

REFUNDING AND NEW ISSUE
Book-Entry-Only

Programmatic Rating: S&P Global Ratings “AA+”
Underlying Rating: S&P Global Ratings “A+”

*This Preliminary Official Statement is deemed “nearly final”
and is dated September 13, 2018*

In the opinion of Taft Stettinius & Hollister LLP (“Bond Counsel”), under federal statutes, decisions, regulations and rulings, interest on the 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. 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 Bonds is exempt from income taxation in the State of Indiana. The Bonds are not bank qualified. See “TAX MATTERS” herein.

\$11,415,000*

HIGHLAND MULTI-SCHOOL BUILDING CORPORATION
Highland, Indiana

AD VALOREM PROPERTY TAX FIRST MORTGAGE REFUNDING AND IMPROVEMENT BONDS, SERIES 2018

Original Date: Date of Delivery (Anticipated to be October 04, 2018)

Due: January 15 and July 15, as shown inside the cover page

The Highland Multi-School Building Corporation (the “Building Corporation”) is issuing \$11,415,000* of Ad Valorem Property Tax First Mortgage Refunding and Improvement Bonds, Series 2018 (the “Bonds”) for the current refunding of \$6,205,000 of currently outstanding First Mortgage Bonds, Series 2008 dated June 12, 2008 (the “2008 Bonds”), to finance the cost of capital improvements at the School Town of Highland (the “School Corporation”) facilities including but not limited to renovations and improvements to the School Corporation’s athletic facilities and the equipping thereof, installation of safe and secure entrances at Highland Middle School and High School, acquisition of one to one technology throughout the district and to pay issuance costs. The 2008 Bonds were originally issued by the Building Corporation to finance the renovation of and improvements to the School Corporation facilities. The Bonds are being issued on parity with Ad Valorem Property Tax First Mortgage Bonds, Series 2016, dated March 23, 2016 (the “2016 Bonds”), now outstanding in the amount of \$25,850,000.

The Bonds are secured by and payable from fixed, semiannual lease rental payments (the “Lease Rentals”) to be paid by the School Corporation directly to The Bank of New York Mellon Trust Company, N.A., in Syracuse, New York (the “Trustee”) under a Trust Indenture between the Building Corporation and the Trustee dated as of April 1, 2008, as supplemented by a First Supplemental Trust Indenture dated as of February 1, 2016 and a Second Supplemental Trust Indenture dated as of October 1, 2018 (collectively, the “Trust Indenture”) and a lease (herein defined) between the School Corporation and the Building Corporation. Such Lease Rentals are payable from ad valorem taxes to be levied on all taxable property within the School Corporation in an amount sufficient to pay the Lease Rentals as they become due. The levy of taxes by the School Corporation to pay the Lease Rentals is mandatory under Indiana law. The Bonds are additionally secured by a first mortgage lien on the Leased Property (hereinafter defined). The Bonds shall not constitute an indebtedness of the School Corporation within the meaning of the provisions and limitations of the constitution of the State of Indiana.

The 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 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 Bonds (the “Beneficial Owners”) will not receive physical delivery of certificates representing their interests in the Bonds. Interest on the Bonds will be payable semiannually on January 15 and July 15 of each year, beginning January 15, 2019. Principal and interest will be disbursed on behalf of the Building Corporation by The Bank of New York Mellon Trust Company, N.A., in Syracuse, New York (the “Registrar” and “Paying Agent”). Interest on the 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 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 Bonds will be paid directly to DTC by the Paying Agent so long as DTC or its nominee is the registered owner of the Bonds. The final disbursement of such payments to the Beneficial Owners of the Bonds will be the responsibility of the DTC Participants and the Indirect Participants. See “BOOK-ENTRY-ONLY SYSTEM”. The Bonds are not subject to optional redemption prior to maturity. The 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.

*Preliminary, subject to change.

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 15, 2019	\$270,000				January 15, 2023	\$605,000			
July 15, 2019	245,000				July 15, 2023	615,000			
January 15, 2020	245,000				January 15, 2024	620,000			
July 15, 2020	1,380,000				July 15, 2024	630,000			
January 15, 2021	1,385,000				January 15, 2025	635,000			
July 15, 2021	1,445,000				July 15, 2025	645,000			
January 15, 2022	1,445,000				January 15, 2026	650,000			
July 15, 2022	600,000								

*Preliminary, subject to change. Building Corporation reserves the right to adjust the maturity schedule following the sale in order to accomplish the Building Corporation's financial objectives by reallocating debt service based upon the rates bid by the successful bidder.

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

INFORMATION FOR BIDDING

Date and Time of Sale: Upon 24 hours' notice. Anticipated to take place on September 20, 2018, at 11:30 a.m. (EDT)

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

Maximum Interest Rate: 5.00%

Minimum Purchase Price:** 99.5% (\$11,357,925*)

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

Anticipated Closing Date: October 04, 2018

Good Faith Deposit: \$114,150* 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: True Interest Cost (TIC)

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

The 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 Taft Stettinius & Hollister LLP, Chicago, Illinois, Bond Counsel. Certain legal matters will be passed on by Rhett L. Tauber, Tauber Law Offices, Schererville, Indiana as Attorney for the School Corporation and Building Corporation. The Bonds are expected to be available for delivery to DTC in New York, New York, on or about October 04, 2018.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 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 Building Corporation 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 Building Corporation. 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 an offer, solicitation or sale. The information set forth herein has been obtained from the School Corporation 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 School Corporation since the date of delivery of the securities described herein to the initial purchaser thereof. However, upon delivery of the securities, the School Corporation will provide a certificate stating that there have been no material changes in the information contained in the Final Official Statement since its delivery.

REFERENCES TO WEB SITE ADDRESSES PRESENTED HEREIN ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER'S CONVENIENCE. UNLESS SPECIFIED OTHERWISE, SUCH WEB SITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS OFFICIAL STATEMENT FOR THE PURPOSES OF, AND AS THAT TERM IS DEFINED IN, SEC RULE 15C2-12.

*Preliminary, subject to change.

** Minimum Purchase Price shall mean the \$11,415,000 of the Bonds less total discount submitted with bid, including any underwriter discount, purchaser discount, original issue discount or any expenses submitted by the bidder which will reduce the amount of bond proceeds to be received by the School Corporation, and adding any amortizable bond premium.

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TABLE OF CONTENTS

	<u>Page(s)</u>
Introduction to the Official Statement	1
The Refunding and the Project	
The Refunding Program	3
Project Description	4
Estimated Sources and Uses of Funds	4
Schedule of Amortization of \$11,415,000* Principal Amount of Ad Valorem Property Tax First Mortgage	
Refunding and Improvement Bonds, Series 2018	5
Securities Being Offered	
The Building Corporation.....	6
Leased Property	6
Security and Sources of Payment	6
Relationship of Annual Lease Rental Payments to Annual Debt Service Requirements	7
Additional Bonds.....	8
The Refunding Bonds	
Interest Calculation.....	8
Redemption Provisions.....	8
Book-Entry-Only System	8
Procedures for Property Assessment, Tax Levy and Collection.....	10
Continuing Disclosure	15
Bond Rating.....	16
Underwriting.....	16
Original Issue Discount	18
Amortizable Bond Premium	19
Litigation	20
Certain Legal Matters	20
Verification.....	20
Appendices:	
i Notice of Intent to Sell Bonds	
A General Information	
B Accounting Report	
C Summary of the Lease	
D Summary of Certain Provisions of the Trust Indenture	
E Legal Opinion	
F Continuing Disclosure Undertaking	
G Issue Price Determination	

*Preliminary, subject to change.

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PROJECT PERSONNEL

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

Building Corporation Directors

Charles E. Hoffman, President
Stephen E. Fiegle, Vice President
Jacqueline L. McFarland, Secretary/Treasurer

Board of School Trustees

Carol Green-Fraley, President
Patrick Krull, Vice President
Luann Jurczak, Secretary
Vicki Crowel
Robert Kuva

Superintendent

Brian J. Smith

Director of Finance

Cynthia Adams

Building Corporation and School Corporation Attorney

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1415 Eagle Ridge Drive
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Municipal Advisor

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H.J. Umbaugh & Associates
Certified Public Accountants, LLP
112 IronWorks Avenue, Suite C
Mishawaka, Indiana 46544

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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

\$11,415,000*

HIGHLAND MULTI-SCHOOL BUILDING CORPORATION

Highland, Indiana

AD VALOREM PROPERTY TAX FIRST MORTGAGE REFUNDING AND IMPROVEMENT BONDS, SERIES 2018

INTRODUCTION TO THE OFFICIAL STATEMENT

The Highland Multi-School Building Corporation (the “Building Corporation”) is issuing \$11,415,000* of Ad Valorem Property Tax First Mortgage Refunding and Improvement Bonds, Series 2018 (the “Bonds”). The Building Corporation was organized to issue bonds pursuant to Indiana Code Title 20, Article 47, Chapter 3 to finance the improvements to school buildings and lease them to the School Town of Highland (the “School Corporation”).

SECURITY AND SOURCES OF PAYMENT

Pursuant to a lease executed on March 13, 2008, as amended by a First Amendment to Lease dated as of January 19, 2016 and a Second Amendment to Lease dated as of July 17, 2018 between the Building Corporation and the School Corporation (collectively, the “Lease”), the Bonds are payable from semiannual lease rental payments (the “Lease Rentals”) to be paid by the School Corporation directly to The Bank of New York Mellon Trust Company, N.A., Syracuse, New York (the “Trustee”). Such Lease Rentals are payable from ad valorem property taxes to be levied against all taxable property within the School Corporation. The Bonds are being issued on parity with Ad Valorem Property Tax First Mortgage Bonds, Series 2016, dated March 23, 2016 (the “2016 Bonds”), now outstanding in the amount of \$25,850,000.

The Bonds are additionally secured by a first mortgage lien on the Leased Property (hereinafter defined). See page 7 for a description of Lease Rental Payments by the State of Indiana.

The refunding of the 2008 Bonds will be accomplished by creating an irrevocable trust account (the “Trust Account”) and depositing therein certain noncallable direct obligations of the United States of America (the “Government Obligations”). The 2008 Bonds will be payable from the Trust Account from and after the date of delivery of the Bonds to and including the redemption date of November 09, 2018, which is the first date on which the 2008 Bonds may be redeemed without a premium.

CIRCUIT BREAKER TAX CREDIT

Indiana Code Title 6, Article 1.1, Chapter 20.6 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”). If applicable, the Circuit Breaker Tax Credit will result in a reduction of property tax collections for each political subdivision in which the Circuit Breaker Tax Credit is applied. The legislation requires local governments to fund their debt service obligations regardless of any property tax revenue shortfalls due to the Circuit Breaker Tax Credit. The State may intercept funds to pay debt service. (See “Intercept Program” and “Circuit Breaker Tax Credit” herein).

*Preliminary, subject to change.

PURPOSE

The Bonds are being issued for the current refunding of \$6,205,000 of outstanding First Mortgage Bonds, Series 2008, dated June 12, 2008, originally issued in the amount of \$9,695,000 and maturing semiannually over a period ending January 15, 2022 (the "2008 Bonds"). The proceeds from the sale of the Bonds, together with funds on hand, will be applied to the current refunding of the 2008 Bonds and to pay costs incurred with the refunding. The refunding will enable the School Corporation to realize an annual reduction of the Lease Rentals. The Bonds are also being issued for the purpose of paying the cost of capital improvements at the School Corporation facilities including but not limited to renovations and improvements to the School Corporation's athletic facilities and the equipping thereof, installation of safe and secure entrances at Highland Middle School and High School, acquisition of one to one technology equipment throughout the district (the "Project") and to pay issuance expenses. Funding for the Project will be provided from the proceeds of the Bonds and interest earnings during construction.

REDEMPTION PROVISIONS

The Bonds are not subject to optional redemption prior to maturity. The 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 Bonds are being issued in the denomination of \$5,000 or integral multiple thereof.

REGISTRATION AND EXCHANGE FEATURES

The Trustee shall keep at its designated corporate trust office, a record for the registration of the Bonds. Each registered bond shall be transferable or exchangeable only on such record at the designated corporate trust office of the Trustee 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 Trustee duly executed by the registered owner or his duly authorized attorney.

BOOK-ENTRY-ONLY SYSTEM

The 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 Bonds. The 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 Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC. The Building Corporation 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 Bonds, the receiving of notice and the giving of consent. Interest payable January 15, 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 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 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 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 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 Bonds, principal and interest on the Bonds will be paid directly to DTC by the Paying Agent. (The final disbursement of such payments to the Beneficial Owners of the Bonds will be the responsibility of the DTC Participants and Indirect Participants, as defined and more fully described herein.)

NOTICES

If the office location at which principal is payable changes, the Trustee will give notice of such change by first-class mail to registered owners at least 15 days prior to the first principal payment date following the date of such change in location.

If the Trustee resigns, notice shall be given to the registered owners by mail at least 20 days prior to the date when such resignation shall take effect.

Notice of redemption shall be mailed to the registered owners of all Bonds, not less than 30 nor more than 60 days prior to the date fixed for redemption.

TAX MATTERS

In the opinion of Taft Stettinius & Hollister LLP ("Bond Counsel"), 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 federal alternative minimum tax imposed on individuals. Such exclusion is conditioned on continuing compliance with the Tax Covenants, hereinafter defined. In the opinion of Bond Counsel, interest on the Bonds is exempt from income taxation in the State of Indiana. See Appendix E.

The Bonds are not bank qualified.

MISCELLANEOUS

The information contained in this Official Statement has been compiled from School Corporation 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 Bonds, the security for the payment of the Bonds and the rights and obligations of the owners thereof. A complete text of the Trust Indenture and Escrow and Defeasance Agreement will be provided upon request. Additional information may be requested from Ms. Cynthia Adams, Finance Director, School Town of Highland, 9145 Kennedy Avenue, Highland, Indiana 46322, phone (219) 924-7400.

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 Bonds.

THE REFUNDING AND THE PROJECT

THE REFUNDING PROGRAM

Pursuant to the terms of an escrow and defeasance agreement to be dated as of the date of delivery, entered into between the Building Corporation and The Bank of New York Mellon Trust Company, N.A., in Syracuse, New York as the Escrow Trustee and Trustee, the refunding of the 2008 Bonds will be accomplished by (a) creating the Trust Account to be held by the Escrow Trustee for the holders of the 2008 Bonds and (b) depositing therein a sum of initial cash and certain Government Obligations. The funds needed to make the initial cash deposit to the Trust Account and to purchase the Government Obligations will be provided from the proceeds of the sale of the Bonds.

The Government Obligations to be purchased and deposited with the Escrow Trustee will bear interest at such rates and will be scheduled to mature at such times and in such amounts so that, when paid according to their respective terms, sufficient monies, together with any amounts of cash on deposit with the Escrow Trustee, will be available to make full and timely payment of all principal and interest due with respect to the 2008 Bonds from and after the date of delivery of the Bonds to and including November 9, 2018 at which time the 2008 Bonds will be called for redemption with all interest due.

The Escrow Trustee shall not sell any of the original Government Obligations unless: (a) instructed to do so by the Building Corporation, (b) the proceeds are reinvested in Government Obligations which are sufficient to pay principal and interest on the 2008 Bonds as they become due, (c) an opinion of an independent certified public accountant that the principal and interest on such Government Obligations are sufficient to pay the principal and interest on the 2008 Bonds as it comes due is furnished, and (d) an opinion of bond counsel is furnished to the Escrow Trustee that such reinvestment will not cause the interest on either the Bonds or the 2008 Bonds to become subject to federal tax.

Mathematical calculations of the adequacy of the Trust Account to fully provide for all payments enumerated above will be verified by H.J. Umbaugh & Associates, Certified Public Accountants, LLP, at the time of delivery of the Bonds. See "Verification" herein.

All monies and Government Obligations on deposit with the Escrow Trustee, including any earnings thereon, are pledged solely and irrevocably for the benefit of the holders of the 2008 Bonds.

PROJECT DESCRIPTION

A portion of the proceeds of the Bonds will be used for capital improvements at the School Corporation facilities, including but not limited to renovations and improvements to the School Corporation's athletic facilities and the equipping thereof, installation of safe and secure entrances at Highland Middle School and High School, acquisition of one to one technology equipment throughout the district (the "Project") and to pay issuance expenses. Construction bids for the Project are expected to be received in January, 2019. Construction of the Project is expected to begin in March, 2019 and is anticipated to be completed in September, 2019.

ESTIMATED SOURCES AND USES OF FUNDS

Estimated Sources of Funds*

	Refunding	New Money	Total
Proposed First Mortgage Refunding and Improvement Bonds, Series 2018	<u>\$6,415,000.00</u>	<u>\$5,000,000.00</u>	<u>\$11,415,000.00</u>
Total Estimated Sources of Funds	<u>\$6,415,000.00</u>	<u>\$5,000,000.00</u>	<u>\$11,415,000.00</u>

Estimated Uses of Funds*

Deposit to Escrow Fund	\$6,288,109.17		\$6,288,109.17
Deposit to Construction Account		\$4,898,000.00	4,898,000.00
Allowance of Issuance Expense (1)	94,815.83	77,000.00	171,815.83
Allowance for Underwriters' Discount (0.5%)	<u>32,075.00</u>	<u>25,000.00</u>	<u>57,075.00</u>
Total Estimated Uses of Funds	<u>\$6,415,000.00</u>	<u>\$5,000,000.00</u>	<u>\$11,415,000.00</u>

(1) Includes estimated fees for bond counsel, local counsel, local attorney, financial advisor, trustee, escrow trustee, rating, printing and other miscellaneous expenses.

*Preliminary, subject to change.

SCHEDULE OF AMORTIZATION OF \$11,415,000* PRINCIPAL AMOUNT OF AD VALOREM PROPERTY TAX FIRST
MORTGAGE REFUNDING AND IMPROVEMENT 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>
01/15/2019	\$11,415	\$270				
07/15/2019	11,145	245				
01/15/2020	10,900	245				
07/15/2020	10,655	1,380				
01/15/2021	9,275	1,385				
07/15/2021	7,890	1,445				
01/15/2022	6,445	1,445				
07/15/2022	5,000	600				
01/15/2023	4,400	605				
07/15/2023	3,795	615				
01/15/2024	3,180	620				
07/15/2024	2,560	630				
01/15/2025	1,930	635				
07/15/2025	1,295	645				
01/15/2026	650	650				
		<u>\$11,415</u>				

*Preliminary, subject to change.

SECURITIES BEING OFFERED

AUTHORIZATION AND APPROVAL PROCESS

The Bonds are to be issued under the authority of Indiana law, including, without limitation, Indiana Code Title 20, Article 47, Chapter 3, and Title 5, Article 1, Chapter 5, as in effect on the date of delivery of the Bonds and pursuant to the Trust Indenture between the Building Corporation and the Trustee.

Pursuant to Indiana Code 6-1.1-20, with certain exceptions listed below, when property taxes are pledged to the repayment of bonds or leases to finance a project, a determination must be made as to whether the project is a "controlled project". Projects classified as controlled projects are subject to certain public approval procedures. A controlled project is one that is financed by a bond or lease, is payable by property taxes and costs more than the lesser of:

- (1) Depending on the date of adoption of the preliminary determination ordinance or resolution:
 - (a) If adopted after December 31, 2017, but before January 1, 2019, \$5 million;
 - (b) If adopted after December 31, 2018, an amount equal to the assessed value growth quotient (as determined by the DLGF) multiplied by the amount determined under this clause for the preceding calendar year;
- (2) An amount equal to:
 - (a) At least 1% of gross assessed value, if that total gross assessed value is more than \$100 million; or
 - (b) \$1 million if the gross assessed value is not more than \$100 million.

The main exceptions for a project being classified as a controlled project when there are property taxes being pledged to the repayment of the bonds or leases, and the project meets the criteria set forth in (1)-(2) above are when (a) property taxes are used only as a back-up to enhance credit, (b) a project is being refinanced to generate taxpayer savings, (c) the project is mandated by federal law, or (d) the project is in response to a natural disaster, emergency or accident with is approved by the School Town of Highland making it unavailable for its intended use.

The Bonds are considered a non-controlled project and the issuance of the Bonds was able to continue without additional approval procedures.

THE BUILDING CORPORATION

The Building Corporation was organized as a not-for-profit corporation pursuant to the Indiana Code Title 23, Article 17, for the sole purpose of acquiring land and constructing, renovating and improving school facilities to be leased to the School Corporation.

During its existence, the Building Corporation will operate entirely without profit to the Building Corporation, its officers or directors.

LEASED PROPERTY

The Leased Property consists of the Administration Center Building and Southridge Elementary School Building (the "Leased Property").

SECURITY AND SOURCES OF PAYMENT

The Bonds shall constitute an indebtedness of the Building Corporation payable in accordance with the terms of the Trust Indenture and secured by the pledge and assignment to the Trustee of the funds and accounts defined and described therein, including the Lease Rental and other funds as defined in the Trust Indenture. The Trust Indenture creates a continuing pledge by the Building Corporation to the bondholders to pay principal and interest on the Bonds, until the principal sum shall be fully paid. Funds for the Lease Rentals will be paid by or on behalf of the School Corporation directly to the Trustee (for the account of the Building Corporation) pursuant to the terms of the Lease. The Bonds are additionally secured by a lien on the Leased Premises as described in the Trust Indenture.

If, for any reason, the Leased Premises is partially or totally destroyed or unfit for occupancy, the fixed annual rental shall be proportionately abated. The Building Corporation is required by the Lease to maintain rental value insurance, in an amount equal to the full rental value for a period of up to two years. In addition, the proceeds of any property or casualty insurance would be used either to repair and reconstruct the Leased Premises or retire obligations issued to finance the Leased Premises. To the extent the damaged or destroyed Leased Premises is not restored or repaired or is unfit for occupancy and use beyond the period covered by rental value insurance, the Building Corporation could have insufficient funds to pay debt service on the Bonds.

The Lease Rentals to be paid by the School Corporation during the term of the Lease are required to be in amounts sufficient to pay the principal of and interest on the 2018 Bonds. The Lease Rental is secured by a pledge of ad valorem property taxes levied on all taxable property in the School Corporation. The Bonds are being issued on parity with Ad Valorem Property Tax First Mortgage Bonds, Series 2016, dated March 23, 2016 (the "2016 Bonds"), now outstanding in the amount of \$25,850,000.

The Building Corporation will acquire ownership of the real estate as described within the Lease. The ownership shall be for a term no less than the term of the Lease (22 years). (See the Summary of the Lease).

INTERCEPT PROGRAM

Indiana Code Title 20, Article 48, Chapter 1, Section 11, as amended by Public Law 167-2017 (the "Act"), requires the Department of Local Government Finance (the "DLGF") to review levies and appropriations of school corporations for debt service or lease rental payments (the "Debt Service Obligation") that are payable in the succeeding calendar year. In the event a school corporation fails to levy and appropriate sufficient funds for such purpose for the next succeeding calendar year, the DLGF must establish levies and appropriations which are sufficient to pay such obligations.

The Act further provides upon failure to pay any Debt Service Obligation when due and upon notice and claim being filed with the Treasurer of the State of Indiana (the "State Treasurer"), the State Treasurer will pay the unpaid Debt Service Obligation of the school corporation within five (5) days, excluding Saturdays, Sundays and legal holidays of receiving such notice to the extent that the amounts described below as the Available Funds are available to the State Treasurer in accordance with the following procedures: (a) upon notice and claim being filed with the State

Treasurer, the State Treasurer must immediately contact the school corporation and the person or entity filing the claim to confirm whether the school corporation is unable to make the required payment on the due date, (b) if confirmed, the State Treasurer must notify the Budget Director of the State of Indiana (the "State Budget Director"), the Auditor of the State of Indiana (the "State Auditor") and any department or agency of the State of Indiana responsible for distributing funds appropriated by the Indiana General Assembly (the "General Assembly") to provide the State Treasurer with available funds in order for the State Treasurer to fulfill his/her obligations under the Act, (c) within three (3) days, excluding Saturdays, Sundays and legal holidays, of receiving the notice from the State Treasurer, the State Budget Director, the State Auditor and any department or agency of the State of Indiana responsible for distributing funds appropriated by the General Assembly must provide the State Treasurer with available funds in order for the State Treasurer to fulfill his/her obligations under the Act, and (d) the State Treasurer must make such payment to the claimant from such funds within five (5) days, excluding Saturdays, Sundays and legal holidays of the claim being filed with the State Treasurer (clauses (a) through and including (d), collectively, the "State Intercept Program"). The funds to make such payment will be from the following sources, in the following amount and in the following order of priority: (i) first, from amounts appropriated by the General Assembly for distribution to the school corporation from State funds in the current fiscal year of the State of Indiana (the "Current Year School Distribution"), which begins on July 1 and ends on the immediately following June 30 (the "State Fiscal Year"), (ii) second, to the extent the amounts described in clause (i) are insufficient, from any remaining amounts appropriated by the General Assembly for distribution for tuition support in the current State Fiscal Year which are in excess of the aggregate amount of tuition support needed for distribution to all school corporations during the current State Fiscal Year, and (iii) third, to the extent the amounts described in clauses (i) and (ii) are insufficient and the General Assembly has adopted a biennial budget appropriating amounts in the immediately succeeding State fiscal year for distribution to the school corporation from State funds, then from such fund or account, as determined by the State Budget Director in an amount equal to the lesser of the unpaid Debt Service Obligation or the amount to be distributed to the school corporation in the immediately succeeding State Fiscal Year (clauses (i) through and including (iii), collectively, the "Available Funds"). If any such payment is made by the State Treasurer pursuant to the State Intercept Program, then the State will recover such amounts by deducting such amount from the future State distributions to be made to the school corporation, first from all funds of the school corporation except tuition support. The estimated State distributions for State fiscal year 2019 and resulting debt service coverage levels are as follows:

Fiscal Year 2019 Basic Grant Distribution (all funds) (1)	<u>\$20,248,506</u>
Estimated Combined Maximum Annual Debt Service (2)	<u>\$6,729,088</u>
State Distributions Required to Provide Two-Times Coverage	<u>\$13,458,176</u>
State Distributions Above Two-Times Coverage Amount	<u>\$6,790,330</u>

(1) Per the Indiana Department of Education, net of adjustments.

(2) Based on combined outstanding debt for the year 2019 including debt service on the Bonds.

While the above description is based upon enacted legislation, the General Assembly may make amendments to such statutes and therefore there is no assurance of future events.

RELATIONSHIP OF ANNUAL LEASE RENTAL PAYMENTS TO ANNUAL DEBT SERVICE REQUIREMENTS

The Lease Rentals to be paid by the School Corporation each June 30 and December 31 for the use and occupancy of the Leased Property will be equal to an amount which, when added to funds in the Sinking Fund, will be sufficient to pay unpaid principal of and interest on the Bonds which is due on or before the July 15 and January 15 following such June 30 and December 31, plus an amount sufficient to provide for the fees of the Trustee and incidental expenses of the Building Corporation.

All Lease Rentals shall be paid by or on behalf of the School Corporation to the Trustee under the Trust Indenture or to such other bank or trust company as may from time to time succeed the Trustee as provided thereunder. All payments so made by or on behalf of the School Corporation shall be considered as payment to the Building Corporation of the Lease Rentals payable under the Lease.

ADDITIONAL BONDS

Additional bonds may be issued on parity with the Bonds and the 2016 Bonds, subject to the terms and limitations of the Trust Indenture. Except as permitted by the Trust Indenture, the Building Corporation covenants that it will not incur any indebtedness other than the 2016 Bonds unless such additional indebtedness is payable solely from income of the Building Corporation other than the rental payments provided for in the Lease.

THE REFUNDING 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 Bonds are not subject to optional redemption prior to maturity.

Mandatory Sinking Fund Redemption:

If any Bonds are issued as Term Bonds, the Trustee shall credit against the mandatory sinking fund requirement for the Term Bonds, and corresponding mandatory redemption obligation, in the order determined by the Building Corporation, any Term Bonds which have previously been redeemed (otherwise than as a result of a previous mandatory redemption requirement) or delivered to the Trustee for cancellation or purchased for cancellation by the Trustee and not theretofore applied as a credit against any redemption obligation. Each Term Bond so delivered or canceled shall be credited by the Trustee 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 Trustee 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 Bonds are called for redemption at one time, the Bonds shall be redeemed in order of maturity determined by the Building Corporation 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 Bonds to be redeemed at least 30 days but not more than 60 days prior to the date fixed for such redemption. If any of the Bonds are so called for redemption, and payment therefore is made to the Trustee in accordance with the terms of the Trust Indenture, then such Bonds shall cease to bear interest from and after the date fixed for redemption in the call.

BOOK-ENTRY-ONLY SYSTEM

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

To facilitate subsequent transfers, all 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 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Refunding Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 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 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 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 Building Corporation 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 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 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 Building Corporation 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 Building Corporation, 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 Building Corporation 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 Bonds at any time by giving reasonable notice to the Building Corporation 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 Building Corporation 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 Building Corporation believes to be reliable, but neither the Building Corporation 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 Bonds in the name of the Beneficial Owners thereof. The Building Corporation, the Registrar, the Paying Agent and any other Fiduciary would treat the person in whose name any Refunding Bond is registered as the absolute owner of such Refunding 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 Building Corporation receives notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a clearing agency for the Bonds or (2) the Building Corporation elects to discontinue its use of DTC as a clearing agency for the Bonds, then the Building Corporation 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 Bonds, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the Bonds and to transfer the ownership of each of the Bonds to such person or persons, including any other clearing agency, as the holder of such Bonds may direct in accordance with the Trust Indenture. Any expenses of such a discontinuation and transfer, including any expenses of printing new certificates to evidence the Bonds will be paid by the Building Corporation.

PROCEDURES FOR PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION

The debt service payments are payable from ad valorem property taxes required by law to be levied by or on behalf of the School Corporation. Article 10, Section 1 of the Constitution of the State of Indiana ("Constitutional Provision") provides that, for property taxes first due and payable in 2012 and thereafter, the Indiana General Assembly shall, by law, limit a taxpayer's property tax liability to a specified percentage of the gross assessed value of the taxpayer's real and personal property. The Indiana General Assembly enacted legislation (Indiana Code Title 6, Article 1.1, Chapter 20.6), which implements the Constitutional Provision and provides taxpayers with a tax credit for all property taxes in an amount that exceeds a certain percentage of the gross assessed value of eligible property. See "CIRCUIT BREAKER TAX CREDIT" herein for further details on the levy and collection of property taxes.

Real and personal property in the State is assessed each year as of January 1. On or before August 1 of each year, the County Auditor must submit a certified statement of the assessed value of each taxing unit for the ensuing year to the Department of Local Government Finance ("DLGF"). The DLGF shall make the certified statement available on its gateway website located at <https://gateway.ifionline.org/> ("Gateway"). The County Auditor may submit an amended certified statement at any time before December 31 of the year preceding the budget year (as defined in IC 6-1.1-17-16(k)(2)), the date by which the DLGF must certify the taxing units' budgets.

The certified statement of assessed value is used when the governing body of a local taxing unit meets to establish its budget for the next fiscal year (January 1 through December 31) and to set tax rates and levies. In preparing the taxing unit's estimated budget, the governing body must consider the net property tax revenue that will be collected by the taxing unit during the ensuing year, after taking into account the DLGF's estimate of the amount by which the taxing unit's distribution of property taxes will be reduced by the application of the Circuit Breaker Tax Credit (as defined in the summary of "CIRCUIT BREAKER TAX CREDIT" herein), and after taking into account the DLGF's estimate of the maximum amount of net property tax revenue and miscellaneous revenue that the taxing unit will receive in the ensuing year. Before May 1 of each year after 2017, the fiscal officer of each political subdivision shall provide the DLGF with an estimate of the total amount of its debt service obligations (as defined in IC 6-1.1-20.6-9.8) that will be due in the last six months of the current year and in the ensuing year. Beginning in 2018, the DLGF shall provide to each political subdivision: (1) an estimate of the maximum property tax rate that may be imposed by the political subdivision for the ensuing year for each cumulative fund or other fund for which a maximum property tax rate is established by law; and (2) an estimate of property taxes payable for the ensuing year for debt service. Before August 1 of each year, the DLGF shall provide to each taxing unit (1) an estimate of the maximum amount of net property tax revenue and miscellaneous revenue that the unit will receive in the ensuing year if the unit's tax rates are imposed at the maximum allowable rate and levy under law and (2) an estimate of the amount by which the taxing unit's distribution of property taxes will be reduced due to the Circuit Breaker Tax Credit. Beginning in 2018, the State Budget Agency must provide to the DLGF and the County Auditor an estimate of the certified local income tax distribution before June 1, and the DLGF must provide by July 1, the estimated amounts to be distributed at the taxing level to the County Auditor.

The taxing unit must submit the following information to the DLGF via Gateway: (i) its estimated budget; (ii) the estimated maximum permissible tax levy, as determined by the DLGF; (iii) the current and proposed tax levies of each fund; (iv) the estimated amount, determined by the DLGF, by which the taxing unit's property taxes may be reduced by the Circuit Breaker Tax Credit; (v) the amount of excess levy appeals to be requested, if any; and (vi) the time and place at which the taxing unit will conduct a public hearing related to the information submitted to Gateway. The public hearing must be conducted at least ten days prior to the date the governing body establishes the budget, tax rate and levy, which by statute must each be established no later than November 1.

The budget, tax levy and tax rate of each taxing unit are subject to review by the DLGF, and the DLGF shall certify the tax rates and tax levies for all funds of taxing units subject to the DLGF's review. The DLGF may not increase a taxing district's budget by fund, tax rate or tax levy to an amount which exceeds the amount originally fixed by the taxing unit unless the taxing unit meets all of the following: (i) the increase is requested in writing by the taxing unit; (ii) the requested increase is published on the DLGF's advertising internet website; and (iii) notice is given to the county fiscal body of the DLGF's correction.

Taxing units have until December 31 of the calendar year immediately preceding the ensuing calendar year to file a levy shortfall appeal. Beginning with budget year 2019, the DLGF must complete its review and certification of budgets, tax rates and levies, not later than December 31 of the year preceding the budget year, unless a taxing unit in the county issues debt after December 1 or intends to file a shortfall appeal under IC 6-1.1-18.5-16 in which case the DLGF must certify the budgets for the taxing units in the county by January 15 of the budget year.

On or before March 15, the County Auditor prepares the tax duplicate, which is a roll of property taxes payable in that year. The County Auditor publishes a notice of the tax rate in accordance with Indiana statutes. The County Treasurer mails tax statements at least 15 days prior to the date that the first installment is due (due dates may be delayed due to a general reassessment or other factors). Property taxes are due and payable to the County Treasurer in two installments on May 10 and November 10, unless the mailing of tax bills is delayed or a later due date is established by order of the DLGF. If an installment of property taxes is not completely paid on or before the due date, a penalty of 10% of the amount delinquent is added to the amount due; unless the installment is completely paid within thirty (30) days of the due date and the taxpayer is not liable for delinquent property taxes first due and payable in a previous year for the same parcel, the amount of the penalty is five percent (5%) of the amount of the

delinquent taxes. On May 11 and November 11 of each year after one year of delinquency, an additional penalty equal to 10% of any taxes remaining unpaid is added. The penalties are imposed only on the principal amount of the delinquency. Property becomes subject to tax sale procedures after 15 months of delinquency. The County Auditor distributes property tax collections to the various taxing units on or about June 30 after the May 10 payment date and on or about December 31 after the November 10 payment date.

Pursuant to State law, personal property is assessed at its actual historical cost less depreciation, in accordance with 50 IAC 4.2, the DLGF's Rules for the Assessment of Tangible Personal Property. Effective January 1, 2016, state law annually exempts from property taxation new tangible business personal property with an acquisition cost of less than \$20,000. Pursuant to State law, 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, Version A ("Guidelines"), as adopted by the DLGF. P.L. 204-2016, SEC. 3, enacted in 2016, retroactive to January 1, 2016, amends State law to provide that "true tax value" for real property does not mean the value of the property to the user and that true tax value shall be determined under the rules of the DLGF. As a result of P.L. 204-2016, the DLGF has begun the process of amending the Manual. In the case of agricultural land, true tax value shall be the value determined in accordance with the Guidelines and IC 6-1.1-4, as amended by P.L. 180-2016. Except for agricultural land, as discussed below, 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. "Net Assessed Value" or "Taxable Value" represents the "Gross Assessed Value" less certain deductions for mortgages, veterans, the aged, the blind, economic revitalization areas, resource recovery systems, rehabilitated residential property, solar energy systems, wind power devices, hydroelectric systems, geothermal devices and tax-exempt property. The "Net Assessed Value" or "Taxable Value" is the assessed value used to determine tax rates.

Changes in assessed values of real property occur periodically as a result of the county's reassessment plan, as well as when changes occur in the property value due to new construction or demolition of improvements. Before July 1, 2013, and before May 1 of every fourth year thereafter, each county assessor will prepare and submit to the DLGF a reassessment plan for the county. The DLGF must complete its review and approval of the reassessment plan before January 1 of the year following the year in which the reassessment plan is submitted by the county. The reassessment plan must divide all parcels of real property in the county into four (4) different groups of parcels. Each group of parcels must contain approximately twenty-five percent (25%) of the parcels within each class of real property in the county. All real property in each group of parcels shall be reassessed under the county's reassessment plan once during each four (4) year cycle. The reassessment of a group of parcels in a particular class of real property shall begin on May 1 of a year, and must be completed on or before January 1 of the year after the year in which the reassessment of the group of parcels begins. For real property included in a group of parcels that is reassessed, the reassessment is the basis for taxes payable in the year following the year in which the reassessment is to be completed. The county may submit a reassessment plan that provides for reassessing more than twenty-five percent (25%) of all parcels of real property in the county in a particular year. A plan may provide that all parcels are to be reassessed in one (1) year. However, a plan must cover a four (4) year period. All real property in each group of parcels shall be reassessed under the county's current reassessment plan once during each reassessment cycle. The reassessment of the first group of parcels under a county's reassessment plan begins on May 1, 2018, and is to be completed on or before January 1, 2019. Since 2007, all real property assessments are revalued annually to reflect market value based on comparable sales data ("Trending"). When a change in assessed value occurs, a written notification is sent to the affected property owner. If the owner wishes to appeal this action, the owner may file a petition requesting a review of the action. This petition must be filed with the county assessor in which the property is located within 45 days after the written notification is given to the taxpayer or May 10 of that year, whichever is later. While the appeal is pending, the taxpayer may pay taxes based on the current year's tax rate and the previous or current year's assessed value.

Beginning in 2018, the County Auditor shall submit to the DLGF parcel level data of certified net assessed values as required by and according to a schedule provided by the DLGF.

CIRCUIT BREAKER TAX CREDIT

Description of Circuit Breaker:

Article 10, Section 1 of the Constitution of the State of Indiana (the “Constitutional Provision”) provides that, for property taxes first due and payable in 2012 and thereafter, the Indiana General Assembly shall, by law, limit a taxpayer’s property tax liability to a specified percentage of the gross assessed value of the taxpayer’s real and personal property. Indiana Code § 6-1.1-20.6 (the “Statute”) authorizes such limits in the form of 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 (the “Circuit Breaker Tax Credit”). For property assessed as a homestead (as defined in Indiana Code § 6-1.1-12-37), the Circuit Breaker Tax Credit is equal to the amount by which the property taxes attributable to the homestead exceed 1% of the gross assessed value of the homestead. Property taxes attributable to the gross assessed value of other residential property, agricultural property, and long-term care facilities are limited to 2% of the gross assessed value, property taxes attributable to other non-residential real property and personal property are limited to 3% of the gross assessed value. The Statute provides additional property tax limits for property taxes paid by certain senior citizens.

If applicable, the Circuit Breaker Tax Credit will result in a reduction of property tax collections for each political subdivision in which the Circuit Breaker Tax Credit is applied. School corporations are authorized to impose a referendum tax levy, if approved by voters, to replace property tax revenue that the school corporation will not receive due to the application of the Circuit Breaker Tax Credit. Otherwise school corporations and 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 Constitutional Provision excludes from the application of the Circuit Breaker Tax Credit property taxes first due and payable in 2012, and thereafter, that are imposed after being approved by the voters in a referendum. The Statute codifies this exception, providing that, with respect to property taxes first due and payable in 2012 and thereafter, property taxes imposed after being approved by the voters in a referendum will not be considered for purposes of calculating the limits to property tax liability under the provisions of the Statute. In accordance with the Constitutional Provision, the General Assembly has, in the Statute, designated Lake County and St. Joseph County as “eligible counties” and has provided that property taxes imposed in these eligible counties to pay debt service and make lease rental payments for bonds or leases issued or entered into before July 1, 2008 or on bonds issued or leases entered into after June 30, 2008 to refund those bonds or leases, will not be considered for purposes of calculating the limits to property tax liability under the provisions of the Statute, through and including December 31, 2019 (“Eligible County Exemption”). The School Corporation is located in Lake County and expects to have an increase in Circuit Breaker Tax Credit losses once the Eligible County Exemption expires on January 1, 2020.

The Statute requires political subdivisions to fully fund the payment of outstanding debt service or lease rental obligations payable from property taxes (“Debt Service Obligations”), regardless of any reduction in property tax collections due to the application of the Circuit Breaker Tax Credit. For school corporations, any shortfall could also be funded through the State Intercept Program (herein defined); however, application of the State Intercept Program will result in a shortfall in distributions to the school corporation’s general fund and school corporations are encouraged by the DLGF to fund any shortfall directly from the school corporation’s general fund to avoid the application of the State Intercept Program. Upon: (i) the failure of a political subdivision to pay any of its Debt Service Obligations; and (ii) notification of that event to the treasurer of the State by a claimant; the treasurer of State is required to pay the unpaid Debt Service Obligations from money in the possession of the State that would otherwise be available to the political subdivision under any other law. A deduction must be made: (i) first, from local income tax distributions that would otherwise be distributed to the county; and (ii) second, from any other undistributed funds of the political subdivision in possession of the State.

Pursuant to IC 6-1.1-20.6-9.9, a school corporation that is expected to experience sufficient Circuit Breaker Tax Credit loss may, prior to May 1 of a year, request the DLGF, to certify the amount of Circuit Breaker Tax Credit loss, making the school corporation an eligible school corporation under IC 6-1.1-20.6-9.9 (an “Eligible School Corporation”). An Eligible School Corporation may allocate its Circuit Breaker Tax Credit loss, for 2016, 2017, 2018 and 2019 proportionately across all school corporation property tax funds, including the debt service fund, and is exempt from the protected taxes requirement described below.

For 2018 or 2019, if a school corporation: (i) issues new bonds or enters into a new lease rental agreement for which the school corporation is imposing or will impose a debt service levy other than: (A) to refinance or renew prior bond or lease rental obligations existing before January 1, 2017; or (B) for indebtedness that is approved in a local public question or referendum under IC 6-1.1-20 or any other law; and (ii) the school corporation's total debt service levy and total debt service tax rate in 2018 or 2019 is greater than the school corporation's total debt service levy and total debt service tax rate in 2016, the school corporation will not be eligible to allocate its Circuit Breaker Tax Credit loss proportionately.

Except for an Eligible School Corporation, 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 School Corporation may allocate the reduction by using a combination of unprotected taxes of the School Corporation 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.

If the allocation of property tax reductions to funds receiving only unprotected taxes is insufficient to offset the amount of the Circuit Breaker Tax Credit, the revenue for a fund receiving protected taxes will also be reduced. If a fund receiving protected taxes is reduced, the Statute provides that a political subdivision may transfer money from any other available source in order to meet its Debt Service Obligations. The amount of this transfer is limited to the amount by which the protected taxes are insufficient to meet Debt Service Obligations.

The School Corporation cannot predict the timing, likelihood or impact on property tax collections of any future actions taken, amendments to the Constitution of the State of Indiana or legislation enacted, regulations or rulings promulgated or issued to implement any such regulations, statutes or the Constitutional Provision described above or of future property tax reform in general. There has been no judicial interpretation of this legislation. In addition, there can be no assurance as to future events or legislation that may affect the Circuit Breaker Tax Credit or the collection of property taxes by the School Corporation.

For example, in March, 2016, the Indiana General Assembly passed legislation which 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 School Corporation. A lower assessed value of a School Corporation may result in higher tax rates in order for a School Corporation to receive its approved property tax levy. See "PROCEDURES FOR PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION" herein.

Estimated Circuit Breaker Tax Credit for the School Corporation:

According to the DLGF, the Circuit Breaker Tax Credit allocable to the School Corporation for budget years 2015, 2016, 2017 and 2018 were \$22,584, \$30,345, \$209,564 and \$267,226, respectively. These estimates do not include the estimated debt service on the Bonds and the lease rentals on the Lease securing the Bonds. Property taxes on the 2008 bonds and the refunding portion of the 2018 bonds are exempt from Circuit Breaker legislation through December 31, 2019. The new money portion of the 2018 Bonds is not exempt from Circuit Breaker legislation. Once the Eligible County Exemption expires in 2020, the Circuit Breaker Tax Credit impact is estimated to increase. The School Corporation is currently planning for this Circuit Breaker Tax Credit increase and is evaluating options and has taken steps to offset the impact on the School Corporation.

The Circuit Breaker Tax Credit amounts above do not reflect the potential effect of any further changes in the property tax system or methods of funding local government that may be enacted by the Indiana General Assembly in the future. The effects of these changes could affect the Circuit Breaker Tax Credit and the impact could be material. Other future events, such as the loss of a major taxpayer, reductions in assessed value, increases in property tax rates of overlapping taxing units or the reduction in local option income taxes applied to property tax relief could increase effective property tax rates and the amount of the lost revenue due to the Circuit Breaker Tax Credit, and the resulting increase could be material. These estimated amounts also do not factor in any action that the School Corporation may take to address Circuit Breaker Tax Credit losses.

CONTINUING DISCLOSURE

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the “Rule”), the School Corporation will enter into a Continuing Disclosure Undertaking (the “Undertaking”), to be dated the date of the closing of the Bonds. Pursuant to the terms of the Undertaking, the School Corporation will agree to provide the following information while any of the Bonds are outstanding:

- Audited Financial Statements. To the MSRB, when and if available, the audited financial statements of the School Corporation for each fiscal year as prepared and examined by the State Board of Accounts for each twelve (12) month period ending June 30, together with the opinion of such accountants and all notes thereto, within sixty (60) days of receipt from the State Board of Accounts; and
- Financial Information in this Official Statement. To the MSRB, within 180 days of each December 31, unaudited annual financial information for the School Corporation for such calendar year including (i) unaudited financial statements of the School Corporation and (ii) operating data (excluding any demographic information or forecast) of the general type provided under the following headings in this Official Statement (collectively, the “Annual Information”) (which updated information may be provided in such format as the School Corporation deems appropriate):

SCHOOL TOWN OF HIGHLAND

- Enrollment

GENERAL ECONOMIC AND FINANCIAL INFORMATION

- Schedule of Historical Net Assessed Valuation
- Detail of Net Assessed Valuation
- Comparative Schedule of Tax Rates
- Property Taxes Levied and Collected
- Large Taxpayers
- Summary of Revenues and Expenditures by Fund

- Reportable Events. Within ten business days, to the MSRB, notice of the following events, if material, with respect to the Bonds (which determination of materiality shall be made by the School Corporation):

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.

Within ten business days, to the MSRB, notice 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 other material events affecting the tax-exempt 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 securities;
8. tender offers; and
9. bankruptcy, insolvency, receivership or similar event of the obligated person.

- Failure to Disclose. In a timely manner, to the MSRB, notice of the School Corporation failing to provide the annual financial information as described above.

The School Corporation may, from time to time, amend or modify the Undertaking without the consent of or notice to the owners of the Bonds if either (a)(i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the School Corporation, or type of business conducted; (ii) the Undertaking, as so amended or modified, would have complied with the requirements of the Rule on the date of execution of the Undertaking, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) such amendment or modification does not materially impair the interests of the holders of the Bonds, as determined either by (A) nationally recognized bond counsel or (B) an approving vote of the holders of the Bonds at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds the Undertaking) is permitted by the SEC Rule, then in effect.

The School Corporation may, at its sole discretion, utilize an agent in connection with the dissemination of any annual financial information required to be provided by the School Corporation pursuant to the terms of the Undertaking.

The purpose of the Undertaking is to enable the Underwriter to purchase the Bonds by providing for an undertaking by the School Corporation in satisfaction of the Rule. The Undertaking is solely for the benefit of the owners of the Bonds and creates no new contractual or other rights for the SEC, underwriters, brokers, dealers, municipal securities dealers, potential customers, other obligated persons or any other third party. The sole remedy against the School Corporation for any failure to carry out any provision of the Undertaking shall be for specific performance of the School Corporation's disclosure obligations under the Undertaking and not for money damages of any kind or in any amount or any other remedy. The School Corporation's failure to honor its covenants under the Undertaking shall not constitute a breach or default of the Bonds, the Trust Indenture, the Lease or any other agreement.

In the previous five years, the School Corporation has failed to consistently comply with its previous undertakings. Such failures include, but may not be limited to the following: certain operating data for the calendar years 2013 and 2014 were not filed on a timely basis. These reports have been provided to the MSRB through EMMA. The School Corporation has hired H.J. Umbaugh & Associates as the disseminating agent to help ensure compliance in the future.

BOND RATING

S&P Global Ratings ("S&P Global") has assigned a programmatic bond rating of "AA+" to the Bonds based upon the Indiana State Intercept Program (see page 7 for a description of Lease Rental Payments by the State of Indiana). S&P Global has also assigned an underlying rating of "A+" to the 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 ratings are not a recommendation to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by S&P Global. Any downward revision or withdrawal of the ratings may have an adverse effect upon the market price of the Bonds.

The School Corporation did not apply to any other rating service for a rating on the Bonds.

UNDERWRITING

The Bonds are being purchased by _____ (the "Underwriter") at a purchase price of \$_____, which is the par amount of the Bonds of \$_____ less the underwriter's discount of \$_____ plus the original issue premium of \$_____. The Purchase Contract provides that all of the Bonds will be purchased by the Underwriter if any of such Bonds are purchased.

The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriter may allow concessions to certain dealers (including dealers in a selling group of the Underwriter and other dealers depositing the 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 School Corporation 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 School Corporation 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 School Corporation and they have no secondary obligations or other responsibility. However, Umbaugh is preparing the Lease Sufficiency Report for the Bonds. The Municipal Advisor’s fees are expected to be paid from proceeds of the 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 School Corporation, but is neither a placement agent to the School Corporation nor a broker/dealer and cannot participate in the underwriting of the Bonds.

The offer and sale of the Bonds shall be made by the School Corporation, in the sole discretion of the School Corporation, and under its control and supervision. The School Corporation agrees that Umbaugh does not undertake to sell or attempt to sell the 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 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 Bonds. Prospective purchasers of the 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 Bonds. Bond Counsel’s opinion is based upon the law in existence on the date of issuance of the Bonds. It is possible that legislation enacted after the date of issuance of the Bonds or proposed for consideration will have an adverse effect on the excludability of all or a part of the interest on the Bonds from gross income, the manner in which such interest is subject to federal income taxation or the market price of the 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 Bonds or proposed for consideration will have an adverse effect on payment or timing of payment or other matters impacting the Bonds.

The School Corporation 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 Bonds should reach their own conclusions regarding the impact of any such federal or state proposals.

TAX MATTERS

In the opinion of Taft Stettinius & Hollister LLP, Chicago, Illinois, Bond Counsel, under federal statutes, decisions, regulations and rulings, the interest on the Bonds is excludable for federal tax income purposes from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (“Code”). Interest on the Bonds is not treated as a specific preference item for purposes 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 01, 2018. Such exclusion is conditioned on continuing compliance by School Corporation with the Tax Covenants (as hereinafter defined). Failure to comply with the Tax Covenants could cause interest on the Bonds to lose the exclusion from gross income for federal income taxation retroactive to the date of issue. In the opinion of Taft Stettinius & Hollister LLP, Chicago, Illinois, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is exempt from income taxation in the State of Indiana (“State”). See Appendix E for the form of Bond Counsel opinion.

The Code imposes certain requirements which must be met subsequent to the issuance of the Bonds as a condition to the exclusion from gross income of interest on the Bonds for federal income tax purposes. The School Corporation will covenant not to take any action, within its power and control, nor fail to take any action with respect to the Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Bonds pursuant to Section 103 of the Code (collectively, “Tax Covenants”). The Trust Indenture and certain certificates and agreements to be delivered on the date of delivery of the Bonds establish procedures to permit compliance with the requirements of the Code. It is not an event of default under the Trust Indenture if interest on the 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 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 Bonds is excluded from federal gross income and exempt from State income tax, the accrual or receipt of interest on the 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 Bonds. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors with regard to the federal and State tax consequences of owning the Bonds other than those consequences set forth in the form of opinion of Bond Counsel.

The Bonds are not bank qualified.

ORIGINAL ISSUE DISCOUNT

The initial public offering price of the 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 inside 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 15 and July 15 (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 Bonds maturing on _____ through and including _____ (collectively, the "Premium Bonds"), is greater than the principal amount payable at maturity. 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 Building Corporation, there is no litigation pending, or threatened, against the Building Corporation or the School Corporation, which in any way questions or affects the validity of the Bonds, or any proceedings or transactions relating to the issuance, sale or delivery thereof.

The officers and counsel for the School Corporation will certify at the time of delivery of the Bonds that there is no litigation pending or in any way threatened questioning the validity of the Bonds, or any of the proceedings had relating to the authorization, issuance and sale of the Bonds, the Trust Indenture would result in a material adverse impact on the financial condition of the School Corporation.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the unqualified approving opinion of Taft Stettinius & Hollister LLP, Chicago, Illinois, Bond Counsel, whose approving opinion will be available at the time of delivery of the Bonds. Taft Stettinius & Hollister 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 E of this Official Statement.

VERIFICATION

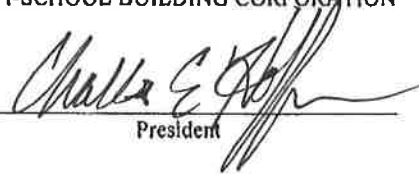
The mathematical calculations of the adequacy of the maturing principal of and interest income on the Government Obligations, together with the initial cash deposited with the Escrow Trustee to pay when due all principal of and interest on the 2008 Bonds to and including November 9, 2018, and to redeem on that date all then outstanding 2008 Bonds, and the mathematical calculation supporting the conclusion of Taft Stettinius & Hollister LLP, Chicago, Illinois, Bond Counsel, that the Bonds are not “arbitrage bonds” under Section 148 of the Internal Revenue Code of 1986, will be verified by H.J. Umbaugh & Associates, Certified Public Accountants, LLP. Such computations will be based upon information, assumptions and calculations supplied by the Underwriter.

The Building Corporation and School Corporation certify to the best of their knowledge and belief that this Official Statement, as of its date and as it relates to the School Corporation 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.

HIGHLAND MULTI-SCHOOL BUILDING CORPORATION

By:


President

Attest:


Secretary

SCHOOL TOWN OF HIGHLAND

By:


Superintendent

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APPENDIX i

NOTICE OF INTENT TO SELL BONDS

\$11,415,000

**HIGHLAND MULTI-SCHOOL BUILDING CORPORATION
(LAKE COUNTY, INDIANA)**

**AD VALOREM PROPERTY TAX FIRST MORTGAGE REFUNDING AND IMPROVEMENT BONDS,
SERIES 2018**

Upon not less than twenty-four (24) hours notice given by the undersigned Secretary prior to the ninetieth day after this notice is first published, the Highland Multi-School Building Corporation (the "Corporation") will receive and consider bids for the purchase of the following described bonds. Any person interested in submitting a bid for the bonds must furnish in writing to the Highland Multi-School Building Corporation c/o H.J. Umbaugh & Associates Certified Public Accountants, LLP at 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240, (317) 465-1500, or by email to bids@umbaugh.com on or before 11:30 a.m. (EST) September 17, 2018, the person's name, address and telephone number. Interested persons may also furnish an e-mail address. The undersigned Secretary 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 the sale. The notification shall be made by telephone at the number furnished by such person and also by e-mail, if an e-mail address has been received. It is anticipated that the sale will occur on or around 11:30 a.m. (EST) September 20, 2018.

At the time designated for sale, the Corporation will receive bids (i) at the office of its municipal advisor, H.J. Umbaugh & Associates Certified Public Accountants, LLP, at 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240, via mail or email; or (ii) electronically via PARITY in accordance with this notice, and consider the same for the purchase of the following described Bonds:

Ad Valorem Property Tax First Mortgage Refunding and Improvement Bonds, Series 2018 (the "Bonds") of the Corporation, an Indiana corporation, in the principal amount of \$11,415,000; Fully registered form; Denomination \$5,000 and integral multiples thereof; Originally dated the date of delivery of the Bonds; Bearing interest at a rate or rates to be determined by bidding, payable on January 15, 2019, and semiannually thereafter; Interest payable by check mailed one business day prior to the interest payment date or by wire transfer to depositories on the interest payment date to the person or depository in whose name each Bond is registered with the trustee on the first day of the month of such interest payment date; Maturing or subject to mandatory redemption on January 15 and July 15 on the dates and in the amounts as follows:

PAYMENT DATE	PRINCIPAL
January 15, 2019	\$ 270,000
July 15, 2019	245,000
January 15, 2020	245,000
July 15, 2020	1,380,000
January 15, 2021	1,385,000
July 15, 2021	1,445,000
January 15, 2022	1,445,000
July 15, 2022	600,000
January 15, 2023	605,000
July 15, 2023	615,000
January 15, 2024	620,000
July 15, 2024	630,000
January 15, 2025	635,000
July 15, 2025	645,000
January 15, 2026	650,000

The Corporation reserves the right to adjust the maturity schedule following the sale in order to accomplish the Corporation's financial objectives by reallocating debt service based upon the rates bid by the successful bidder.

The Bonds are not subject to redemption prior to maturity.

In the case of any redemption, 30 days' notice will be given by mail to the registered owners of the Bonds to be redeemed, and accrued interest will be paid to the date fixed for redemption. Interest on the Bonds so called for redemption will cease on the redemption date fixed in said notice if funds are available at the place of redemption to redeem the Bonds so called on the date fixed in said notice, or thereafter when presented for payment.

A bid may designate that a given maturity or maturities shall constitute a term bond, and the semi-annual amounts set forth above shall constitute the mandatory sinking fund redemption requirements for such term bond or bonds. For purposes of computing net interest cost, the mandatory redemption amounts shall be treated as maturing on the dates set forth in the schedule set forth above.

Bids shall set out the total amount of interest payable over the term of the Bonds and the net interest cost on the Bonds covered by the bid. No bid for less than 99.5% of the face value of the Bonds will be considered. The Bonds will be awarded to the highest qualified bidder who has submitted a bid in accordance herewith. The highest bidder will be the one who offers the lowest total interest cost to the Corporation, to be determined by computing the total interest on all of the Bonds to their maturities based upon the schedule provided by the Corporation prior to

the sale and deducting therefrom the premium bid, if any, and adding thereto the discount bid, if any. No conditional bids will be considered. The right is reserved to reject any and all bids. If an acceptable bid is not received for the Bonds on the date of sale hereinbefore fixed, the sale may be continued from day to day thereafter, during which time no bids for less than the highest bid received at the time of the advertised sale will be considered.

Each bid may be submitted by email to bids@umbaugh.com. If bids are submitted by mail, they should be addressed to the School Corporation, c/o H.J. Umbaugh & Associates Certified Public Accountants, LLP, 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240, in a sealed envelope addressed to the Corporation and marked on the outside "Bid for Ad Valorem Property Tax First Mortgage Refunding and Improvement Bonds, Series 2018". Bids may also be submitted electronically via PARITY in accordance with this notice. 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 School Corporation's municipal advisor, H.J. Umbaugh & Associates, Certified Public Accountants, LLP at (574) 935-5178 or PARITY at (212) 849-5021.

If a potential bidder has questions related to the School Corporation, the financing or submission of bids, questions should be submitted by email to bids@umbaugh.com and pietsch@umbaugh.com no later than September 17, 2018, by 11:00 a.m. (Indianapolis Time). To the best of the School Corporation's ability, all questions will be addressed by the School Corporation and sent to potential bidders including any bidders requesting twenty-four (24) hours' notice of sale, no later than September 17, 2018, by 5:00 p.m. (Indianapolis Time). Additionally, upon request, the written responses will be emailed to any other interest bidder. Bidders should review this notice as well as the preliminary official statement and submit any questions in advance of the deadline.

A good faith deposit ("Deposit") in the form of cash or certified or cashier's check in the amount of one percent (1%) of the par amount of the Bonds payable to the order of the Corporation is required to be submitted by the successful purchaser (the "Purchaser") not later than 3:30 p.m. (EST) on the next business day following the award. If such Deposit is not received by that time, the Corporation may reject the bid. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its accepted bid, the Deposit will be retained by the Corporation as liquidated damages.

The successful bidder shall make payment to The Bank of New York Mellon Trust Company, N.A., Indianapolis, Indiana, as Trustee (the "Trustee") for the Bonds and accept delivery thereof from the Trustee within five days after being notified that the Bonds are ready for delivery, at such place in the City of Indianapolis, Indiana, as the successful bidder may designate. The Bonds will be ready for delivery within 45 days after the date of sale. If the

Corporation fails to have the Bonds ready for delivery prior to the close of banking hours on the forty-fifth day after the date of sale, the bidder may secure the release of his bid upon request in writing, filed with the Corporation. The successful bidder is expected to apply to a securities depository registered with the SEC to make such Bonds depository-eligible.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but 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 proposal. 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 Corporation 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 Corporation; 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 Purchaser. The Purchaser will also be responsible for any other fees or expenses it incurs in connection with the resale of the Bonds.

The approving opinion of Taft Stettinius & Hollister LLP, bond counsel of Chicago, Illinois, together with a transcript of the proceedings relating to the issuance of the Bonds and closing papers in the usual form showing no litigation questioning the validity of the Bonds, will be furnished to the successful bidder at the expense of the Corporation.

The Corporation was organized for the purpose of constructing school buildings and capital improvements at facilities owned or leased by the School Corporation and leasing such buildings to the School Town of Highland. All action has been taken and the Bonds are issued in compliance with the provisions of Indiana Code 20-47-3. The Bonds will be secured by a trust indenture to the Trustee and will be subject to the terms and provisions of said indenture. The Corporation will certify as to facts to support the conclusion that the Bonds do not constitute private activity bonds as defined in Section 141 of the Internal Revenue Code.

The property to be covered by the indenture has been leased to the School Town of Highland through a lease agreement. The lease provide for sufficient payments to provide for debt service on the bonds, plus the payment of all taxes and assessments, which annual rental is payable semiannually on June 30 and December 31 in each year, which rentals have commenced. The rental payments on the lease by the School Corporation are payable out of ad valorem taxes to be collected on the taxable property within the School Corporation. However, the School Corporation's collection of the levy may be limited by operation of INDIANA CODE 6-1.1-20.6. The Bonds are being issued on a parity basis with the Corporation's Ad Valorem Property Tax First Mortgage Bonds, Series 2016.

After the sale of all Bonds issued by the Corporation to pay for the cost of said buildings and other expenses incidental thereto, the annual rental shall be reduced to an amount equal to

the multiple of \$1,000 next highest to the highest sum of principal and interest due on such Bonds in each twelve month period ending on January 15 plus an amount sufficient to cover certain fees and expenses of the Corporation, payable in equal semiannual installments. All bidders shall be deemed to be advised as to the provisions of the above-mentioned trust indenture and the leases and the provisions of Indiana Code 20-47-3.

The Bonds constitute an indebtedness only of the Corporation, payable in accordance with the terms of the above-mentioned indenture. Interest on the Bonds is exempt from all income taxation in Indiana. In the opinion of bond counsel, under the existing federal statutes, decisions, regulations and rulings, the interest on the Bonds is excludable from gross income for purposes of federal income taxation.

The Corporation has prepared a preliminary official statement relating to the Bonds which it has deemed to be a nearly final official statement. Within seven (7) business days of the sale, the Corporation will provide the successful bidder with 15 copies of the final official statement at the Corporation's expense. Additional copies, at the purchaser's expense, must be requested within five (5) business days of the sale. 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.

The School Corporation has agreed to enter into a Continuing Disclosure Undertaking in order to permit the successful purchaser to comply with the SEC Rule 15(c)2-12. A copy of such Agreement is available from the School Corporation or municipal advisor at the addresses below.

ISSUE PRICE:

(a) The winning bidder shall assist the Issuer in establishing the issue price of the Bonds 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 Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached as an appendix to the Preliminary Official Statement, 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 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 Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) the Issuer shall disseminate this 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 Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice.

Any bid submitted pursuant to this Notice shall be considered a firm offer for the purchase of the 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 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 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 Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The Issuer shall promptly advise the winning bidder, at or before the time of award of the Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the 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 Bonds. **Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.**

(d) By submitting a bid, the winning bidder shall confirm that the underwriters have offered or will offer the 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 Bonds, that the underwriters will neither offer nor sell unsold 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 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 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 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 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 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 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 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 Bonds of that maturity or all 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 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 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 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 Bonds of that maturity or all 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 Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice. Further, for purposes of this Notice:

- (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 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 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),
- (iii) a purchaser of any of the 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 Bonds are awarded by the Issuer to the winning bidder; and
- (v) “Closing” and “Closing Date” mean the day the Bonds are delivered to the successful bidder and payment is made thereon by the Issuer.

Further information relative to said issue and a copy of the nearly final official statement may be obtained upon application to H.J. Umbaugh & Associates Certified Public Accountants,

LLP, 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240, municipal advisor to the School Town of Highland; Rhett Tauber, Tauber Law Offices, 1415 Eagle Ridge Drive, Schererville, Indiana 46375, attorney for the School Corporation; or Cynthia Adams, Director of Finance and Operations, School Town of Highland, 9145 Kennedy Avenue, Highland, Indiana 46322. If bids are submitted by mail, they should be addressed to the Corporation, attention of H.J. Umbaugh & Associates, Certified Public Accountants, LLP, 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240.

Dated this _____, 2018.

/s/ SECRETARY, BOARD OF DIRECTORS
HIGHLAND MULTI-SCHOOL BUILDING
CORPORATION

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APPENDIX A

TABLE OF CONTENTS

	<u>Page(s)</u>
School Town of Highland	
System Overview	A-1
Facilities	A-1
Services	A-1
Enrollment	A-2
School Board of Trustees	A-2
Administration and Staff	A-3
Pension Obligations	A-3 – A-4
Other Postemployment Benefits	A-4 – A-5
General Physical and Demographic Information	
Location	A-5
General Characteristics	A-5
Planning and Zoning	A-5
General Economic and Financial Information	
Commerce and Industry	A-6
Large Employers	A-7
Employment	A-8
Building Permits	A-8
Population	A-9
Age Statistics	A-9
Educational Attainment	A-9
Miscellaneous Economic Information	A-10
Schedule of Indebtedness	A-11
Debt Ratios	A-12
Schedule of Historical Net Assessed Valuation	A-13
Detail of Net Assessed Valuation	A-14
Comparative Schedule of Certified Tax Rates	A-15
Property Taxes Levied and Collected	A-16
Large Taxpayers	A-17
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and	
Cash and Investment Balances - Regulatory Basis	A-18 – A-19
Summary of Receipts and Expenditures by Fund	A-20 – A-27

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SCHOOL TOWN OF HIGHLAND

SYSTEM OVERVIEW

The School Town of Highland (the “School Corporation”) was formally organized in 1913 and its boundaries are coterminous with the Town of Highland in Lake County.

FACILITIES

The School Corporation presently operates the following schools.

<u>School</u>	<u>Grades</u>	<u>Year Opened</u>	<u>Additions/ Renovations</u>	<u>2017/2018 Enrollment</u>
Johnston Elementary	K-5	1955	1958, 1961, 1968, 1988, 1993, 1998, 2001, 2016-18	386
Merkley Elementary	K-5	1963	1990, 1988-89, 1993, 2002, 2016-18	302
Southridge Elementary	K-5	1958	1960, 1968, 1969, 1989, 1989-90, 1993, 1999, 2008, 2016-18	382
Warren Elementary	K-5	1968	1990-91, 1991, 1999, 2000, 2016-18	304
Highland Middle School	6-8	1962	1965, 1968, 1972, 1984-86, 1992-94, 2005-06, 2008, 2016-18	730
Highland High School	9-12	1956	1960, 1965, 1969, 1976, 1978, 1984-86, 1992-94, 2002, 2005-06, 2008, 2016-18	1,138

SERVICES

The School Corporation provides a complete academic curriculum in grades kindergarten through twelve. English / language arts, mathematics, science, social studies, music, art, and physical education are provided for all grade levels. Foreign language instruction is available to middle school and senior high school students. Business education is provided for high school students, while practical arts, including family and consumer science, mechanical drawing, and industrial arts are provided for grades eight through twelve. Juniors and seniors with good attendance records and appropriate grade point averages in their field of vocational interest may attend the Area Career Center. The curriculum provides a wide variety of vocational training including auto technology, construction technology, computer information technology, health science career, culinary and pastry arts, industrial maintenance, and welding. Special education and English as a second language programs are available at each school site. The school system is a member of the Northwest Indiana Special Education Cooperative, which is comprised of nine school corporations, and operates programs and services for special need students. High ability education is also provided for students of the School Corporation. Highland High School and Highland Middle School are fully accredited by the North Central Association of Secondary Schools and Colleges.

ENROLLMENT

Presented below are enrollment figures as provided by the office of the Superintendent of the School Corporation. The statistics represent the number of students enrolled at the beginning of the school years.

<u>Grade</u>	<u>School Year</u>									
	<u>2008/ 2009</u>	<u>2009/ 2010</u>	<u>2010/ 2011</u>	<u>2011/ 2012</u>	<u>2012/ 2013</u>	<u>2013/ 2014</u>	<u>2014/ 2015</u>	<u>2015/ 2016 (1)</u>	<u>2016/ 2017 (1)</u>	<u>2017/ 2018 (1)</u>
K	107	107	100	99	94	113	98	204	240	235
1	230	218	228	214	217	208	236	204	207	240
2	244	237	224	234	205	207	214	229	203	226
3	248	264	231	224	242	212	205	218	230	225
4	235	251	267	233	228	233	219	212	213	226
5	234	247	264	262	230	221	241	216	215	222
6	296	241	257	266	261	242	238	247	222	236
7	272	308	253	268	271	273	260	254	254	238
8	272	272	308	260	263	270	267	268	254	256
9	307	283	302	303	278	276	275	289	281	277
10	312	299	281	295	296	281	278	278	292	289
11	295	305	298	281	298	306	280	277	272	293
12	<u>288</u>	<u>296</u>	<u>304</u>	<u>300</u>	<u>278</u>	<u>295</u>	<u>272</u>	<u>269</u>	<u>264</u>	<u>279</u>
Totals	<u>3,340</u>	<u>3,328</u>	<u>3,317</u>	<u>3,239</u>	<u>3,161</u>	<u>3,137</u>	<u>3,083</u>	<u>3,165</u>	<u>3,147</u>	<u>3,242</u>

(1) Beginning with the 2015/2016 school year, kindergarten students count as full students.

Presented below are total projected enrollment figures as provided by the School Corporation.

<u>Year</u>	<u>Projected Enrollment</u>
2018/2019	3,183
2019/2020	3,110
2020/2021	3,041
2021/2022	2,984
2022/2023	2,948

SCHOOL BOARD OF TRUSTEES

<u>Name</u>	<u>Current Term Began</u>	<u>Current Term Ends</u>
Mrs. Carol Green Fraley, President	01/01/2017	12/31/2020
Mr. Patrick Krull, Vice President	01/01/2017	12/31/2020
Mrs. Luann Jurczak	01/01/2015	12/31/2018
Mr. Robert Kuva	01/01/2015	12/31/2018
Mrs. Vicki Crowel	01/01/2015	12/31/2018

ADMINISTRATION AND STAFF

The School Corporation is under the direction of a five-member elected Board of School Trustees who serve four-year terms. The Superintendent, appointed by Board of School Trustees, directs a certified staff of 179 and a non-certified staff of 215 with union representation as follows:

<u>Union Name</u>	<u>Union Representation</u>	<u>Number of Members</u>	<u>Contract Expiration Date</u>
Highland Classroom Teachers Association	Teachers	111	June 30, 2019

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 School Corporation 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
One North Capitol Ave, 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.

Employer contributions for the years 2015, 2016, and 2017 contributions were \$389,334, \$407,369, and \$431,165 respectively.

Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund ("TRF") is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF 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 School Corporation may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System
One North Capitol Ave, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

Employer contributions for the years 2015, 2016, and 2017 were \$854,123, \$908,560, and \$919,875.

The School Corporation pays each teacher's mandatory 3% contributions to the TRF.

OTHER POSTEMPLOYMENT BENEFITS

Insurances

The School Corporation provides to eligible retirees and their spouses the following benefits: health, dental, vision, and life insurance for administrators and classified staff members until the age of Medicare eligibility at the cost of a single plan at the time of retirement. The retiree will be responsible for any increases. Teachers with ten years of service prior to 2002 were provided a VEBA account to pay these postretirement benefits. Teachers hired after 2002 holding a Bachelor's of Science with zero years' experience ("BS+0"), will receive 1 percent annually while employed and receive no postretirement benefits. Life insurance is available for early retirees with decreases in value of 25 percent each at age 66, age 67, and age 68. The benefits terminate at age 70. These benefits pose a liability to the School Corporation for this year and in future years.

The number of retirees that received health, dental and vision benefits in 2015, 2016, and 2017 were 9, 7, and 6 respectively. The number of retirees that received life insurance benefits in 2015, 2016, and 2017 were 167, 169, and 166 respectively. The School Corporation contributed \$157,844 in 2015, \$140,001 in 2016, and \$119,134 in 2017.

Severance Pay

- A. If a teacher was employed with the School Corporation for ten or more consecutive school years prior to the 2002-03 school year, the severance pay shall be calculated as follows (the numerator shall be no less than zero):

$$\begin{array}{ccccc} \text{Accumulated} & & \text{(Number of years that the teacher} & & \\ \text{absence days divided} & + & \text{has taught at School Corporation} & \times & \text{Last year's salary} \\ \text{by 600} & & \text{minus ten) divided by 120} & & \end{array}$$

- B. This severance benefit will be made into the teacher's post-separation 403(b) account. In 2015, 2016 and 2017 there was one retiree that received the benefit each year and the School Corporation contributed \$17,178, \$15,074, and \$22,420 respectively.
- C. Teachers employed for 1 or more but less than 10 consecutive school years prior to the 2002-03 school year, shall have placed into a 401(a) individual retirement account a sum equal to 1% for each consecutive year of service in the School Corporation times the BS+0 salary in October 2002; thereafter, annual each October 1 through the 2013-2014 school year, an amount equal to 1% of the BS+0 salary for the applicable school year and annual each October 1 to the current BS+0 salary annual for the applicable school year through the 2013-2014 school year and after the 2013-2014 school year, 1% of the district's starting base salary.

- D. Teachers first hired with the beginning of the 2002-03 school year and thereafter, shall have contributed annually into a 401(a) individual retirement account after completion of the school year the following October 1 a sum equal to 1% of the current BS+0 salary annual for the applicable school year through the 2013-2014 school year and after the 2013-2014 school year 1% of the district's starting base salary.
- E. Teachers covered under section C & D directly above shall be compensated for all absence days in excess of 100 by deposit to the teacher's 401(a) account on each October 1 using the following formula:
- F. Number of absence days in excess of 100 divided by 600 X (current BS+0 Salary for the applicable school year through the 2013-2014 school year and after the 2013-2014 school year, 1% of the district's stated starting base salary).
- G. Teachers with 10 or more years of consecutive employment with the School Corporation may have a contribution made into a 401(a) account in the amount of 5% of the teacher's severance entitlement up to a maximum of 50% of the teacher's total entitlement over the period of his/her teaching employment. Those contributions into the 401(a) account will reduce the amount to which the teach is entitled to under paragraph A of this section by 5% for each year the 5% contribution was made into the teacher's 401(a) account. Teachers made a one-time election of this benefit prior to October 1, 2002. Upon qualification, the benefit began October 1, 2002 and continues each October 1 thereafter.

For the severance benefits for the individual retirement accounts described above the School Corporation contributed \$75,136 in 2015, \$74,141 in 2016, and \$82,724 in 2017 into the retiree's respective individual retirement 401(a) accounts.

GENERAL PHYSICAL AND DEMOGRAPHIC INFORMATION

LOCATION

The School Corporation is located in Lake County in northwest Indiana. The School Corporation is approximately 30 miles southeast of Chicago and 150 miles northwest of Indianapolis. The western border of Lake County is the Illinois state line.

GENERAL CHARACTERISTICS

The Town of Highland is a residential community with retail and service establishments, along with light industry. Residents of the School Corporation have access to an extensive municipal park system with numerous athletic fields and courts, picnic shelters, trails, an athletic complex, a field house and a community center. Residents also have access to the extensive facilities of the Lake County Park system and the nearby Indiana Dunes National Lakeshore and Indiana Dunes State Park.

The residents of the School Corporation are served by the Lake County Public Library, which operates a branch in Highland. The Library system provides a wide range of services including programming for adults and children, instructional classes, computer labs and Internet access. Residents also enjoy cultural pursuits such as the Northwest Indiana Symphony Orchestra and the South Shore Arts (formerly Northern Indiana Art Association). The City's proximity to Chicago offers residents a full range of additional cultural opportunities, as well as sporting events and other forms of entertainment.

PLANNING AND ZONING

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

GENERAL ECONOMIC AND FINANCIAL INFORMATION

COMMERCE AND INDUSTRY

The Town of Highland has some light industry and commercial development, but functions to a large degree as a residential community for persons employed in the heavily industrialized area of northern Lake County. The largest employers in the Town of Highland include the School Corporation, the Town government, and retail and grocery stores such as Strack & Van Til, Meijer, and Kohl's. Larger industries that provide employment in the surrounding Lake County area include steel production and fabrication, petroleum refining, and the manufacturing of auto parts.

Burlington Coat Factory announced that it is moving into the Highland Grove Shopping Center on March 26, 2018. The retailer will occupy space that was previously vacant.

Strack & Van Til is one of the largest employers within the School Corporation. The company was established in 1959 in Highland with the idea of creating a modern supermarket. Today the company has grown to operate 38 stores in northwest Indiana and Illinois under the names Strack & Van Til, Ultra Foods, and Town & Country Markets. On May 4, 2017 it was announced that Strack & Van Til's parent company Central Grocers, Inc. had filed for bankruptcy, according to Inside Indiana Business. A bankruptcy court-supervised auction approved the sale of 20 Strack & Van Til stores to the Indiana Grocery Group. The Indiana Grocery Group consists of the Strack and Van Til families who originally owned the stores, before the stores were sold to Central Grocers, Inc. in 1997, along with a few other investors. The deal was closed in August 2017 and saved about 220 jobs according to the Northwest Indiana Times.

The Northern Indiana Commuter Transportation District, which runs the South Shore Line, is in the draft phase of expanding the South Shore Line to the Town. The total expansion of the project is expected to cost about \$760 million. The new line would be within commuting distance of the School Corporation and pass through the Town of Dyer and the City of Hammond to take commuters into Chicago.

LARGE EMPLOYERS

Below is a list of the School Corporation'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>
Strack & Van Til Supermarkets/ Ultra Foods	1959	Grocery stores / corporate office	700 (1)
Meijer	1999	Grocery and retail store	400 (2)
School Town of Highland		Public education	394 (3)
Town of Highland		Local government	300 (4)
EMCOR Hyre Electric Company of Indiana	1962	General electric contractor	299 (5)
Kohl's Department Store	2000	Retail store	180 (2)
Target	1995	Retail store	150 (2)
Best Buy	2008	Retail store	100 (2)
Allen Landscape in Highland LLC	1973	Landscape contractor/ retail store	90 (2)
Webb Ford, Inc.		Automotive dealership	85 (2)

(1) Per the 2017 Harris Directory.

(2) Per the Indiana Department of Workforce Development.

(3) Per the School Corporation includes 179 certified and 215 non-certified staff.

(4) Per the Town includes 110 full-time and 190 seasonal, part-time and board members.

(5) Includes 274 field electricians and 25 office staff.

EMPLOYMENT

<u>Year</u>	<u>Unemployment Rate</u>		<u>Lake County Labor Force</u>
	<u>Lake County</u>	<u>Indiana</u>	
2013	9.1%	7.7%	229,941
2014	7.9%	6.0%	230,390
2015	6.8%	4.8%	229,689
2016	6.3%	4.4%	232,103
2017	5.1%	3.5%	229,520
2018, June	5.0%	3.6%	236,486

Source: Indiana Business Research Center. Data collected as of July 30, 2018.

BUILDING PERMITS

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

<u>Year</u>	<u>Residential</u>		<u>Commercial/Institutional</u>		<u>Other (1)</u>	
	<u>Total Permits</u>	<u>Estimated Costs</u>	<u>Total Permits</u>	<u>Estimated Costs</u>	<u>Total Permits</u>	<u>Estimated Costs</u>
2013	82	\$1,322,588	66	\$6,636,867	1,526	\$11,509,586
2014	70	1,837,511	61	17,027,823 (2)	1,174	16,661,321 (3)
2015	76	1,343,933	71	8,046,381	1,104	6,986,858
2016	63	1,832,796	70	5,251,439	1,119	6,905,200
2017	64	1,798,295	54	5,980,315	1,070	19,779,992

(1) Includes permits for signs, remodeling, sheds, fences, pools, tile, and other miscellaneous permits.

(2) Includes \$10,000,000 of estimated construction costs for the construction of Prairie Square Motel.

(3) Includes \$9,030,373 of estimated construction costs for the construction of the Town of Highland Public Safety Facility /Police Station. The Building Department included this with the Other permits for permit fee reasons.

Source: Town of Highland Department of Building and Inspection

POPULATION

<u>Year</u>	<u>School Town of Highland</u>		<u>Lake County</u>	
	<u>Population</u>	<u>Percent of Change</u>	<u>Population</u>	<u>Percent of Change</u>
1970	24,947	53.20%	546,253	6.43%
1980	25,935	3.96%	522,917	-4.27%
1990	23,696	-8.63%	475,594	-9.05%
2000	23,546	-0.63%	484,564	1.89%
2010	23,727	0.77%	496,005	2.36%
2017, Est.	22,585	-4.81%	485,640	-2.09%

Source: U.S. Census Bureau

AGE STATISTICS

	<u>Town of Highland</u>	<u>Lake County</u>
Under 25 Years	6,821	170,479
25 to 44 Years	6,173	125,453
45 to 64 Years	6,632	134,203
65 Years and Over	4,101	65,870
Totals	<u>23,727</u>	<u>496,005</u>

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

EDUCATIONAL ATTAINMENT

<u>Years of School Completed</u>	<u>Persons 25 and Over</u>	
	<u>Town of Highland</u>	<u>Lake County</u>
Less than 9th grade	2.7%	4.5%
9th to 12th grade, no diploma	4.8%	7.9%
High school graduate	35.2%	35.3%
Some college, no degree	23.7%	23.1%
Associate's degree	8.3%	8.3%
Bachelor's degree	18.0%	13.9%
Graduate or professional degree	7.3%	7.0%

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

MISCELLANEOUS ECONOMIC INFORMATION

	<u>Town of Highland</u>	<u>Lake County</u>	<u>Indiana</u>
Per capita income, past 12 months*	\$30,381	\$25,483	\$26,117
Median household income, past 12 months*	\$62,240	\$50,905	\$50,433
Average weekly earnings in manufacturing (4th qtr. of 2017)	N/A	\$1,661	\$1,186
Land area in square miles - 2010	6.94	498.96	35,826.11
Population per land square mile - 2010	3,418.9	994.1	181.0
Retail sales in 2012:			
Total retail sales	\$886,671,000	\$7,495,296,000	\$85,857,962,000
Sales per capita**	\$37,370	\$15,111	\$13,242
Sales per establishment	\$7,327,860	\$48,988,863	\$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 July 30, 2018.

<u>Employment and Earnings - Lake County 2016</u>	<u>Earnings (In 1,000s)</u>	<u>Percent of Earnings</u>	<u>Labor Force</u>	<u>Distribution of Labor Force</u>
Services	\$4,665,533	36.88%	110,952	45.28%
Manufacturing	2,572,362	20.34%	24,659	10.06%
Government	1,419,204	11.22%	26,875	10.97%
Construction	1,074,425	8.49%	14,673	5.99%
Retail trade	862,658	6.81%	29,235	11.92%
Other*	808,040	6.39%	8,768	3.58%
Transportation and warehousing	633,743	5.01%	10,745	4.39%
Finance, insurance and real estate	510,412	4.04%	16,366	6.68%
Information	95,728	0.76%	1,918	0.78%
Mining	7,498	0.06%	245	0.10%
Forestry, fishing, related activities	3,478	0.03%	161	0.07%
Farming	(3,577)	-0.03%	440	0.18%
Totals	<u>\$12,649,504</u>	<u>100.00%</u>	<u>245,037</u>	<u>100.00%</u>

*In order to avoid disclosure of confidential information, specific earnings and employment figures are not available for the the Utility and Wholesale Trade Sectors. The data is incorporated here.

Source: Bureau of Economic Analysis and the Indiana Business Research Center. Data collected as of July 30, 2018.

<u>Adjusted Gross Income</u>	<u>Year</u>	<u>Lake County Total</u>
	2011	\$9,882,013,403
	2012	10,450,585,736
	2013	10,510,042,226
	2014	10,764,593,178
	2015	10,875,182,201

Source: Indiana Department of Revenue

SCHEDULE OF INDEBTEDNESS

The following schedule shows the outstanding indebtedness of the School Corporation and the taxing units within and overlapping its jurisdiction as of August 15, 2018, including issuance of the Bonds, as reported by the respective taxing units.

<u>Direct Debt</u>	<u>Original Par Amount</u>	<u>Final Maturity</u>	<u>Outstanding Amount</u>
Tax Supported Debt (1)			
Highland Multi-School Building Corporation			
Ad Valorem Property Tax First Mortgage Refunding and Improvement Bonds, Series 2018	\$11,415,000 *	01/15/26	\$11,415,000 *
Ad Valorem Property Tax First Mortgage Bonds, Series 2016	25,990,000	01/15/36	25,850,000
Highland School Building Corporation			
Ad Valorem Property Tax First Mortgage Refunding and Improvement Bonds, Series 2013	24,940,000	07/05/20	7,465,000
Taxable Ad Valorem Property Tax First Mortgage Bonds of 2012	1,670,000	01/15/23	740,000
School Town of Highland			
General Obligation Bonds, Series 2016	3,800,000	12/30/23	3,785,000
General Obligation Bonds of 2015	2,000,000	12/30/21	1,870,000
Common School Fund Loans			1,281,178
			<hr/>
Total Direct Debt			<u><u>\$52,406,178</u></u>

Note: The School Corporation has \$3,117,000 of Tax Anticipation Warrants outstanding that mature December 31, 2018. The School Corporation anticipates adding two Common School Funds Loans by the end of 2018, both loans are expected to be between \$330,000 and \$350,000.

	<u>Total Debt</u>	<u>Percent Allocable to School Corporation (2)</u>	<u>Amount Allocable to School Corporation</u>
<u>Overlapping Debt</u>			
Tax Supported Debt			
Lake County	\$117,310,000	4.88%	\$5,724,728
Town of Highland	25,975,000	100.00%	25,975,000
Highland Water District	850,000	100.00%	850,000
Highland Sanitary District	17,513,500	100.00%	17,513,500
Lake County Public Library	3,745,000	8.90%	333,305
			<hr/>
Tax Supported Debt			<u>50,396,533</u>
Self-Supporting Revenue Debt			
Lake County	77,500	4.88%	3,782
Lake County Solid Waste Management District	4,095,000	4.88%	199,836
			<hr/>
Self-Supporting Revenue Debt			<u>203,618</u>
			<hr/>
Total Overlapping Debt			<u><u>\$50,600,151</u></u>

*Preliminary, subject to change.

(1) Excludes \$6,205,000 of First Mortgage Bonds, Series 2008 to be refunded through the proceeds of the Bonds.

(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 School Corporation makes no representation or warranty as to its accuracy or completeness.

DEBT RATIOS

The following presents the ratios relative to the tax supported indebtedness of the taxing units within and overlapping the School Corporation as of August 15, 2018, including issuance of the Bonds.

	Direct Tax Supported Debt \$52,406,178	Allocable Portion of All Other Overlapping Tax Supported Debt \$50,396,533	Total Direct and Overlapping Tax Supported Debt \$102,802,711
Per capita (1)	\$2,320.40	\$2,231.42	\$4,551.81
Percent of net assessed valuation (2)	4.82%	4.63%	9.45%
Percent of gross assessed valuation (3)	2.80%	2.69%	5.49%
Per pupil (4)	\$16,164.77	\$15,544.89	\$31,709.66

- (1) According to the U.S. Census Bureau, the estimated 2017 population of the School Corporation is 22,585.
- (2) The net assessed valuation of the School Corporation for taxes payable in 2018 is \$1,088,172,515 according to the Lake County Auditor's office.
- (3) The gross assessed valuation of the School Corporation for taxes payable in 2018 is \$1,872,089,400 according to the Lake County Auditor's office.
- (4) Enrollment of the School Corporation is 3,242 as reported by school personnel.

SCHEDULE OF HISTORICAL NET ASSESSED VALUATION

(As Provided by the Lake 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	\$956,692,896	\$21,083,600	\$40,805,310	\$1,018,581,806
2015	988,710,529	21,429,520	43,323,770	1,053,463,819
2016	989,062,204	21,929,940	44,024,310	1,055,016,454
2017	1,000,902,566	22,516,360	45,486,070	1,068,904,996
2018	1,022,418,985	21,258,180	44,495,350	1,088,172,515

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 Department of Local Government Finance ("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 School Corporation. Lower assessed values of a School Corporation may result in higher tax rates in order for a School Corporation 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.

DETAIL OF NET ASSESSED VALUATION

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

Gross Value of Land	\$383,035,300
Gross Value of Improvements	<u>1,422,035,900</u>
Total Gross Value of Real Estate	1,805,071,200
Less: Mortgage Exemptions, Veterans, Blind Age 65 & Other Exemptions	(710,950,849)
Tax Exempt Property	(35,209,100)
TIF	<u>(36,492,266)</u>
Net Assessed Value of Real Estate	<u>1,022,418,985</u>
Business Personal Property	45,760,020
Less: Deductions	<u>(1,264,670)</u>
Net Assessed Value of Personal Property	<u>44,495,350</u>
Net Assessed Value of Utility Property	<u>21,258,180</u>
Total Net Assessed Value	<u><u>\$1,088,172,515</u></u>

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:					
Debt Service	\$0.1084	\$0.0994	\$0.1110	\$0.1998	\$0.1741
Exempt Debt Service	0.3683	0.3572	0.3554	0.3750	0.4012
Capital Projects	0.2009	0.1943	0.1941	0.1934	0.1919
Transportation	0.1029	0.1021	0.1044	0.1072	0.1094
Bus Replacement	<u>0.0181</u>	<u>0.0292</u>	<u>0.0184</u>	<u>0.0189</u>	<u>0.0193</u>
Totals	<u>\$0.7986</u>	<u>\$0.7822</u>	<u>\$0.7833</u>	<u>\$0.8943</u>	<u>\$0.8959</u>
Total District Certified Tax Rate (1)					
Town of Highland	\$2.6508	\$2.7304	\$2.7368	\$2.9938	\$3.0097

(1) Includes certified tax rates of overlapping taxing units.

Source: DLGF Certified Budget Orders for the School Corporation.

PROPERTY TAXES LEVIED AND COLLECTED

Collection Year	Certified Taxes Levied	Circuit Breaker Tax Credit (1)	Certified Taxes Levied Net of Circuit Breaker Tax Credit	Taxes Collected	Collected as Percent of Gross Levy	Collected as Percent of Net Levy
2013	\$8,244,653	(\$81,698)	\$8,162,955	\$8,156,628	98.93%	99.92%
2014	8,156,068	(11,469)	8,144,599	8,206,321	100.62%	100.76%
2015	8,261,742	(22,584)	8,239,158	8,174,426	98.94%	99.21%
2016	8,300,409	(30,345)	8,270,064	8,135,244	98.01%	98.37%
2017	9,586,386	(209,564)	9,376,822	9,192,866	95.90%	98.04%

Source: The Lake County Auditor's Office and the DLGF Certified Budget Orders for the School Corporation.

(1) Circuit Breaker Tax Credits allocable to the School Corporation 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.

Article 10, Section 1 of the Constitution of the State of Indiana (the "Constitutional Provision") excludes from the application of the Circuit Breaker Tax Credit property taxes first due and payable in 2012, and thereafter, that are imposed after being approved by the voters in a referendum. The Statute codifies this exception, providing that, with respect to property taxes first due and payable in 2012 and thereafter, property taxes imposed after being approved by the voters in a referendum will not be considered for purposes of calculating the limits to property tax liability under the provisions of the Statute. In accordance with the Constitutional Provision, the General Assembly has, in the Statute, designated Lake County and St. Joseph County as "eligible counties" and has provided that property taxes imposed in these eligible counties to pay debt service and make lease rental payments for bonds or leases issued or entered into before July 1, 2008 or on bonds issued or leases entered into after June 30, 2008 to refund those bonds or leases, will not be considered for purposes of calculating the limits to property tax liability under the provisions of the Statute, through and including December 31, 2019 ("Eligible County Exemption"). The School Corporation is located in Lake County and expects to have an increase in Circuit Breaker Tax Credit losses once the Eligible County Exemption expires on January 1, 2020.

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.

LARGE TAXPAYERS

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

<u>Name</u>	<u>Type of Business</u>	<u>2017/2018 Net Assessed Valuation</u>	<u>Percent of Total Net Assessed Valuation (1)</u>
Meijer Stores, LP	Retail store	\$20,203,230	1.86%
Highland Grove, LLC	Shopping center	19,587,700	1.80%
Hampton Associates (2)	Apartment complex	18,491,850	1.70%
Highland Plaza Improvement, LLC (2)	Shopping center	14,400,600	1.32%
Prairie Village Development, LLC / Prairie Square LLC (2)	Real estate	14,088,460	1.29%
ATG Development Company, LLC	Apartment complex	14,017,700	1.29%
Northern Indiana Public Service Company (2)	Gas & electric utility	13,747,470	1.26%
Target Stores	Retail store	7,701,600	0.71%
SVT, LLC (Strack & Van Tils) (2)	Grocery store	7,042,055	0.65%
Griffland Center, Inc.	Warehousing	<u>6,743,300</u>	<u>0.62%</u>
Totals		<u><u>\$136,023,965</u></u>	<u><u>12.50%</u></u>

- (1) The total net assessed valuation of the School Corporation is \$1,088,172,515 for taxes payable in 2018, according to the Lake 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 following financial statements on pages A-18 - A-19 are excerpts from the School Corporation's July 1, 2015 to June 30, 2017 audit report of the Indiana State Board of Accounts. Consequently, these schedules do not include all disclosures required by generally accepted accounting principles. A complete audit will be furnished upon request. Current reports are available at <http://www.in.gov/sboa/resources/reports/audit/>.

SCHOOL TOWN OF HIGHLAND

STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS

For the Years Ended June 30, 2016 and 2017.

	Cash and Investments <u>07-01-2015</u>	<u>Receipts</u>	<u>Disbursements</u>	Other Financing Sources (Uses)	Cash and Investments <u>06-30-2016</u>	<u>Receipts</u>	<u>Disbursements</u>	Other Financing Sources (Uses)	Cash and Investments <u>06-30-2017</u>
General	\$3,350,376	\$19,703,289	\$19,034,977		\$4,018,688	\$20,318,233	\$19,445,546		\$4,891,375
Debt Service	855,570	1,450,650	1,167,240	\$71,073	1,210,053	2,466,135	2,142,497	(\$32,662)	1,501,029
Exempt Debt	2,847,095	4,308,737	4,694,000		2,461,832	4,425,393	4,264,000		2,623,225
Exempt Pension Debt	157,868				157,868				157,868
Capital Projects	1,317,388	3,705,844	2,963,315	18,200	2,078,117	3,449,469	3,708,325	17,409	1,836,670
School Transportation	1,001,912	1,634,729	1,502,684		1,133,957	1,660,366	1,526,188		1,268,135
School Bus Replacement	255,781	449,095	327,528		377,348	340,412	375,776		341,984
Post-Retirement/Severance Future Benefits	320,800		32,120		288,680		185,894		102,786
G.O. Construction of 2015	1,880,604		1,574,192		306,412		297,159		9,253
First Mortgage Bond of 2016 Construction	0	4,981		10,000,000	10,004,981	55,340	975,557		9,084,764
G.O. Construction of 2017	0			3,800,000	3,800,000		1,756,444		2,043,556
School Lunch	1,023,353	1,366,635	1,224,830		1,165,158	1,372,021	1,769,782		767,397
Textbook Rental	517,792	313,946	177,114	42,944	697,568	337,567	146,606	32,662	921,191
Self-Insurance	3,388,474	2,898,690	3,011,588		3,275,576	2,867,104	3,422,943		2,719,737
Levy Excess	0	1,394			1,394				1,394
Child Care Program	100,126	124,289	112,982		111,433	127,731	120,132		119,032
Alternative Education 2014/2015 SY	99,111		28,679	(70,432)	0				0
Alternative Education 2015/2016 SY	0	171,856	134,675	70,434	107,615		23,412	(84,203)	0
Alternative Education 2016/2017 SY	0				0	147,301	146,298	84,203	85,206
SAFE School Haven 2015/2016 SY	0	10,000	10,000		0				0
Early Intervention Grant 2015	(1,500)	40,000	38,500		0				0
Early Intervention Grant 2016	0				0	3,739			3,739
Lowes Donation	2,099		2,099		0				0
Home Depot Donation	5,424		5,424		0				0
IN DOE Literacy	938		938		0				0
Lake County Substance Abuse Council Grant 2015/16 SY	0	7,250	6,300		950		950		0
Lake County Substance Abuse Council Grant 2016/17 SY	0				0	10,400	8,225		2,175
Subtotals	\$17,123,211	\$36,191,385	\$36,049,185	\$13,932,219	\$31,197,630	\$37,581,211	\$40,315,734	\$17,409	\$28,480,516

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SCHOOL TOWN OF HIGHLAND

(Cont'd)

STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES

REGULATORY BASIS

For the Years Ended June 30, 2016 and 2017.

	Cash and Investments <u>07-01-2015</u>	<u>Receipts</u>	<u>Disbursements</u>	Other Financing Sources (Uses)	Cash and Investments <u>06-30-2016</u>	<u>Receipts</u>	<u>Disbursements</u>	Other Financing Sources (Uses)	Cash and Investments <u>06-30-2017</u>
Subtotals carried forward	\$17,123,211	\$36,191,385	\$36,049,185	\$13,932,219	\$31,197,630	\$37,581,211	\$40,315,734	\$17,409	\$28,480,516
Formative Assessment	0	18,200		(18,200)	0	39,286	8,883	(17,409)	12,994
High Ability Grant 2015/2016 SY	0	37,987	37,987		0				0
High Ability Grant 2016/2017 SY	0				0	37,181	32,165		5,016
Computer Consortium/Ed Tech Advance (3190)	0	298,500	298,500		0				0
Computer Consortium/Ed Tech Advance (3191)	0	204,430	269,389		(64,959)	103,870	38,911		0
Computer Consortium/Ed Tech Advance (3192)	0				0	314,100	314,100		0
Computer Consortium/Ed Tech Advance (3193)	0				0		163,080		(163,080)
Education Technology (3199)	0	120,247	120,247		0				0
Secured Schools Safety Grant	0		50,000		(50,000)	50,000	50,000		(50,000)
Non-English Speaking Programs P.L. 273-1999 (3716)	0	15,300	15,300		0				0
Non-English Speaking Programs P.L. 273-1999 (3717)	0				0	15,017	15,017		0
School Technology	2,147	10,884	10,247		2,784	12,788	10,884		4,688
Career and Technical Performance Grant	0				0	18,764	18,764		0
Performance Based Awards (3750)	0	114,495	114,495		0				0
Performance Based Awards (3751)	0				0	161,282	161,282		0
Senator David Ford Technology	0	3,247	3,247		0				0
Title I - Grants to LEAs 14/15 (4114)	(21,243)	73,192	51,949		0				0
Title I - Grants to LEAs 15/16 (4115)	0	274,689	345,627		(70,938)	95,960	25,022		0
Title I - Grants to LEAs 16/17 (4116)	0				0	237,006	260,707		(23,701)
Title II Part A Improving Teacher Quality (6845)	(1,550)	6,574	5,024		0				0
Title II Part A Improving Teacher Quality (6846)	0	43,000	46,527		(3,527)	26,126	22,599		0
Title II Part A Improving Teacher Quality (6847)	0				0	15,429	22,230		(6,801)
Title III - Language Instruction 14/15 (6884)	(1,370)	1,370			0				0
Title III - Language Instruction 15/16 (6885)	0	14,752	14,871		(119)	316	197		0
Title III - Language Instruction 16/17 (6886)	0				0	12,668	12,820		(152)
Clearing Accounts (Fund 8100)	0	4,608,516	4,608,516		0	4,677,112	4,677,112		0
Food Service Clearing Account (Fund 8400)	15,666	38,620	37,490		16,796	31,499	30,274		18,021
Totals	<u>\$17,116,861</u>	<u>\$42,075,388</u>	<u>\$42,078,601</u>	<u>\$13,914,019</u>	<u>\$31,027,667</u>	<u>\$43,429,615</u>	<u>\$46,179,781</u>	<u>\$0</u>	<u>\$28,277,501</u>

The following schedules on pages A-20 - A-27 contain limited and unaudited financial information which is presented solely for the purpose of conveying a statement of cash and investment balances for the School Corporation. Consequently, these schedules do not include all disclosures required by generally accepted accounting principles. Current reports are available at <http://www.doe.in.gov/finance/school-financial-reports>

SCHOOL TOWN OF HIGHLAND

SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND (Unaudited)

	Calendar Year		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>GENERAL FUND</u>			
Receipts:			
Earnings on Investments	\$2,456	\$16,839	\$37,796
School Corporation Activities	166,433	127,626	142,987
Other Revenue from Local Sources	35,951	22,142	62,534
Revenue from Intermediate Sources	308,653	279,084	308,223
Revenue from State Sources	19,175,129	19,584,914	20,073,740
Other Items	25	159	492
	<u>19,688,646</u>	<u>20,030,764</u>	<u>20,625,773</u>
Total Receipts			
Expenditures:			
Instruction	12,288,205	12,374,202	12,954,964
Support Services	6,433,301	6,207,778	6,644,906
Community Services	350,981	384,421	335,115
Nonprogrammed Charges			250,000
	<u>19,072,487</u>	<u>18,966,400</u>	<u>20,184,985</u>
Total Expenditures			
Net Increase (Decrease)	616,159	1,064,364	440,788
Beginning Balance - January 1st	<u>3,213,227</u>	<u>3,829,385</u>	<u>4,893,749</u>
Ending Balance - December 31st	<u><u>\$3,829,385</u></u>	<u><u>\$4,893,749</u></u>	<u><u>\$5,334,537</u></u>

The General Fund is the primary operating fund and is used to budget and account for all receipts and disbursements relative to the basic operation and basic programs of the School Corporation.

(Continued on next page)

SCHOOL TOWN OF HIGHLAND

(Cont'd)

SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

	Calendar Year		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>DEBT SERVICE FUND</u>			
Receipts:			
Local Property Tax	\$1,040,457	\$1,155,516	\$2,090,763
Financial Institutions Tax	10,190	12,250	17,379
License Excise Tax	73,191	79,831	139,480
Commercial Vehicle Excise Tax	3,626	3,602	5,506
Temporary Loans		243,000	650,000
Issuance of Bonds		114,017	
Other			100,000
	<u> </u>	<u> </u>	<u> </u>
Total Receipts	<u>1,127,465</u>	<u>1,608,215</u>	<u>3,003,127</u>
Expenditures:			
Principal of Debt	410,000	458,000	1,180,000
Interest on Debt	52,758	102,230	204,506
Lease Rental	183,000	396,915	1,200,000
Common School Fund Loan	455,433	515,045	601,079
Nonprogrammed Charges	42,944	32,662	27,682
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>1,144,135</u>	<u>1,504,852</u>	<u>3,213,267</u>
Net Increase (Decrease)	(16,670)	103,363	(210,139)
Beginning Balance - January 1st	<u>786,350</u>	<u>769,680</u>	<u>873,043</u>
Ending Balance - December 31st	<u><u>\$769,680</u></u>	<u><u>\$873,043</u></u>	<u><u>\$662,904</u></u>

The Debt Service Fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

(Continued on next page)

SCHOOL TOWN OF HIGHLAND

(Cont'd)

SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

	Calendar Year		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>EXEMPT DEBT SERVICE</u>			
Receipts:			
Local Property Tax	\$3,739,177	\$3,700,759	\$3,924,873
Financial Institutions Tax	36,619	39,223	32,618
License Excise Tax	263,017	255,602	261,786
Commercial Vehicle Excise Tax	13,029	11,532	10,333
Temporary Loans	<u>670,000</u>	<u>240,000</u>	<u>277,000</u>
Total Receipts	<u>4,721,842</u>	<u>4,247,116</u>	<u>4,506,611</u>
Expenditures:			
Principal on Temporary Loans	670,000	240,000	277,000
Lease Rental	<u>4,025,000</u>	<u>4,023,000</u>	<u>4,025,000</u>
Total Expenditures	<u>4,695,000</u>	<u>4,263,000</u>	<u>4,302,000</u>
Net Increase (Decrease)	26,842	(15,884)	204,611
Beginning Balance - January 1st	<u>1,985,315</u>	<u>2,012,158</u>	<u>1,996,273</u>
Ending Balance - December 31st	<u><u>\$2,012,158</u></u>	<u><u>\$1,996,273</u></u>	<u><u>\$2,200,884</u></u>

The Exempt Debt Service Fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

(Continued on next page)

SCHOOL TOWN OF HIGHLAND

(Cont'd)

SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

	Calendar Year		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>EXEMPT PENSION DEBT FUND</u>			
Total Receipts	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Net Increase (Decrease)	0	0	0
Beginning Balance - January 1st	<u>157,868</u>	<u>157,868</u>	<u>157,868</u>
Ending Balance - December 31st	<u><u>\$157,868</u></u>	<u><u>\$157,868</u></u>	<u><u>\$157,868</u></u>

(1) The School Corporation's Pension Bonds were retired in 2012.

The Exempt Pension Debt Fund accounts for debt service payments anticipated to be made on debt issued for unfunded payments for termination of employment or to pay postretirement or severance benefits.

(Continued on next page)

SCHOOL TOWN OF HIGHLAND

(Cont'd)

SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

	<u>Calendar Year</u>		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>CAPITAL PROJECTS FUND</u>			
Receipts:			
Local Property Tax	\$2,025,605	\$2,008,421	\$1,923,381
Financial Institutions Tax	19,919	21,421	16,822
License Excise Tax	143,069	139,596	135,012
Commercial Vehicle Excise Tax	7,087	6,298	5,329
Other Revenue from Local Sources	4,159	80,623	
Temporary Loans	977,000	1,461,000	1,272,000
Other	1,503	35,609	1,289
	<hr/>	<hr/>	<hr/>
Total Receipts	3,178,343	3,752,968	3,353,833
	<hr/>	<hr/>	<hr/>
Expenditures:			
Support Services	1,304,805	1,357,299	1,301,652
Facilities Acquisition and Construction	755,183	776,266	790,564
Debt Services	977,000	1,461,000	1,272,000
Non Programmed charges			350,000
	<hr/>	<hr/>	<hr/>
Total Expenditures	3,036,987	3,594,566	3,714,216
	<hr/>	<hr/>	<hr/>
Net Increase (Decrease)	141,355	158,402	(360,383)
Beginning Balance - January 1st	92,126	233,482	391,884
	<hr/>	<hr/>	<hr/>
Ending Balance - December 31st	<u>\$233,482</u>	<u>\$391,884</u>	<u>\$31,501</u>

The Capital Projects Fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

(Continued on next page)

SCHOOL TOWN OF HIGHLAND

(Cont'd)

SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

	Calendar Year		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>TRANSPORTATION FUND</u>			
Receipts:			
Local Property Tax	\$1,064,460	\$1,079,863	\$1,052,811
License Excise Tax	75,179	75,084	74,836
Commercial Vehicle Excise Tax	3,724	3,388	2,954
Financial Institutions Tax	10,467	11,522	9,324
School Corporation Activities	22,356	28,560	26,882
Other Revenue from Local Sources	1,155	150	1,481
Other Financing Sources	431,000	433,000	466,000
Other Items	2,578		2,833
Total Receipts	<u>1,610,920</u>	<u>1,631,567</u>	<u>1,637,120</u>
Expenditures:			
Support Services	1,064,786	1,064,668	1,184,692
Principal of Debt	431,000	433,000	466,000
Interfund Transfer			300,000
Total Expenditures	<u>1,495,786</u>	<u>1,497,668</u>	<u>1,950,692</u>
Net Increase (Decrease)	115,134	133,899	(313,572)
Beginning Balance - January 1st	<u>445,045</u>	<u>560,179</u>	<u>694,078</u>
Ending Balance - December 31st	<u><u>\$560,179</u></u>	<u><u>\$694,078</u></u>	<u><u>\$380,507</u></u>

The Transportation Fund accounts for financial resources for the transportation of school children to and from school.

(Continued on next page)

SCHOOL TOWN OF HIGHLAND

(Cont'd)

SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

	<u>Calendar Year</u>		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>TRANSPORTATION SCHOOL BUS REPLACEMENT FUND</u>			
Receipts:			
Local Property Tax	\$304,728	\$190,686	\$187,672
License Excise Tax	21,501	13,233	13,194
Commercial Vehicle Excise Tax	1,065	597	521
Financial Institutions Tax	2,994	2,031	1,644
Other Financing Sources	<u>137,000</u>	<u>184,000</u>	<u>135,000</u>
Total Receipts	<u>467,287</u>	<u>390,547</u>	<u>338,030</u>
Expenditures:			
Support Services	295,650	191,776	198,463
Debt Services	137,000	184,000	135,000
Interfund Transfer			<u>50,000</u>
Total Expenditures	<u>432,650</u>	<u>375,776</u>	<u>383,463</u>
Net Increase (Decrease)	34,637	14,771	(45,433)
Beginning Balance - January 1st	<u>44,224</u>	<u>78,862</u>	<u>93,633</u>
Ending Balance - December 31st	<u><u>\$78,862</u></u>	<u><u>\$93,633</u></u>	<u><u>\$48,200</u></u>

The Transportation School Bus Replacement Fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

	<u>Calendar Year</u>		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>LOCAL RAINY DAY FUND</u>			
Receipts:			
Interfund Transfers			<u>\$950,000</u>
Total Receipts	<u>\$0</u>	<u>\$0</u>	<u>950,000</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Net Increase (Decrease)	0	0	950,000
Beginning Balance - January 1st	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance - December 31st	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$950,000</u></u>

The School Corporation has created a Rainy Day Fund as allowed under IC 36-1-8-5.1 by adopting a resolution. The resolution of the School Corporation designates the purposes of the Rainy Day Fund and restrictions, if any, on the use of funds and allowable sources of funding.

(Continued on next page)

SCHOOL TOWN OF HIGHLAND

(Cont'd)

SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

	<u>Calendar Year</u>		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>OTHER FUNDS</u>			
Receipts:			
Revenue from Local Sources	\$4,262,482	\$3,983,387	\$4,161,645
Earnings on Investments	3,081	33,457	97,056
Revenue from State Sources	840,380	969,686	1,150,966
Revenue from Federal Sources	1,097,607	1,125,632	1,112,490
Interfund Transfers	113,377		95,449
Other Items	1,990,176	116,866	25
Issuance of Bonds		13,800,000	
Total Receipts	<u>8,307,104</u>	<u>20,029,028</u>	<u>6,617,631</u>
Expenditures:			
Instruction	632,982	587,850	590,862
Support Services	826,411	2,273,573	2,815,922
Community Services	1,296,733	1,328,674	1,555,115
Facilities Acquisition and Construction	1,589,559	890,528	5,299,190
Nonprogrammed Charges	2,671,187	3,161,048	3,587,514
Interfund Transfers	<u>70,434</u>	<u>119,812</u>	<u>67,768</u>
Total Expenditures	<u>7,087,306</u>	<u>8,361,486</u>	<u>13,916,370</u>
Net Increase (Decrease)	1,219,798	11,667,542	(7,298,739)
Beginning Balance - January 1st	<u>4,543,472</u>	<u>5,763,270</u>	<u>17,430,812</u>
Ending Balance - December 31st	<u><u>\$5,763,270</u></u>	<u><u>\$17,430,812</u></u>	<u><u>\$10,132,072</u></u>
 <u>GRAND TOTALS</u>			
Total Receipts	<u>\$39,101,606</u>	<u>\$51,690,205</u>	<u>\$41,032,126</u>
Total Expenditures	<u>36,964,351</u>	<u>38,563,747</u>	<u>47,664,992</u>
Net Increase (Decrease)	2,137,256	13,126,457	(6,632,867)
Beginning Balance - January 1st	<u>11,267,628</u>	<u>13,404,883</u>	<u>26,531,341</u>
Ending Balance - December 31st	<u><u>\$13,404,883</u></u>	<u><u>\$26,531,341</u></u>	<u><u>\$19,898,474</u></u>

The Building Corporation and School Corporation certify to the best of their knowledge and belief that this Official Statement, as of its date and as it relates to the School Corporation 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.

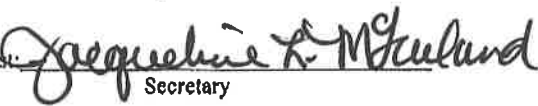
This Official Statement and its execution are duly authorized.

HIGHLAND MULTI-SCHOOL BUILDING CORPORATION

By:

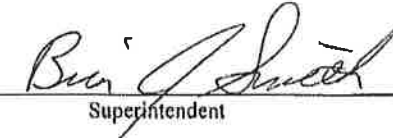

President

Attest:


Secretary

SCHOOL TOWN OF HIGHLAND

By:


Superintendent

APPENDIX B

UMBAUGH

H. J. Umbaugh & Associates
Certified Public Accountants, LLP
112 IronWorks Avenue
Suite C
Mishawaka, IN 46544
Phone: 574-935-5178
Fax: 574-935-5928
www.umbaugh.com

September 13, 2018

Board of School Trustees
School Town of Highland
9145 Kennedy Ave.
Highland, IN 46322

Building Corporation Directors
Highland Multi-School Building Corporation
9145 Kennedy Ave.
Highland, IN 46322

In connection with the issuance of \$11,415,000* principal amount of proposed Ad Valorem Property Tax First Mortgage Refunding and Improvement Bonds, Series 2018 we have, at your request, prepared this special purpose report and the following schedules for inclusion in the Preliminary Official Statement dated September 13, 2018.

Page(s)

B-2 – B-3	General Comments
B-4	Estimated Sources and Uses of Funds
B-5	Preliminary Schedule of Amortization of \$11,415,000* Principal Amount of Ad Valorem Property Tax First Mortgage Refunding and Improvement Bonds, Series 2018
B-6	Summary of Estimated Tax Impact
B-7	Existing Debt Service / Lease Rental Payments

In the preparation of these schedules, assumptions were made as noted regarding certain future events. As is the case with such assumptions regarding future events and transactions, some or all may not occur as expected, and the resulting differences could be material. We have not examined the underlying assumptions nor have we audited or reviewed the historical data. Consequently, we express no opinion thereon, nor do we have a responsibility to prepare subsequent reports.

*Preliminary, subject to change.



**HIGHLAND MULTI-SCHOOL BUILDING CORPORATION
SCHOOL TOWN OF HIGHLAND
Lake County, Indiana**

GENERAL COMMENTS

The Highland Multi-School Building Corporation (the “Building Corporation”) acting on behalf of the School Town of Highland (the “School Corporation”) is issuing \$11,415,000* of Ad Valorem Property Tax First Mortgage Refunding and Improvement Bonds, Series 2018 (the “Bonds”) for the purpose of paying the current refunding of \$6,205,000 of currently outstanding First Mortgage Bonds, Series 2008 dated June 12, 2008 (the “2008 Bonds”), to finance the costs of capital improvements at School Corporation facilities including but not limited to renovations and improvements to the School Corporation’s athletic facilities and the equipping thereof, installation of safe and secure entrances at Highland Middle School and High School, acquisition of one to one technology equipment throughout the district and to pay issuance expenses. The Leased Property consists of the Administration Center Building and the Southridge Elementary School Building (the “Leased Property”).

Payments on the Bonds will be made pursuant to a lease executed on March 13, 2008, as amended by a First Amendment to Lease dated as of January 19, 2016 and a Second Amendment to Lease dated as of July 17, 2018 between the Building Corporation and the School Corporation (collectively, the “Lease”). The term of the Lease is twenty-two (22) years. The Bonds are expected to mature on January 15, 2026. The Bonds are payable from semiannual lease rentals based upon the principal and interest payments in each twelve-month period ending January 15, rounded up to the next \$1,000, plus \$5,000. The lease rental will be payable in advance in semiannual installments on June 30 and December 31 of each year (the “Lease Rental”). Upon payment of sufficient Lease Rental to retire the principal and to meet the obligations of the Building Corporation for interest payments, trustee fees, and other expenses, no further payments will be made on the Lease, and title to the Leased Premises will be transferred to the School Corporation.

Estimated Sources and Uses of Funds – Page B-4

The costs of the projects relating to the Bonds are presented in this schedule, including deposit to the escrow fund, construction related expenses, allowance for underwriter’s discount, bond issuance expenses and contingencies.

Preliminary Schedule of Amortization of \$11,415,000* Principal Amount of Ad Valorem Property Tax First Mortgage Refunding and Improvement Bonds, Series 2018 – Page B-5

The proposed amortization of \$11,415,000* principal amount of Ad Valorem Property Tax First Mortgage Refunding and Improvement Bonds, Series 2018 is presented in this schedule. The Bonds are assumed to be dated October 04, 2018, and mature over a period of approximately seven years and three months with the final maturity on January 15, 2026. The Bonds are amortized based on assumed interest rates. Final interest rates will be determined through a competitive sale.

Summary of Estimated Tax Impact – Page B-6

Calculations were made in this schedule for the annual Lease Rental, and resulting estimated debt service tax rates based upon the amortization schedule found on pages B-5. No growth in assessed value from the 2019 certified net assessed value was assumed in the calculation of the debt service tax rate.

*Preliminary, subject to change.

**HIGHLAND MULTI-SCHOOL BUILDING CORPORATION
SCHOOL TOWN OF HIGHLAND
Lake County, Indiana**

GENERAL COMMENTS

Existing Debt Service / Lease Rental Payments – Page B-7

This schedule shows the outstanding (unaudited) existing debt service and lease rental payments of the School Corporation.

**HIGHLAND MULTI-SCHOOL BUILDING CORPORATION
SCHOOL TOWN OF HIGHLAND**

ESTIMATED SOURCES AND USES OF FUNDS

	<u>Refunding</u>	<u>New Money</u>	<u>Total</u>
<u>Estimated Sources of Funds*</u>			
Ad Valorem Property Tax First Mortgage Refunding and Improvement Bonds, Series 2018	<u>\$6,415,000.00</u>	<u>\$5,000,000.00</u>	<u>\$11,415,000.00</u>
<u>Estimated Uses of Funds*</u>			
Deposit to Escrow Fund	\$6,288,109.17		\$6,288,109.17
Funds available for construction and construction related expenses		\$4,898,000.00	4,898,000.00
Allowance for Underwriter's Discount (0.5%)	32,075.00	25,000.00	57,075.00
Allowance for Issuance Expense (1)	<u>94,815.83</u>	<u>77,000.00</u>	<u>171,815.83</u>
Total Estimated Uses	<u>\$6,415,000.00</u>	<u>\$5,000,000.00</u>	<u>\$11,415,000.00</u>

(1) Includes estimated fees for bond counsel, local attorney, financial advisor, trustee, escrow trustee, rating, printing and other miscellaneous expenses.

* Preliminary, subject to change.

(Subject to the comments in the accompanying report
dated September 13, 2018 of Umbaugh)

**HIGHLAND MULTI-SCHOOL BUILDING CORPORATION
SCHOOL TOWN OF HIGHLAND**

**PRELIMINARY SCHEDULE OF AMORTIZATION OF \$11,415,000* PRINCIPAL AMOUNT
OF AD VALOREM PROPERTY TAX FIRST MORTGAGE REFUNDING AND IMPROVEMENT BONDS, SERIES 2018**

Principal and Interest Payable Semiannually on January 15 and July 15

Assumes Bonds Dated October 4, 2018

Payment Date	Principal Balance*	Principal*	Assumed Interest Rate (%)	Interest	Total Debt Service	Budget Year Debt Service	Annual Lease Rental Payment (1)
	(-----In 1,000s-----)						
1/15/2019	\$11,415	\$270	2.00	\$79,301.13	\$349,301.13	\$349,301.13	\$355,000.00
7/15/2019	11,145	245	2.15	138,628.75	383,628.75		
1/15/2020	10,900	245	2.15	135,995.00	380,995.00	764,623.75	770,000.00
7/15/2020	10,655	1,380	2.25	133,361.25	1,513,361.25		
1/15/2021	9,275	1,385	2.25	117,836.25	1,502,836.25	3,016,197.50	3,022,000.00
7/15/2021	7,890	1,445	2.40	102,255.00	1,547,255.00		
1/15/2022	6,445	1,445	2.40	84,915.00	1,529,915.00	3,077,170.00	3,083,000.00
7/15/2022	5,000	600	2.55	67,575.00	667,575.00		
1/15/2023	4,400	605	2.55	59,925.00	664,925.00	1,332,500.00	1,338,000.00
7/15/2023	3,795	615	2.65	52,211.25	667,211.25		
1/15/2024	3,180	620	2.65	44,062.50	664,062.50	1,331,273.75	1,337,000.00
7/15/2024	2,560	630	2.75	35,847.50	665,847.50		
1/15/2025	1,930	635	2.75	27,185.00	662,185.00	1,328,032.50	1,334,000.00
7/15/2025	1,295	645	2.85	18,453.75	663,453.75		
1/15/2026	650	650	2.85	9,262.50	659,262.50	1,322,716.25	1,328,000.00
		<u>\$11,415</u>		<u>\$1,106,814.88</u>	<u>\$12,521,814.88</u>	<u>\$12,521,814.88</u>	<u>\$12,567,000.00</u>

(1) Based on total annual debt service rounded up to next \$1,000, plus \$5,000 for trustee and miscellaneous fees.

* Preliminary, subject to change.

(Subject to the comments in the accompanying report
dated September 13, 2018 of Umbaugh)

**HIGHLAND MULTI-SCHOOL BUILDING CORPORATION
SCHOOL TOWN OF HIGHLAND**

SUMMARY OF ESTIMATED TAX IMPACT

Budget Year	Estimated Net Assessed Value	Total Exempt Outstanding Debt Service	Total Non-Exempt Outstanding Debt Service	Proposed 2018 Refunding and Improvement Bonds	Combined Debt Service	Estimated Existing Exempt Debt Service Tax Rate	Estimated Existing Non-Exempt Debt Service Tax Rate	Estimated Proposed 2018 Bonds Debt Service Tax Rate	Estimated Combined Debt Service Tax Rate
	(1)	(2)	(2)	(3)		(4)	(4)	(4)	(4) (5)
2017	\$1,071,942,939	\$4,025,000	\$2,494,713		\$6,519,713	\$0.3567	\$0.2211		\$0.5778
2018	1,092,026,022	4,274,500	2,077,792	\$355,000	6,707,292	0.3719	0.1808	\$0.0309	0.5836
2019	1,119,218,657	3,921,000	2,038,088	770,000	6,729,088	0.3328	0.1730	0.0654	0.5712
2020	1,119,218,657	1,703,500	2,001,980	3,022,000	6,727,480	0.1446	0.1699	0.2565	0.5710
2021	1,119,218,657		3,644,481	3,083,000	6,727,481		0.3093	0.2617	0.5710
2022	1,119,218,657		3,854,904	1,338,000	5,192,904		0.3272	0.1136	0.4408
2023	1,119,218,657		3,728,600	1,337,000	5,065,600		0.3165	0.1135	0.4300
2024	1,119,218,657		2,203,000	1,334,000	3,537,000		0.1870	0.1132	0.3002
2025	1,119,218,657		2,205,000	1,328,000	3,533,000		0.1872	0.1127	0.2999
2026	1,119,218,657		2,198,000		2,198,000		0.1866		0.1866
2027	1,119,218,657		2,189,000		2,189,000		0.1858		0.1858
2028	1,119,218,657		2,188,000		2,188,000		0.1857		0.1857
2029	1,119,218,657		2,196,000		2,196,000		0.1864		0.1864
2030	1,119,218,657		2,197,000		2,197,000		0.1865		0.1865
2031	1,119,218,657		2,202,000		2,202,000		0.1869		0.1869
2032	1,119,218,657		2,209,000		2,209,000		0.1875		0.1875
2033	1,119,218,657		2,215,000		2,215,000		0.1880		0.1880
2034	1,119,218,657		2,223,000		2,223,000		0.1887		0.1887
2035	1,119,218,657		2,238,000		2,238,000		0.1900		0.1900

- (1) Based on the certified net assessed values for 2018 pay 2019. Assumes no growth.
(2) See page B-7.
(3) See page B-5.
(4) Assumes license excise/financial institutions tax factor of 5%. Per \$100 of Net Assessed Value.
(5) Represents estimated combined debt service tax rate.

(Subject to the comments in the accompanying report
dated September 13, 2018 of Umbaugh)

**HIGHLAND MULTI-SCHOOL BUILDING CORPORATION
SCHOOL TOWN OF HIGHLAND**

EXISTING DEBT SERVICE/ LEASE RENTAL PAYMENTS

(Unaudited)

Budget Year	Common School Loans	First Mortgage Ref. and Impr. Bonds, Series 2008	General Obligation Bonds of 2009	First Mortgage Bonds, Series 2012	First Mortgage Ref. and Impr. Bonds, Series 2013	General Obligation Bonds of 2015	General Obligation Bonds of 2016	First Mortgage Bonds, Series 2016	Total Existing Debt Service
	(1)	(2)		(2)	(2)			(2)	
2017	\$601,079	\$709,000	\$444,610	\$178,000	\$3,316,000	\$135,024	\$114,000	\$1,022,000	\$6,519,713
2018	661,144	707,000		180,000	3,921,000	103,798	110,850	1,022,000	6,705,792
2019	497,758	710,000		182,000	3,921,000	222,230	115,100	1,021,000	6,669,088
2020	371,157	2,924,000		178,000	1,703,500	293,623	139,200	1,020,000	6,629,480
2021	279,093	2,925,000		183,000		1,412,588	749,800	1,020,000	6,569,481
2022	126,654			178,000			1,527,250	2,023,000	3,854,904
2023							1,527,600	2,201,000	3,728,600
2024								2,203,000	2,203,000
2025								2,205,000	2,205,000
2026								2,198,000	2,198,000
2027								2,189,000	2,189,000
2028								2,188,000	2,188,000
2029								2,196,000	2,196,000
2030								2,197,000	2,197,000
2031								2,202,000	2,202,000
2032								2,209,000	2,209,000
2033								2,215,000	2,215,000
2034								2,223,000	2,223,000
2035								2,238,000	2,238,000
Totals	<u>\$2,536,885</u>	<u>\$7,975,000</u>	<u>\$444,610</u>	<u>\$1,079,000</u>	<u>\$12,861,500</u>	<u>\$2,167,263</u>	<u>\$4,283,800</u>	<u>\$35,792,000</u>	<u>\$67,140,058</u>

(1) Payments are budgeted on a calendar year basis. Includes Common School Fund Loans #A1538, A1593, A1633, A1702, A1729, A1802, A1845, A1905, A1931, A2699, A2883, A2928.

(2) Represents Lease Rental Payments.

(Subject to the comments in the accompanying report
dated September 13, 2018 of Umbaugh)

APPENDIX C

SUMMARY OF THE LEASE

The following is a summary of certain provisions of the Lease and does not purport to comprehensively describe that document in its entirety.

2008 Lease Term and Rental

The 2008 Lease extends to June 30, 2038. By each rent payment date, the School Corporation is to pay the installment of rent due under the 2008 Lease. Each installment of rent is payable in advance for the following six-month period on June 30 and December 31. The annual rent to be paid in equal semiannual installments is calculated to be sufficient to pay debt service on the Bonds and the 2016 Bonds. The 2008 Leased Premises are available and are being used by the School Corporation during construction.

Acquisition and Construction of the Lease Premises

The Building Corporation will cause the Leased Premises to be completed in accordance with the contract documents and the plans and specifications which have been prepared by or at the direction of the Building Corporation and approved by the School Corporation and applicable agencies. The plans and specifications may change at any time prior to the completion of the renovations to the Leased Premises by mutual agreement of the Building Corporation and the School Corporation, except that such changes will not alter the character of the building or reduce the value thereof.

Maintenance and Modification

During the term of the Lease, the School Corporation is required to keep the Leased Premises in good repair and in good operating condition, ordinary wear and tear excepted. The School Corporation may, at its own expense and as part of the Leased Premises, make modifications of, additions and improvements to and substitutions for the Leased Premises, all of which become the property of the Building Corporation and are included as part of the Leased Premises under the terms of the Lease.

The School Corporation may, at its own expense, replace worn out or obsolete property and may install on the property on which the Leased Premises are situated personal property which is not an addition or improvement to, modification of or substitution for the Leased Premises, which will be the sole property of the School Corporation and in which the Building Corporation shall have no interest. The School Corporation may discard worn out or obsolete property and need not replace it. Equipment or other personal property which becomes worn out or obsolete may be discarded or sold by Lessee. The proceeds of the sale of any personal property shall be paid to the Trustee. Lessee may trade in any obsolete or worn out personal property or replacement property which replacement property will belong to Lessee upon payment to the Trustee of an amount equal to the trade-in value of such property. Lessee need not replace worn out or obsolete personal property, but may replace such property at its own expense, and the replacement property shall belong to Lessee.

Property and Liability Insurance

The School Corporation is required to carry at its own expense, property insurance on the Leased Premises against physical loss or damage to the Leased Premises, however caused, with such exceptions only as are ordinarily required by insurers of buildings or facilities of a similar type, in an amount equal to 100% of the full replacement cost of the Leased Premises. Any property insurance policy shall be so written or endorsed as to make any losses payable to the Building Corporation or to such other person or persons as the Building Corporation under the Lease may designate.

During the full term of the Lease, the School Corporation is required to maintain rent or rental value insurance in an amount equal to the full rental value of the Leased Premises for a period of two years. The insurance will protect against physical losses or damages similar to those covered under the property insurance policy held by the School Corporation.

Damage or Destruction

If the Leased Premises are damaged or destroyed (in whole or in part) by fire, windstorm or other casualty at any time during the term of the Lease, the Building Corporation is to promptly repair, rebuild or restore the portion of the Leased Premises damaged or destroyed with such changes, alterations and modifications (including substitutions and additions) as may be designated by the School Corporation for administration and operation of the Leased Premises and as shall not impair the character and significance of the Leased Premises as furthering the purposes of the Code.

If the Leased Premises are totally or substantially destroyed and the amount of insurance money received is sufficient to redeem all of the outstanding Bonds and all such Bonds are then subject to redemption, the Building Corporation, with the written approval of the School Corporation, may direct the Trustee to use net proceeds of insurance to call for redemption all of the Bonds then outstanding at the then current redemption price.

Rent Abatement and Rental Value Insurance

If the Leased Premises or a portion thereof are damaged or destroyed or is taken under the exercise of the power of eminent domain, the rent payable by the School Corporation shall be abated or reduced, provided there is rental value insurance in force as required by the Lease. The rent shall be totally abated during that portion of the Lease terms that the Leased Premises is totally unfit for use or occupancy. It shall be partially abated for the period and to the extent that the Leased Premises are partially unfit for use or occupancy in the same proportion that the floor area of the Leased Premises so unfit for use or occupancy bears to the total floor area of the Leased Premises.

Taxes and Utility Charges

The School Corporation is to pay, as further rent, taxes and assessments lawfully assessed or levied against or with respect to the Leased Premises or any personal property or fixtures installed or brought in or on the Leased Premises, and all utility and other charges for or incurred in connection with the Leased Premises. The School Corporation may, at its own expense, in good

faith contest any such taxes and assessments. The School Corporation shall also pay as additional rent, any amount required by the Building Corporation to rebate to the United States Government to prevent the Building Corporation's tax-exempt bonds from becoming arbitrage bonds.

Events of Default

The Lease provides that either of the following constitutes an "event of default" under the Lease:

- (a) Failure to pay any rentals or other sums payable to the Building Corporation under the Lease, or failure to pay any other sum therein required to be paid to the Building Corporation; or
- (b) Failure to observe any other covenant, agreement or condition under the Lease, and such default shall continue for sixty (60) days after written notice to correct the same.

Remedies

On the occurrence of an event of default under the Lease, the Trustee may proceed to protect and enforce its rights by suit or suits in equity or at law in any court of competent jurisdiction, whether for specific performance or any covenant or agreement contained therein, or for the enforcement of any other appropriate legal or equitable remedy; file a claim with the Treasurer of the State of Indiana for an amount equal to an amount in default, and may authorize or delegate the authority to file such claim; or the Building Corporation, at its option, without further notice, may terminate the estate and interest of the School Corporation thereunder, and it shall be lawful for the Building Corporation forthwith to resume possession of the Leased Premises and the School Corporation covenants to surrender the same forthwith upon demand. The exercise by the Building Corporation of the right to terminate the Lease shall not release the School Corporation from the performance of any obligation thereof maturing prior to the Building Corporation's actual entry into possession. No waiver by the Building Corporation of any right to terminate the Lease upon any default shall operate to waive such right upon the same or other default subsequently occurring.

The School Corporation may not assign the Lease or sublet the Leased Premises without the written consent of the Building Corporation. In the Lease, the School Corporation has covenanted to use and maintain the Leased Premises in accordance with the laws and ordinances of the United States of America, the State of Indiana, and all other proper governmental authorities. The School Corporation has also covenanted that it will not enter into any lease, management contract or other contractual arrangement which would allow the use of the Leased Premises by a nongovernmental person which would have the effect of making the Building Corporation's bonds private activity bonds under Section 141 of the Internal Revenue Code of 1986.

Option to Purchase

The School Corporation has the option to purchase the Leased Premises on any rental payment date at a price which is sufficient to allow the Building Corporation to liquidate by paying or providing for the payment in full of the then outstanding bonds pursuant to the redemption provisions.

Option to Renew

The School Corporation has an option to renew the Lease for a further like or lesser term upon the same terms and conditions provided in the Lease.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE

The following is a brief summary of certain provisions of the Trust Indenture and does not purport to comprehensively describe that document in its entirety.

Application of Bond Proceeds

A portion of the proceeds of the Bonds will be deposited into an escrow account and used to pay principal and interest on the 2008 Bonds. A portion of the proceeds of the Bonds shall be placed in the Construction Fund which shall consist of the Construction Account, Bond Issuance Expense Account and the Bond Interest Account. Proceeds of the Bonds (i) in an amount equal to costs of issuance shall be deposited in the Bond Issuance Expense Account; (ii) in an amount sufficient to pay capitalized interest on the Bonds shall be deposited in the Bond Interest Account; and (iii) remaining shall be deposited in the Construction Account.

Construction Fund, Sinking Fund, Operation and Reserve Fund and Rebate Fund

There are created under the Indenture the following funds: (1) the Highland Multi-School Building Corporation Construction Fund, (2) the Highland Multi-School Building Corporation Sinking Fund (the "Sinking Fund"), (3) the Highland Multi-School Building Corporation Operation and Reserve Fund (the "Operation and Reserve Fund"), and (4) the Highland Multi-School Building Corporation Rebate Fund (the "Rebate Fund").

The Construction Fund shall consist of the Construction Account, Bond Issuance Expense Account and the Bond Interest Account. The Construction Account will be used to pay costs of acquiring, renovating and equipping the real estate which is the subject of the Lease. A portion of the proceeds of the Bonds will be deposited by the Trustee in the Bond Issuance Expense Account. Costs of issuance of the Bonds will be paid from moneys deposited in the Bond Issuance Expense Account. It is expected that all costs will be paid within thirty (30) days of closing. Any moneys remaining in the Bond Issuance Expense Account after all costs have been paid will be transferred to the Construction Account.

The Trustee shall deposit in the Sinking Fund created pursuant to the Trust Indenture, from each rental payment received, the lesser of (1) all of such payment or (2) an amount which, when added to the amount already on deposit, equals the unpaid interest on the Bonds and 2016 Bonds due within twenty (20) days after the due date of such rental payment and the unpaid principal and mandatory sinking fund redemption payment of the Bonds and 2016 Bonds due within twenty (20) days after the due date of such rental payment. Any portion of a rental payment remaining after such deposit shall be deposited by the Trustee in the Operation and Reserve Fund. The Trustee shall from time to time pay from the Sinking Fund the principal of the Bonds and 2016 Bonds at maturity or upon mandatory sinking fund redemption and the interest as it falls due.

The Operation and Reserve Fund shall be used only (a) to pay necessary incidental expenses of the Building Corporation, (b) if the amount in the Sinking Fund at any time is less than the required amount, to transfer funds to the Sinking Fund in an amount sufficient to raise the amount in the Sinking Fund to the required amount, (c) if Bonds are called for redemption, to pay the principal, interest and redemption premium, if any, on the Bonds, (d) to purchase bonds as

provided in the Indenture, and (e) to transfer funds to the Sinking Fund if necessary to raise the amount in the Sinking Fund to the rebate amount as calculated pursuant to the Indenture. The incidental expenses may be paid by the Trustee upon the presentation of an affidavit executed by two officers of the Building Corporation or the Lessor Representative, together with the creditor's statement as to the amount owing.

The Rebate Fund shall be used to make any rebate to the United States Government required to prevent the Bonds from becoming "arbitrage bonds" under the Internal Revenue Code of 1986. The Building Corporation shall be required to calculate or cause to be calculated annually the amount of such rebate (the "rebate amount") and deposit such rebate amount so calculated in the Rebate Fund from the Construction Account, Operation and Reserve Fund or investment earnings on the Sinking Fund. The Trustee is further required to pay the rebate amount together with all investment earnings thereon to the United States Government at such times as shall be required by the Internal Revenue Code of 1986 or applicable regulations.

Whenever the amounts contained in the Sinking Fund and the Operation and Reserve Fund are sufficient together with all of the funds deposited with the Trustee by the Building Corporation to redeem, upon the next redemption date, all the bonds secured by the Indenture then outstanding, the Trustee shall apply the amounts in such funds to the redemption of such bonds pursuant to the Indenture.

Investment of Funds

The Trustee shall invest the moneys in funds created in the Trust Indenture in (i) Direct obligations of, and obligations fully and unconditionally guaranteed as to timely payment by, the United States government and any agency, instrumentality, or establishment of the United States government ("Government Securities"); (ii) Commercial paper having, at the time of investment or contractual commitment to invest therein, a rating from S&P and Moody's, of A1 and P1, respectively; (iii) Repurchase and reverse repurchase agreements collateralized with Government Securities, including those of the Trustee or any of its affiliates; (iv) Investment in money market mutual funds having a rating at time of investment in the highest investment category granted thereby from S&P or Moody's, including, without limitation any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (a) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (b) the Trustee collects fees for services rendered pursuant to the Trust Indenture, which fees are separate from the fees received from such funds, and (c) services performed for such funds and pursuant to the Trust Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee; and (v) Demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, and certificates of deposit or bankers acceptances of depository institutions, including the Trustee or any of its affiliates, rated in the AA long-term ratings category or higher by S&P or Moody's or which are fully FDIC-insured. Any income or interest realized upon any such investment shall be credited to the Fund or Account from which the moneys were invested. Securities purchased with moneys from the Sinking Fund or the Rebate Fund shall mature prior to the time the moneys invested will be needed to pay the amounts which must be paid from such funds. Moneys in the Operation and Reserve Fund after thirty (30) days of deposit and in the Bond Issuance Expense Account after one (1) year of the date

of issuance of the Bonds will be invested at yields not in excess of the yield on the Bonds. Moneys in the Construction Account, Sinking Fund and the Rebate Fund will be invested without restriction as to yield.

Covenants

The Building Corporation covenants, among other things that:

- (a) it has entered into valid and binding Lease of the mortgaged property to the Lessees, and that a full, true and correct copy of the Lease are on file with the Trustee; that construction has been completed on schedule, and the Lessees have begun paying lease rental;
- (b) it will faithfully perform all provisions contained in each Bond and the Trust Indenture and will punctually pay the principal of, premium, if any, and interest on the Bonds;
- (c) it is duly authorized under the laws of the State of Indiana to create and issue the Bonds, to execute and deliver the Trust Indenture, and to mortgage and pledge the real estate and rentals and other income of the mortgaged property as provided in the Trust Indenture;
- (d) it will promptly make, execute, and deliver all indentures supplemental to the Trust Indenture and to take all action deemed advisable and necessary by the Trustee for the better securing of the Bonds;
- (e) it now has and will preserve good title to the property;
- (f) it will maintain the priority of the lien created under the Trust Indenture, that it will not permit any waste of said property, and that it will at all times maintain the property in good working condition;
- (g) it will maintain proper books and records and: (i) furnish statements showing earnings, expenses and financial condition of the Building Corporation and such information as the Trustee may reasonably request, (ii) within 90 days of each calendar year, file with the Trustee, a certificate signed by officers of the Building Corporation stating that all insurance premiums required under the Trust Indenture have been paid by the Building Corporation and that all taxes then due have been paid, subject to permissible contests, (iii) upon the request of any bondholder, will request from the Lessees the current financial statements of the Lessee for review by the bondholder;
- (h) it will not incur any indebtedness payable from the Lease other than the Bonds permitted by the Trust Indenture and Additional Bonds, as long as such bonds are outstanding;
- (i) it will, upon any default in payment of lease rentals, bring suits to mandate the appropriate officers of the Lessees to levy the necessary tax to pay rents under the Lease or to take such other appropriate action necessary to enforce and collect the rentals due;

- (j) the proceeds of the Bonds, any moneys received from lease rentals payable according to the Lease, amounts received from the investment of the proceeds of the Bonds or other amounts received shall not be invested in such manner which would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code; and
- (k) in order to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes and as an inducement to purchasers of the Bonds, no proceeds thereof will be loaned to any entity or person, nor will they be transferred, directly or indirectly, or deemed transferred to a nongovernmental person in any manner that would in substance constitute a loan of such proceeds. Furthermore, the Building Corporation will, to the extent necessary to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes, rebate all required arbitrage profits on such proceeds or other moneys treated as such proceeds to the United States Government and will set aside such moneys in the Rebate Fund to be held by the Trustee in trust for such purposes. Additionally, the Building Corporation covenants that it will not take any action nor fail to take any action with respect to the Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Bonds pursuant to Section 103 of the Code.

Insurance

The Building Corporation covenants to carry or cause the Lessees to carry the following kinds of insurance after completion of construction: (a) physical loss or damage insurance on the mortgaged property in the amount of 100% of the full replacement cost of the property, and (b) rental value insurance against physical loss or damage for a period of two years.

The proceeds of any insurance shall be applied by the Building Corporation to the repair, replacement or reconstruction of any damaged or destroyed property, if the cost of such repair, replacement or reconstruction does not exceed the proceeds of insurance. In addition, the Trustee may repair, replace, or reconstruct the mortgaged property if the Building Corporation fails to do so. If, at any time, the mortgaged property is totally or substantially destroyed, and the amount of insurance moneys received on account thereof by the Trustee is sufficient to redeem all of the outstanding Bonds, the Building Corporation with the written approval of the Lessees may direct the Trustee to use said money for the purpose of calling for redemption all of the Bonds issued and then outstanding under the Trust Indenture at the then current redemption price.

Events of Default and Remedies

Events of default under the Trust Indenture include: failure to pay the principal of, or the redemption premiums, if any, on any of the Bonds; failure to pay interest on the Bonds as it becomes due and payable; occurrence of certain events of bankruptcy or insolvency of the Building Corporation; default in the performance or observance of any other of the covenants, agreements or conditions by the Building Corporation under the Trust Indenture and the continuance of such default for sixty (60) days after written notice; failure of the Building Corporation to bring suit to mandate the appropriate officials of the Lessees to levy a tax to pay the rentals provided under the Lease; and nonpayment of the lease rental within 90 days of when due as provided under the Lease.

Upon the happening and continuance of any event of default, the Trustee may, and upon written request of the holders of twenty-five percent (25%) in principal amount of the Bonds then outstanding and upon being indemnified to its reasonable satisfaction shall, declare the principal amount of and interest accrued on all outstanding Bonds immediately due and payable; subject, however, to the rights of the holders of the majority in principal amount of all the outstanding Bonds to annul such declaration if all such events have been cured, all arrears of interest have been paid and all other indebtedness secured by the Trust Indenture except the principal and interest not then due has also been paid.

Upon the occurrence of one or more events of default, the Building Corporation, upon demand of the Trustee, shall forthwith surrender the possession of the property and the Trustee may take possession of all the mortgaged property and hold, operate and manage the same for the purpose of insuring payments on the Bonds until the event of default has been cured.

Upon the occurrence of one or more events of default, the Trustee may, and shall upon written request of the holders of at least twenty-five percent (25%) in principal amount of the Bonds then outstanding, pursue any available remedy by suit at law or in equity, whether for specific performance of any covenant or agreement contained in the Trust Indenture or in aid of any power granted therein, or for any foreclosure of the Trust Indenture including, to the extent permitted by law, the appointment of a receiver.

Any sale made either under the Trust Indenture, to the extent permitted by law, or by judgment or decree in any judicial proceeding for foreclosure shall be conducted as required by the Trust Indenture. The proceeds of any such sale shall be applied to pay the costs and expenses of the sale or judicial proceedings pursuant to the sale, the expenses of the Trustee and the holders of the Bonds, with interest at the highest rate of interest on any of the Bonds when sold, and the payment of the installments of interest which are due and unpaid in the order of their maturity, next, if the principal of the Bonds is due, to the payment of the principal thereof and the accrued interest thereon pro rata. No holder of all of the Bonds shall have the right to institute any proceeding in law or in equity for the foreclosure of the Trust Indenture, the appointment of a receiver, or for any other remedy under the Trust Indenture without complying with the provisions of the Trust Indenture.

Supplemental Indentures

The Building Corporation and the Trustee may, without obtaining the approval of the holders of the Bonds, enter into supplemental indentures to cure any ambiguity or formal defect or omission in the Trust Indenture; or to grant to the Trustee for the benefit of such holders any additional rights, remedies, powers, authority or security that may be lawfully granted; or to provide for the issuance of additional parity bonds to finance a partial refunding of the Bonds.

The holders of not less than 66-2/3% in aggregate principal amount of all the Bonds and Additional Bonds then outstanding shall have the right, from time to time except when contrary to the Trust Indenture, to approve the execution by the Building Corporation and the Trustee of such supplemental indentures, except no supplemental indenture shall permit:

- (a) An extension of the maturity of the principal of or interest on any Bonds;

- (b) A reduction in the principal amount of any Bonds or the redemption premium or the rate of interest;
- (c) The creation of a lien upon the mortgaged property taking priority or on a parity with the lien created by the Trust Indenture;
- (d) A preference or priority of any Bonds over any other Bonds; or,
- (e) A reduction in the aggregate principal amount of the Bonds required for consent to supplemental indentures.

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 the execution of such supplemental indenture shall have consented to and approved the execution thereof as provided in the Trust Indenture, no owner of any bond shall have any right to object to the execution of such supplemental indenture 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 execution thereof, or to enjoin or restrain the Trustee or the Building Corporation from executing the same, or from taking any action pursuant to the provisions thereof.

Upon the execution of any supplemental indenture pursuant to the provisions of the Trust Indenture, the Trust Indenture shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Trust Indenture of the Building Corporation, the Trustee, and all owners of bonds then outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Possession Until Default, Defeasance, Payment, Release

Subject to the rights of the Trustee and the holders of the Bonds in the event of the occurrence and continuance of an event of default, the Building Corporation shall have the right of full possession, enjoyment and control of all the mortgaged property. While in possession of the mortgaged property, and while not in default under the Trust Indenture, the Building Corporation shall have the right at all times to alter, change, add to, repair, or replace any of the property constituting a part of the mortgaged property so long as the value of the mortgaged property and the security of the Bonds shall not be substantially impaired or reduced. The Trustee may release any mortgaged property which has become unfit or unnecessary for use pursuant to the Trust Indenture. If new property is purchased or acquired in substitution for the mortgaged property so released, the new property shall become subject to the lien and the operation of the Trust Indenture. If no new property is purchased with the proceeds of any sale or mortgaged property within ninety (90) days after the receipt of the proceeds, the proceeds shall be deposited in the Operation and Reserve Fund.

The Building Corporation may pay and discharge the entire indebtedness on all the Bonds outstanding:

- (a) by paying the whole amount of the principal and interest and the premium if any, due and payable upon all of the Bonds then outstanding; or

- (b) by depositing with the Trustee (i) sufficient money, (ii) direct obligations of the United States of America (the "Government Securities") or (iii) time certificates of deposit of a bank or banks secured as to both principal and interest by Government Securities in amounts sufficient to pay or redeem all the Bonds outstanding.

If the whole amount of the principal, premium, if any, and interest so due and payable upon all of the Bonds then outstanding shall be paid or provision made for payment, then the right, title and interest of the Trustee shall thereupon cease, terminate and become void. Upon termination of the Trustee's title, the Trustee shall release the Trust Indenture and return to the Building Corporation any surplus in the Sinking Fund and Operation and Reserve Fund and any other funds other than moneys held for redemption or payment of the Bonds.

Additional Bonds

The Trustee, at the request of the Building Corporation or the Lessees, to the extent permitted by law, shall cause to be issued Additional Bonds from time to time to provide for refunding the Bonds and certain other limited purposes; provided that the issuance of such Additional Bonds shall not result in the interest on the Bonds outstanding immediately prior to such issuance becoming subject to federal income tax. Before any Additional Bonds are executed, there shall be delivered to the Trustee the items required by the Indenture. Any series of Additional Bonds shall have maturities, interest rates, interest payment dates, denominations and other terms as provided in the Supplemental Indenture entered into in connection with such Additional Bonds, and the proceeds thereof shall be held, invested and paid out as therein provided, provided that such terms and provisions shall not be otherwise inconsistent with the Indenture.

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APPENDIX E

_____, 2018

Highland Multi-School Building Corporation
Lake County, Indiana

Re: Highland Multi-School Building Corporation
Ad Valorem Property Tax First Mortgage Refunding and Improvement Bonds, Series
2018
Total Issue: \$ _____
Original Date: _____, 2018

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Highland Multi-School Building Corporation (the "Issuer") of \$ _____ of Ad Valorem Property Tax First Mortgage Refunding and Improvement Bonds, Series 2018 with an Original Date of _____, 2018 (the "Bonds"), pursuant to Indiana Code 20-47-3 (the "Act") and a Trust Indenture dated as of April 1, 2008, as supplemented by a First Supplemental Trust Indenture dated as of February 1, 2016, and a Second Supplemental Trust Indenture dated as of October 1, 2018 (as supplemented, the "Trust Indenture"), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "Trustee"). We have examined the law and such certified transcript of proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Indenture and in the certified transcript of proceedings and other certificates of officers furnished to us, including the Issuer's tax covenants and representations (the "Tax Covenants"), without undertaking to verify the same by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or any other offering material relating to the Bonds, and we express no opinion relating thereto.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Lease Agreement between the Issuer, as lessor, and the School Town of Highland (the "School Corporation"), as lessee, executed March 13, 2008, as amended by a First Amendment to Lease dated as of January 19, 2016, and a Second Amendment to Lease dated as of July 17, 2018 (as amended, the "2008 Lease"), has been duly entered into in accordance with the provisions of the Act, and is a valid and binding lease. The lease rentals due on the 2008 Lease are payable from ad valorem taxes to be levied on all property within the School Corporation; subject, however, to the tax credits authorized by Indiana Code 6-1.1-20.6 which provide taxpayers with tax credits attributable to different classes of property in an amount that exceeds certain percentages of the gross assessed value of that property. The School Corporation is required by

law to fully fund all lease rental payments, regardless of any reduction in property tax collections due to the application of such credits.

2. The Issuer has duly authorized, sold, executed and delivered the Bonds and has duly authorized and executed the Indenture securing the same, and the Indenture has been duly recorded. The Bonds are the valid and binding obligations of the Issuer secured on a parity basis with the Building Corporation's Ad Valorem Property Tax First Mortgage Bonds, Series 2016 by a mortgage on the property described in the Indenture. Any foreclosure of the mortgage would, if the School Corporation is not in default in the payment of rentals as provided in the 2008 Lease be subject to the rights of the School Corporation under the 2008 Lease.

3. Under statutes, decisions, regulations and rulings existing on this date, the interest on the Bonds is exempt from income taxation in the State of Indiana (the "State"). This opinion relates only to the exemption of interest on the Bonds from State income taxation.

4. Under federal statutes, decisions, regulations and rulings existing on this date, the interest on the Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986 (the "Code"). This opinion relates only to the exclusion from gross income of interest on the Bonds for federal income tax purposes under Section 103 of the Code and is conditioned upon compliance by the Issuer subsequent to the date hereof 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.

It is to be understood that the rights of the registered owners of the Bonds and the enforceability of the Bonds and the Indenture, as well as the rights of the Issuer and the Trustee and the enforceability of the 2008 Lease may be subject to (i) bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity; and (ii) the valid exercise of the constitutional powers of the State and the United States of America.

Very truly yours,

APPENDIX F

**HIGHLAND MULTI-SCHOOL BUILDING CORPORATION
(LAKE COUNTY, INDIANA)**

**AD VALOREM PROPERTY TAX FIRST MORTGAGE REFUNDING AND IMPROVEMENT BONDS,
SERIES 2018**

CONTINUING DISCLOSURE UNDERTAKING

This CONTINUING DISCLOSURE UNDERTAKING (the “Agreement”) is made as of _____, 2018, by the School Town of Highland, a school corporation organized and existing under the laws of the State of Indiana (the “Obligor”) for the purpose of permitting _____ (the “Underwriter”), to purchase the \$_____ Ad Valorem Property Tax First Mortgage Refunding and Improvement Bonds, Series 2018 (the “Bonds”), dated _____, 2018, and issued by the Highland Multi-School Building Corporation (the “Building Corporation”) pursuant to a Trust Indenture dated as of April 1, 2008, as supplemented by a First Supplemental Trust Indenture dated as of February 1, 2016, and a Second Supplemental Trust Indenture dated as of October 1, 2018 (as supplemented, the “Indenture”), between the Building Corporation and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”), in compliance with the Securities and Exchange Commission (the “SEC”) Rule 15c2-12, as amended (the “SEC Rule”).

WHEREAS, the Bonds have been issued by the Building Corporation on behalf of the Obligor pursuant to the Indenture; and

WHEREAS, the Bonds are secured by lease payments to be paid by Obligor to the Trustee on behalf of the Building Corporation pursuant to certain lease agreements between the Building Corporation and the Obligor (collectively, the “Lease”); and

WHEREAS, the Obligor is an Obligated Person (as defined in the SEC Rule) because the payments under the Lease are the only source of funds (other than proceeds held under the Indenture) pledged to pay the principal and interest due on the Bonds;

NOW, THEREFORE, the Obligor agrees as follows:

Section 1. Definitions. The words and terms defined in this Agreement shall have the meanings herein specified. Those words and terms not expressly defined herein shall have the meanings assigned to them in the SEC Rule.

- (1) “Bondholder” or “holder” or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any outstanding Bond, including the holders of beneficial interests in the Bonds.

- (2) “Final Official Statement” means the Official Statement, dated as of _____, 2018, relating to the Bonds, including any document included by specific reference to such document previously filed with the Municipal Securities Rulemaking Board (the “MSRB”) through the Electronic Municipal Market Access (“EMMA”) system established by the MSRB at www.emma.msrb.org.

Section 2. Term. The term of this Agreement is from the date hereof to the earlier of (i) the date of the last payment of principal of and interest on the Bonds, or (ii) the date the Bonds are defeased under the Indenture.

Section 3. Provision of Financial Information. (a) The Obligor hereby undertakes to provide the following financial information:

(1) Audited Financial Statements. 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 biennial period ending June 30, together with the opinion of such accountants and all notes thereto, within sixty (60) days of receipt from the State Board of Accounts; and

(2) Financial Information Contained in the Official Statement. To the MSRB through EMMA, within 180 days of each December 31, unaudited annual financial information for the Obligor for such calendar year including (i) unaudited financial statements of the Obligor, and (ii) operating data of the type included under the following headings in the Final Official Statement (collectively, the “Annual Information”):

SCHOOL TOWN OF HIGHLAND

- Enrollment

GENERAL ECONOMIC AND FINANCIAL INFORMATION

- Schedule of Historical Net Assessed Valuation
- Detail of Net Assessed Valuation
- Comparative Schedule of Tax Rates
- Property Taxes Levied and Collected
- Large Taxpayers
- Summary of Revenues and Expenditures by Fund

(3) 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 through EMMA, along with any other Annual Information or audited financial statements required to be provided under this 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.

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

(5) 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 through EMMA, or filed with the SEC; however, if such document is a final official statement, it must also be available from the MSRB through EMMA.

Section 4. Accounting Principles. The financial information will be prepared on a cash basis as prescribed by the 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 principles and Government Auditing Standards issued by the Comptroller General of the United States.

Section 5. Filing Format. The Obligor shall provide all information to the MSRB in accordance with the MSRB rules. In particular, MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents required to be filed with EMMA, including financial statements and other externally prepared reports.

Section 6. Events. 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 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 person¹.

The Obligor may from time to time choose to provide notice of the occurrence of any other event, in addition to those listed above, if, in the judgment of the Obligor, such other event is material with respect to the Bonds and should be disclosed, but the Obligor does not commit to provide any such notice of the occurrence of any material event except those events set forth above.

Section 7. Use of Agent. The Obligor may, at its sole discretion, utilize an agent (the “Dissemination Agent”) in connection with the dissemination of any information required to be provided by the Obligor pursuant to the terms of this Agreement. If a Dissemination Agent is selected for these purposes, the Obligor shall provide prior written notice thereof (as well as notice of replacement or dismissal of such agent) to the MSRB through EMMA.

¹ This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

Further, the Obligor may, at its sole discretion, retain counsel or others with expertise in securities matters for the purpose of assisting the Obligor in making judgments with respect to the scope of its obligations hereunder and compliance therewith, all in order to further the purposes of this Agreement.

Section 8. Failure to Disclose. If, for any reason, the Obligor fails to provide the audited financial statements or Annual Information as required by this Agreement, the Obligor shall provide notice of such failure in a timely manner to the MSRB through EMMA. A default under this Agreement shall not be deemed a default under the Trust Indenture.

Section 9. Remedies.

(a) The purpose of this Agreement is to enable the Underwriters to purchase the Bonds by providing for an undertaking by the Obligor in satisfaction of the SEC Rule. This Agreement is solely for the benefit of the holders of the Bonds and creates no new contractual or other rights for, nor can it be relied upon by, the SEC, underwriters, brokers, dealers, municipal securities dealers, potential customers, other Obligated Persons or any other third party. The sole remedy against the Obligor for any failure to carry out any provision of this Agreement shall be for specific performance of the Obligor's disclosure obligations hereunder and not for money damages of any kind or in any amount or for any other remedy.

(b) Subject to paragraph (d) of this Section 9, in the event the Obligor fails to provide any information required of it by the terms of this Agreement, any holder of Bonds may pursue the remedy set forth in the preceding paragraph in any court of competent jurisdiction in the county in which the Obligor is located. An affidavit to the effect that such person is a holder of Bonds supported by reasonable documentation of such claim shall be sufficient to evidence standing to pursue this remedy.

(c) Subject to paragraph (d) of this Section 9, any challenge to the adequacy of the information provided by the Obligor by the terms of this Agreement may be pursued only by holders of not less than 25% in principal amount of Bonds then outstanding in any court of competent jurisdiction in the county in which the Obligor is located. An affidavit to the effect that such persons are holders of Bonds supported by reasonable documentation of such claim shall be sufficient to evidence standing to pursue the remedy set forth in the preceding paragraph.

(d) Prior to pursuing any remedy under this Section, a holder of Bonds shall give notice to the Obligor, via registered or certified mail, of such breach and its intent to pursue such remedy. Fifteen (15) days after mailing of such notice, and not before, a holder of Bonds may pursue such remedy under this Section. The Obligor's failure to honor its

covenants hereunder shall not constitute a breach or default of the Bonds, the Indenture, the Lease or any other agreement to which the Obligor is a party.

Section 10. Modification of Agreement. The Obligor may, from time to time, amend or modify this Agreement without the consent of or notice to the holders of the Bonds if either (i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Obligor, or type of business conducted, (ii) this Agreement, as so amended or modified, would have complied with the requirements of the SEC Rule on the date hereof, after taking into account any amendments or interpretations of the SEC Rule, as well as any change in circumstances, and (iii) such amendment or modification does not materially impair the interests of the holders of the Bonds, as determined either by (A) the trustee under the Indenture or nationally recognized bond counsel or (B) an approving vote of the holders of the Bonds pursuant to the terms of the Indenture at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds this Agreement) is permitted by the SEC Rule, as then in effect.

Section 11. Prior Undertakings. The Obligor hereby represents that, except as disclosed in the Final Official Statement, it has not in the previous five years, failed to comply in all material respects, with any previous Undertakings.

Section 12. Interpretation Under Indiana Law. It is the intention of the parties hereto that this Agreement and the rights and obligations of the parties hereunder shall be governed by and construed and enforced in accordance with, the laws of the State of Indiana.

Section 13. Severability Clause. In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 14. Successors and Assigns. All covenants and agreements in this Agreement made by the Obligor shall bind its successors, whether so expressed or not.

IN WITNESS WHEREOF, the Obligor has caused this Continuing Disclosure Undertaking to be executed as of _____, 2018.

SCHOOL TOWN OF HIGHLAND

President, Board of School Trustees

Secretary, Board of School Trustees

[SIGNATURE PAGE TO THE CONTINUING DISCLOSURE UNDERTAKING]

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APPENDIX G

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

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

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

- (1) the Issuer shall disseminate the [Intent to Sell Bonds] [Notice of Sale](the "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; and
- (3) the Issuer anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost) as set forth in the Notice (the requirements set forth in this paragraph (b), collectively, the “Competitive Sale Requirements”).

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

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

(1) General Rule

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

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

- OR -

(2) Hold the Price

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

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

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

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

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

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

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

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

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

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

Schedule I
\$11,415,000

Ad Valorem Property Tax First Mortgage Refunding and Improvement 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 obligation (the “Bonds”).

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

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

2. ***Defined Terms.***

- (a) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (b) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 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 third-party distribution agreement participating in the initial sale of the Bonds to the Public).
- (c) *Sale Date* means the first day on which there is a binding contract in writing for the sale or exchange the Bonds. The Sale Date of the Bonds is September 20, 2018.

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

[UNDERWRITER], as [Underwriter]

By:_____

Name:_____

Dated: [ISSUE DATE]

SCHEDULE A
EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
COPY OF UNDERWRITER'S BID
(Attached)

Schedule II
AGREEMENT TO ESTABLISH ISSUE PRICE

The School Town of Highland (the “Issuer”) offered its Ad Valorem Property Tax First Mortgage Refunding and Improvement Bonds, Series 2018 (the Bonds”) through a competitive offering in compliance with state law. For federal tax law purposes, Issue Price as defined in Treasury Regulations Section 1.148-1(f) (the “Issue Price Regulations”) must be established by one of the methods set forth in Issue Price Regulations. One of the methods to establish Issue Price is to offer the Bonds to achieve a Competitive Sale as defined by the Issue Price Regulations by meeting specific requirements under the Issue Price Regulation. Although the Issuer achieved a competitive sale to comply with state law, one or more of the requirements for a Competitive Sale, for federal tax law purposes, was not achieved. The Issue Price Regulations provide if more than one rule for determining the Issue Price of the Bonds is available, the Issuer may select the rule it will use to determine the Issue Price of the Bonds.

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

[PURCHASER]

By: _____
Authorized Representative

School Town of Highland

By: _____

SCHEDULE A

This Schedule A sets forth as of the date hereof, the agreement between the School Town of Highland (the “Issuer”) and _____ (the “Purchaser”) on the method by which Issue Price, as defined in Treasury Regulations Section 1.148-1(f) (the “Issue Price Regulations”) for the Unsold Bonds (as defined in Schedule II) must be established (the “Agreement”).

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

Check one, as applicable:

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

SELECTION OF METHOD OF ISSUE PRICE ESTABLISHMENT

The methods are as follows:

(1) General Rule

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

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

- OR -

(2) Hold the Price

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

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

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

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

DEFINITIONS OF GENERAL APPLICABILITY

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

"Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the 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 third party distribution agreement participating in the initial sale of the Bonds to the Public).

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

“Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is September 20, 2018.

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

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

Schedule III

\$11,415,000

Ad Valorem Property Tax First Mortgage Refunding and Improvement 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 “Bonds”).

Select appropriate provisions below:

1. [Alternative 1¹ – All Maturities Use General Rule: *Sale of the Bonds*. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.][Alternative 2² – Select Maturities Use General Rule: *Sale of the General Rule Maturities*. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.] [Alternative 3³-Issue Price not required on Closing Date and Select Maturities Use General Rule]: As of the date of this certificate, the General Rule Maturities and their respective issue prices (the first price at which 10% of such Maturity was sold to the Public) are listed in Schedule A. [SHORT NAME OF UNDERWRITER] certifies that it agreed in its [bid form][bond purchase agreement] to report to the Issuer the prices at which the Unsold Bonds have been sold to the Public within 5 business days of such sale until [SHORT NAME OF UNDERWRITER] can establish the first price at which at least 10% test of each Maturity of the Unsold Bonds has been sold to the Public.]

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

(a) [Alternative 1⁴ – All Maturities Use Hold-the-Offering-Price Rule: [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.] [Alternative 2⁵ – Select Maturities Use Hold-the-Offering-Price Rule: [SHORT NAME OF

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

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

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

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

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

UNDERWRITER][The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.]

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

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

3. ***Defined Terms.***

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

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

[(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (September 20, 2018), or (ii) the date on which the [SHORT NAME OF UNDERWRITER][the Underwriters] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d) *Issuer* means the School Town of Highland.

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

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

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is September 20, 2018.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 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 third-party distribution agreement participating in the initial sale of the Bonds to the Public).

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

[UNDERWRITER][REPRESENTATIVE]

By: _____
Name: _____

Dated: [ISSUE DATE]

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

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

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

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

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

School Town of Highland

By: _____

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

[PURCHASER]

By: _____