ten Million Dollars (\$10,000,000) in each year; and

(iv) The City will not designate more than Ten Million Dollars (\$10,000,000) of qualified tax-exempt obligations during the period 2018 through 2023 in each year.

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

(j) These covenants are based solely on current law in effect and in existence on the date of delivery of such Bonds or BANs, as the case may be.

Section 25. Amendments with Consent of Bondholders. Subject to the terms and provisions contained in this Section and Section 22(g), 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, 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 electric utility 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 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. 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 (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 any series 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 and 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 BANs and Bonds, the Mayor and Clerk-Treasurer will execute post-issuance compliance procedures with respect to the BANs and 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 are hereby repealed.

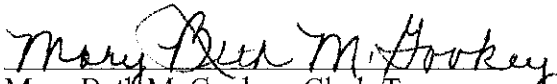
Section 30. Effective Date. This ordinance shall be in full force and effect from and after its passage and execution by the Mayor.

Passed and adopted this 13th day of November, 2018.

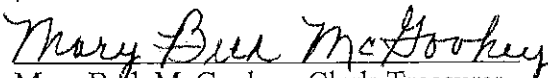
COMMON COUNCIL CITY OF
WASHINGTON


Presiding Officer

Attest:


Mary Beth McGookey, Clerk-Treasurer

Presented by me to the Mayor of the City of Washington, Indiana, on the 14th day
of November, 2018, at the hour of 3:45: p m.


Mary Beth McGookey, Clerk-Treasurer

This ordinance approved and signed by me, the Mayor of the City of Washington,
Indiana, on the 14th day of November, 2018, at the hour of 3:30 p m.



Joseph Wellman, Mayor

EXHIBIT A

Description of Project

The City's electrical utility will remove existing lights and replace them with period lighting from State Street to the western City limits. Electrical facilities between State Street and 3rd Street will be in conflict with proposed roadway improvements and will be relocated underground. All necessary incidental work (i.e. vaults, transformers, etc.) necessary to install new lighting and relocate existing facilities is also included in the work designated for completion by the electrical utility.

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APPENDIX D

December __, 2018

City of Washington
Washington, Indiana

Re: City of Washington, Indiana
\$_____ of Electric Utility Revenue Bonds, Series 2018
Dated: December __, 2018

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Washington, Indiana (the “City”) of \$_____ aggregate principal amount of its Electric Utility Revenue Bonds, Series 2018 (the “Bonds”), pursuant to Indiana Code 8-1.5, as amended, and Ordinance No. 22-2018 adopted by the Common Council of the City on November 13, 2018 (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 Bonds (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 Bonds, 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 Bonds are the valid and binding special revenue obligations of the City in accordance with the terms and provisions thereof, and together with any additional bonds on a parity therewith hereafter issued, will be secured by a pledge of and payable solely out of the special fund heretofore legally established and designated as the “Electric Utility Sinking Fund”, to which fund there has been legally pledged the Net Revenues (as defined in the Ordinance) of the electric utility of the City.

2. The interest on the Bonds is exempt from taxation in the State of Indiana for all purposes except for the Indiana Financial Institutions Tax imposed upon financial institutions pursuant to Indiana Code 6-5.5, as amended.
3. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. However, interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on certain corporations for taxable years that began prior to January 1, 2018. The opinion in this paragraph 3 relates only to exemption of interest on the Bonds from federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended, 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 Bonds 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 Bonds.

This opinion is subject to the qualifications that the validity and binding effect of the Bonds 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 City, the State or the United States of America.

This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect, or to notify you regarding, 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 Electric Utility Revenue Bonds, Series 2018 in the aggregate principal amount of \$_____ (the “Bonds”). The Bonds are being issued pursuant to Indiana Code 8-1.5, as amended, and Ordinance No. 22-2018, adopted on November 13, 2018 by the Common Council of the Issuer (the “Ordinance”) (collectively, the “Bond Proceedings”). Pursuant to the Ordinance, the Bonds will be secured by the Net Revenues (as defined in the Ordinance) of the electric utility of the Issuer. 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 Bondholders 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 Bonds 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 Bondholders and Beneficial Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Obligor shall be for the benefit of the Bondholders and Beneficial Owners of any and all of the Bonds.

(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 Bonds 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 Bond 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 Bonds (including any person holding Bonds 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.

“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 Bonds 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 Bondholders;
- (3) bond calls;
- (4) release, substitution or sale of property securing repayment of the Bonds;
- (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 Bonds, 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 Bonds;

- (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 Bonds 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 Bonds 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 Bonds, 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 Bonds. If the Obligor’s obligation to pay the principal of and interest on the Bonds 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 Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, 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 Bonds, 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 Bondholders in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of the Bondholders, or (B) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

(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 Bondholder 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 Bonds 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 Bondholders and the Beneficial Owners (on whose behalf a Bondholder 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 Bonds 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 Bondholders 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 Bond Issue: Electric Utility Revenue Bonds, Series 2018

Date of Bonds: 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 Bond Issue: Electric Utility Revenue Bonds, Series 2018

Date of Bonds: 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 is based on Alternative II (Hold-the-Offering-Price Rule (as defined below) May Apply if Competitive Sale Requirements (as described below) are Not Satisfied) contained in the Model Issue Price Documents published by the Securities Industry and Financial Markets Association (“SIFMA”) on May 1, 2017. The City of Washington, Indiana (“Issuer”) intends that in the event that the competitive sale requirements are not satisfied (i.e. 3 bids are not received), the issue prices will be established by either: (1) certification by the bidder at the time of award as to maturities that meet the 10% test (as defined below), or (2) certification by the bidder on the closing date as to maturities that meet the hold-the-offering-price rule.

(a) The winning bidder shall assist the Issuer in establishing the issue price of the 2018 Bonds (as defined in the preliminary official statement) and shall execute and deliver to the Issuer at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the 2018 Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Schedule I with respect to 2018 Bonds that satisfy the competitive sale requirements or Schedule II with respect to 2018 Bonds that do not satisfy the competitive sale requirements, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Issuer and bond counsel. All actions to be taken by the Issuer to establish the issue price of the 2018 Bonds may be taken on behalf of the Issuer by the Issuer’s municipal advisor identified herein and any notice or report to be provided to the Issuer may be provided to the Issuer’s municipal advisor.

(b) The Issuer intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the 2018 Bonds) will apply to the initial sale of the 2018 Bonds (the “competitive sale requirements”) because:

- (1) the Issuer shall disseminate the Notice of Intent to Sell Bonds (“Notice”) to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Issuer may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Issuer anticipates awarding the sale of the 2018 Bonds to the bidder who submits a firm offer to purchase the 2018 Bonds at the highest price (or lowest interest cost), as set forth in the Notice.

Any bid submitted pursuant to the Notice shall be considered a firm offer for the purchase of the 2018 Bonds, as specified in the bid.

(c) In the event that the competitive sale requirements are not satisfied, the Issuer shall so advise the winning bidder. The Issuer may determine to treat (i) the first price at which 10% of each maturity of the 2018 Bonds (the “10% test”) is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the 2018 Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the Issuer if any maturity of the 2018 Bonds satisfies the 10%

test as of the date and time of the award of the 2018 Bonds. The Issuer shall promptly advise the winning bidder, at or before the time of award of the 2018 Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the 2018 Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the Issuer determines to apply the hold-the-offering-price rule to any maturity of the 2018 Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the 2018 Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the 2018 Bonds.

(d) By submitting a bid, the winning bidder shall confirm that the underwriters have offered or will offer the 2018 Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder. The winning bidder further shall agree, on behalf of the underwriters participating in the purchase of the 2018 Bonds, that the underwriters will neither offer nor sell unsold 2018 Bonds of any maturity to which the hold-the-offering-price rule shall apply 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 underwriters have sold at least 10% of that maturity of the 2018 Bonds to the public at a price that is no higher than the initial offering price to the public.

(e) The winning bidder shall promptly advise the Issuer when the underwriters have sold 10% of that maturity of the 2018 Bonds 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.

(f) The Issuer acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the 2018 Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the 2018 Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The Issuer further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the 2018 Bonds.

(g) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the 2018 Bonds 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 retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold 2018 Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the 2018 Bonds of that maturity or all 2018 Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and

as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the 2018 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the 2018 Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold 2018 Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the 2018 Bonds of that maturity or all 2018 Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

(h) Sales of any 2018 Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of the Notice. Further, for purposes of this Appendix:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “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 Bonds 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 Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2018 Bonds to the public),
- (iii) a purchaser of any of the 2018 Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 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
- (iv) “sale date” means the date that the 2018 Bonds are awarded by the Issuer to the winning bidder; and
- (v) “Closing” and “Closing Date” mean the day the 2018 Bonds are delivered to the successful bidder and payment is made thereon by the Issuer.

Schedule I

\$2,130,000

Electric Utility Revenue Bonds, 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 obligations (the “2018 Bonds”).

1. *Reasonably Expected Initial Offering Price.*

(a) As of the Sale Date, the reasonably expected initial offering prices of the 2018 Bonds 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 Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the 2018 Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the 2018 Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.¹

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the 2018 Bonds.

2. *Defined Terms.*

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

(b) *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.

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

(d) *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 Bonds 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 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2018 Bonds to the Public).

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 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

¹ Treas. Reg. §1.148-1(f)(3)(i)(B) requires that all bidders have an equal opportunity to bid to purchase bonds. If the bidding process affords an equal opportunity for bidders to review other bids prior to submitting their bids, then this representation should be modified to describe the bidding process.

by the Issuer with respect to certain of the representations set forth in the arbitrage certificate and with respect to compliance with the federal income tax rules affecting the 2018 Bonds, and by bond counsel, in connection with rendering its opinion that the interest on the 2018 Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the Issuer from time to time relating to the 2018 Bonds.

[UNDERWRITER]

By: _____

Name: _____

Dated: [ISSUE DATE]

SCHEDULE A
EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
COPY OF UNDERWRITER'S BID
(Attached)

Schedule II
\$2,130,000
Electric Utility Revenue Bonds, 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 Bonds”).

1. ***Sale of the 2018 Bonds.*** As of the date of this certificate, for each Maturity of the 2018 Bonds, the first price at which at least 10% of such Maturity of the 2018 Bonds was sold to the Public is the respective price listed in Schedule A.

2. ***Defined Terms.***

- (a) *Issuer* means City of Washington, Indiana.
- (b) *Maturity* means 2018 Bonds with the same credit and payment terms. 2018 Bonds with different maturity dates, or 2018 Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
- (c) *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.
- (d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the 2018 Bonds. The Sale Date of the 2018 Bonds is December 13, 2018.
- (e) *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 Bonds 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 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2018 Bonds 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 with respect to certain of the representations set forth in the Arbitrage Certificate and with respect to compliance with the federal income tax rules affecting the 2018 Bonds, and by Bond Counsel in connection with rendering its opinion that the interest on the 2018 Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the 2018 Bonds.

[UNDERWRITER][REPRESENTATIVE]

By: _____

Name: _____

Dated:[ISSUE DATE]

SCHEDULE A
(Attached)

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