

In the opinion of Bingham Greenebaum Doll LLP, Indianapolis, Indiana, under existing law, interest on the 2014 Bonds (as hereinafter defined) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the 2014 Bonds. In the opinion of Bingham Greenebaum Doll LLP, Indianapolis, Indiana, under existing laws, interest on the 2014 Bonds is exempt from income taxation in the State of Indiana, except for the state financial institutions tax. (See “TAX MATTERS” herein.)

**\$10,515,000**

**CITY OF LAFAYETTE, INDIANA  
Sewage Works Revenue Bonds of 2014**

Dated: Date of Delivery  
below

Maturity: January 1 and July 1, as shown

Expected Closing Date: July 1, 2014

The City of Lafayette, Indiana Sewage Works Revenue Bonds of 2014 (the “2014 Bonds”) are being issued by the City of Lafayette, Indiana (the “City”) pursuant to Indiana Code Section 36-9-23, as amended and as in effect on the issue date of the 2014 Bonds (the “Act”) and pursuant to Ordinance No. 2012-31 approved by the Common Council of the City on December 3, 2012 (the “Ordinance”). The principal of and premium, if any, on the 2014 Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of Old National Trust Company (the “Registrar” and “Paying Agent”). Interest will be payable on January 1 and July 1 of each year, beginning January 1, 2015. The 2014 Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (the “DTC”). Purchasers of beneficial interests in the 2014 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 2014 Bonds (the “Beneficial Owners”) will not receive physical delivery of certificates representing their interests in the 2014 Bonds. So long as DTC or its nominee is the registered owner of the 2014 Bonds, principal of and interest on the 2014 Bonds will be paid directly to DTC by the Paying Agent. Neither the City nor the Paying Agent will have any responsibility for a Beneficial Owner’s receipt from DTC or its nominee or any Direct Participant or Indirect Participant (as such terms are herein defined) of any payments of principal of or any interest on any 2014 Bonds. (See “DESCRIPTION OF THE 2014 Bonds” herein.)

The 2014 Bonds are being issued by the City for the purpose of a) acquisition, construction and installation of certain additions, extensions and improvements for the City’s Sewage Works (the “Utility”), b) fund a debt service reserve, and c) to pay expenses incidental to the issuance of the 2014 Bonds. (See “PURPOSE OF THE BOND ISSUE” herein.) The 2014 Bonds are scheduled to mature on January 1 and July 1 in the years and amounts as follows:

**MATURITY SCHEDULE**  
(Base CUSIP 506345)

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP</u>
1/1/15	\$ 210,000	2.000 %	\$ 100.823 %	HB6	7/1/19	\$ 215,000	3.000 %	\$ 105.959 %	HL4
7/1/15	205,000	2.000	101.544	HC4	1/1/20	215,000	3.000	105.450	HM2
1/1/16	205,000	2.000	102.163	HD2	7/1/20	215,000	3.000	105.337	HN0
7/1/16	205,000	3.000	104.662	HE0	1/1/21	225,000	3.000	104.511	HP5
1/1/17	210,000	3.000	105.307	HF7	7/1/21	220,000	3.000	104.172	HQ3
7/1/17	205,000	3.000	105.896	HG5	1/1/22	230,000	3.000	103.400	HR1
1/1/18	215,000	3.000	105.974	HH3	7/1/22	230,000	3.000	103.237	HS9
7/1/18	210,000	3.000	106.203	HJ9	1/1/23	230,000	3.000	102.264	HT7
1/1/19	215,000	3.000	106.055	HK6	7/1/23	240,000	3.000	101.581	HU4

\$475,000 - 3.000% Term Bonds due July 1, 2024 - Price 100.825% - CUSIP HV2  
 \$500,000 - 3.000% Term Bonds due July 1, 2025 - Price 100.000% - CUSIP HW0  
 \$510,000 - 3.000% Term Bonds due July 1, 2026 - Price 99.004% - CUSIP HX8  
 \$525,000 - 3.200% Term Bonds due July 1, 2027 - Price 100.000% - CUSIP HY6  
 \$545,000 - 3.300% Term Bonds due July 1, 2028 - Price 100.000% - CUSIP HZ3  
 \$570,000 - 3.375% Term Bonds due July 1, 2029 - Price 100.000% - CUSIP JA6  
 \$585,000 - 3.500% Term Bonds due July 1, 2030 - Price 100.402% - CUSIP JB4  
 \$600,000 - 3.500% Term Bonds due July 1, 2031 - Price 99.365% - CUSIP JC2  
 \$630,000 - 3.500% Term Bonds due July 1, 2032 - Price 98.683% - CUSIP JD0  
 \$1,675,000 - 3.750% Term Bonds due January 1, 2035 - Price 100.000% - CUSIP JE8

The 2014 Bonds are subject to optional redemption prior to maturity. The term bonds are subject to mandatory sinking fund redemption. (See “REDEMPTION PROVISIONS” herein.)

The 2014 Bonds are a special revenue obligation of the City, payable solely from the Net Revenues (defined as the gross revenues of the Utility after deduction only for the payment of the reasonable expenses of operation, repair and maintenance). The 2014 Bonds are not a corporate obligation or indebtedness of the City. The 2014 Bonds will be issued on parity with the Prior Bonds (defined herein). (See “SECURITY AND SOURCES OF PAYMENT FOR THE 2014 BONDS” herein.)

In connection with any acquisition of the 2014 Bonds by financial institutions, the 2014 Bonds will not be deemed to be “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

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



**This Official Statement does not constitute an offering of any security, other than the original offering of the 2014 Bonds. No dealer, broker, salesman, or other person has been authorized by the City or the Underwriter 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 representation must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy and there shall not be any sale of the 2014 Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor the sale of any of the 2014 Bonds shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof.**

**Information herein has been obtained from the City and other sources believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter. References in this Official Statement to laws, regulations, reports and documents do not purport to be comprehensive or definitive and all references herein to such laws and documents are qualified in their entirety by reference to the full text of such data.**

**UPON ISSUANCE, THE 2014 BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, THE SECURITIES AND EXCHANGE ACT OF 1934, AS AMENDED, OR ANY STATE SECURITIES LAW AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE, MUNICIPAL OR OTHER GOVERNMENTAL ENTITY OR AGENCY SHALL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT NOR, EXCEPT THE ISSUER (TO THE EXTENT DESCRIBED HEREIN), APPROVED THE SALE AND DISTRIBUTION OF THE 2014 BONDS.**

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 2014 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**This Official Statement includes the front cover page immediately preceding this page. This Official Statement has been prepared and delivered in connection with the original sale and delivery of the 2014 Bonds and may not be reproduced or used, in whole or in part, for any other purpose.**

# CITY OF LAFAYETTE, INDIANA

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Tony Roswarski

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Lon Heide  
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## CITY CONTROLLER

J. Michael Jones

## CITY CLERK

Cindy Murray

## CITY ATTORNEY

Ed Chosnek  
Pearlman, Chosnek & Hopson, P.C.

## BOND COUNSEL

Bingham Greenebaum Doll LLP  
*Indianapolis, Indiana*

## FINANCIAL ADVISOR

Crowe Horwath LLP  
*Indianapolis, Indiana*

**\$10,515,000**  
**CITY OF LAFAYETTE, INDIANA**  
**Sewage Works Revenue Bonds of 2014**

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## **FINAL OFFICIAL STATEMENT**

### **CITY OF LAFAYETTE, INDIANA**

#### **RELATING TO THE ISSUANCE OF \$10,515,000 SEWAGE WORKS REVENUE BONDS OF 2014**

### **INTRODUCTORY STATEMENT**

This Official Statement, including the cover page, Notice of Intent to Sell and Appendices, provides information relating to the Sewage Works Revenue Bonds of 2014 (the "2014 Bonds") to be issued by the City of Lafayette, Indiana (the "City").

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information concerning the City, including financial statements, rate schedules and tax tables, shows recent historic information and does not indicate or project future or continuing trends in the financial position or other affairs of the City. Property tax information provided herein is for illustrative purposes only; the 2014 Bonds are not payable from property taxes. Past experiences shown by financial and other information may not necessarily continue in the future. References to provisions of Indiana law or of the Indiana Constitution are references to current provisions which may be amended, repealed or supplemented.

### **PURPOSE OF THE BOND ISSUE**

The 2014 Bonds are being issued pursuant to Indiana law, including, without limitation, Indiana Code 36-9-23, as amended (the "Act"); and pursuant to Ordinance No. 2012-31 adopted by the Common Council of the City on December 3, 2012 (the "Ordinance"). Proceeds from the 2014 Bonds will be applied to a) the acquisition, construction and installation of certain additions, extensions and improvements (collectively, the "Project") for the City's Sewage Works (the "Utility"), b) fund a debt service reserve, and c) pay expenses incidental to the issuance of the 2014 Bonds. The Project is more particularly described in Exhibit A of the Ordinance attached as Appendix D hereto.

### **SECURITY AND SOURCES OF PAYMENT FOR THE 2014 BONDS**

The 2014 Bonds, and any bonds ranking on a parity therewith, including the City's Sewage Works Refunding Revenue Bonds of 2006 (the "2006 Refunding Bonds"), the City's Sewage Works Revenue Bonds of 2008 (the "2008 Bonds"), the City's Sewage Works Revenue Bonds of 2009 (the "2009 Bonds"), the City's Sewage Works Revenue Bonds of 2013 (the "2013 Bonds") and the City's Sewage Works Refunding Revenue Bonds of 2013 (the "2013 Refunding Bonds" and with the 2006 Refunding Bonds, 2008 Bonds, 2009 Bonds, and 2013 Bonds collectively, the "Prior Bonds"), as to principal and interest are a special revenue obligation of the City and shall be payable solely from and are secured by an irrevocable pledge of and shall constitute a first charge upon all the Net Revenues (defined as gross revenues of the Utility after deduction only for the payment of the reasonable expenses of operation, repair and maintenance) of the Utility. The Net Revenues of the Utility that are pledged to the payment of the 2014 Bonds are more fully described in the Ordinance. The Flow of Funds is described in Section 13 through 16 of the Ordinance with a description of the Debt Service Reserve in Section 15(c) of the Ordinance. The Rate Covenant is described in Section 19 of the Ordinance

and the Additional Bond Provisions are detailed in Section 20 thereof. The City shall not be obligated to pay the 2014 Bonds or the interest thereon except from the Net Revenues, and the 2014 Bonds shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana (the "State").

### **ESTIMATED SOURCES AND USES OF FUNDS**

<u>Estimated Sources of Funds</u>	
Estimated Par Amount	\$ 10,515,000
Net Premium	<u>149,687</u>
 Total Estimated Sources of Funds	 <u><u>\$ 10,664,687</u></u>
 <u>Estimated Uses of Funds</u>	
Project Costs	\$ 9,678,858
Debt Service Reserve	739,460
Underwriter's Discount	149,969
Cost of Issuance (1)	<u>96,400</u>
 Total Estimated Uses of Funds	 <u><u>\$ 10,664,687</u></u>

(1) Includes legal fees, financial advisory fees, rating agency fee, printing and mailing expenses and other miscellaneous expenses.

### **DESCRIPTION OF THE 2014 BONDS**

The 2014 Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (the "DTC"). Purchases of beneficial interests in the 2014 Bonds will be made in book-entry-only form, in denominations of \$5,000. Purchasers of beneficial interests in the 2014 Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interests in the 2014 Bonds.

Interest on the 2014 Bonds will be paid semi-annually on January 1 and July 1 in each year beginning January 1, 2015. The principal of the 2014 Bonds is payable on each January 1 and July 1 beginning January 1, 2015, at the principal corporate trust office of Old National Trust Company, (the "Registrar" or "Paying Agent"). Interest on the 2014 Bonds will be paid by check or draft, mailed one business day prior to the interest payment date to the registered owners of the 2014 Bonds as the names appear as of the fifteenth day of the month preceding the interest payment date and at the addresses as they appear on the registration books kept by the Registrar; provided, however, so long as DTC or its nominee is the registered owner of the 2014 Bonds, principal of and interest on the 2014 Bonds will be paid directly to DTC by the Paying Agent. Neither the City nor the Paying Agent will have any responsibility for a Beneficial Owner's receipt from DTC or its nominee or any Direct Participant or Indirect Participant (as such terms are herein defined) of any payments of principal of or any interest on any 2014 Bonds. (See APPENDIX E – BOOK-ENTRY-ONLY SYSTEM.)

## REDEMPTION PROVISIONS

### Optional Redemption

The 2014 Bonds maturing on or after July 1, 2024, shall be redeemable at the option of the City, in whole or in part, on January 1, 2024, or at any time thereafter, in principal amounts and maturities selected by the City, and by lot within any such maturity or maturities as selected by the Registrar, at a redemption price of 100% of the principal amount of each 2014 Bond to be redeemed and without premium, plus accrued interest to the redemption date.

### Mandatory Sinking Fund Redemption

The 2014 Bonds maturing on July 1, 2024 through and including January 1, 2035, are subject to mandatory sinking fund redemption at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest thereon to the redemption date, and without premium, on the dates and in the principal amounts indicated below:

#### Term Bond Due July 1, 2024

<u>Date</u>	<u>Principal Amount</u>
January 1, 2024	\$ 235,000
July 1, 2024	240,000*

\* Final Maturity

#### Term Bond Due July 1, 2025

<u>Date</u>	<u>Principal Amount</u>
January 1, 2025	\$ 245,000
July 1, 2025	255,000*

\* Final Maturity

#### Term Bond Due July 1, 2026

<u>Date</u>	<u>Principal Amount</u>
January 1, 2026	\$ 250,000
July 1, 2026	260,000*

\* Final Maturity

#### Term Bond Due July 1, 2027

<u>Date</u>	<u>Principal Amount</u>
January 1, 2027	\$ 260,000
July 1, 2027	265,000*

\* Final Maturity

Term Bond Due July 1, 2028

Date	<u>Principal Amount</u>
January 1, 2028	\$ 270,000
July 1, 2028	275,000*

\* Final Maturity

Term Bond Due July 1, 2029

Date	<u>Principal Amount</u>
January 1, 2029	\$ 280,000
July 1, 2029	290,000*

\* Final Maturity

Term Bond Due July 1, 2030

Date	<u>Principal Amount</u>
January 1, 2030	\$ 285,000
July 1, 2030	300,000*

\* Final Maturity

Term Bond Due July 1, 2031

Date	<u>Principal Amount</u>
January 1, 2031	\$ 295,000
July 1, 2031	305,000*

\* Final Maturity

Term Bond Due July 1, 2032

Date	<u>Principal Amount</u>
January 1, 2032	\$ 310,000
July 1, 2032	320,000*

\* Final Maturity



Term Bond Due January 1, 2035

Date	<u>Principal Amount</u>
January 1, 2033	\$ 320,000
July 1, 2033	335,000
January 1, 2034	330,000
July 1, 2034	345,000
January 1, 2035	345,000*

\* Final Maturity

Notice of redemption shall be mailed by first class, certified or registered mail at least thirty days prior to the scheduled redemption date to each of the registered owners of the 2014 Bonds called for redemption (unless waived by any such registered owners) at the address shown on the registration books of the Registrar; provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any 2014 Bond shall not affect the validity of any proceedings for the redemption of any other 2014 Bonds. Any 2014 Bonds called for redemption will not earn interest after the redemption date if sufficient funds are available at the place of redemption to pay the redemption price. Redeemed 2014 Bonds will no longer be protected by the Ordinance and will no longer be considered outstanding.

**LITIGATION**

The City is not aware of any pending or threatened litigation which would affect the issuance, sale, execution or delivery of the 2014 Bonds; nor affect the validity of the 2014 Bonds, any proceedings of the City taken with respect to the issuance and sale thereof, or the pledge or application of any moneys or security provided for the payment of the 2014 Bonds.

**LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES**

The enforceability of the rights and remedies of the registered owners of the 2014 Bonds under the Ordinance and the availability of remedies to any party seeking to enforce the lien on the Net Revenues are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the federal bankruptcy code), the enforceability of the rights and remedies under the Ordinance and the availability of remedies to any party seeking to enforce the lien on the Net Revenues may be limited.

The various legal opinions to be delivered concurrently with the delivery of the 2014 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State and the United States of America and bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). Those exceptions would encompass any exercise of federal, State or local police powers (including the police powers of the City and the State), in a manner consistent with the public health and welfare. The enforceability of the Ordinance and the availability of remedies to a party seeking to enforce the lien on the Net Revenues, in a situation where such enforcement or availability may adversely affect the public health and welfare, may be subject to those police powers.

## TAX MATTERS

In the opinion of Bingham Greenebaum Doll LLP, Indianapolis, Indiana, bond counsel to the City, under existing laws, regulations, rulings and judicial decisions, interest on the 2014 Bonds, is excludable from gross income for federal income purposes pursuant to Section 103 of the Code, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations. This opinion relates only to the exclusion from gross income of interest on the 2014 Bonds for federal income tax purposes under Section 103 of the Code and is conditioned on continuing compliance by the City with the Tax Covenants (defined below). In the opinion of bond counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is exempt from income taxation in the State of Indiana except for the Indiana financial institution tax. See “APPENDIX F – 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 2014 Bonds for federal income tax purposes. The City will covenant not to take any action, nor fail to take any action, within its power and control with respect to any 2014 Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on such 2014 Bonds pursuant to Section 103 of the Code (collectively, the “Tax Covenants”). Noncompliance with such requirements may cause interest on a series of the 2014 Bonds to be included in gross income for federal tax purposes retroactive to the date of issue of such 2014 Bonds, regardless of the date which noncompliance occurs. It is not an Event of Default under the Bond Ordinances if the interest on the 2014 Bonds is not excludable from gross income for federal income tax purposes or otherwise pursuant to any provision of the Code which is not in effect on the date of the issuance of the 2014 Bonds.

Indiana Code 6-5.5 imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5) which, in general includes all corporations transacting the business of a financial institution in the State. 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. Taxpayers should consult their own tax advisors regarding the impact of this franchise tax on their ownership of the 2014 Bonds.

Although bond counsel has rendered an opinion on the federal and state tax matters above, the accrual or receipt of interest on 2014 Bonds may otherwise affect a Bondholder’s federal income or state income tax liability. The nature and extent of these other tax consequences will depend upon a 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, financial institutions, certain insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or railroad retirement benefits, individuals eligible to claim the earned income tax credit under Section 37 of the Code, and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the 2014 Bonds. Bond counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the 2014 Bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the 2014 Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2014 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 owners of the 2014 Bonds of any series 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 2014 Bonds. Prospective purchasers of the 2014 Bonds of any series should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, all matters as to which bond counsel expresses no opinion.

### **ORIGINAL ISSUE DISCOUNT**

The initial public offering prices of the 2014 Bonds maturing on July 1, 2026, July 1, 2031 and July 1, 2032, (collectively the "Discount Bonds"), are less than the principal amounts thereof payable at maturity or on earlier call date. 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 each maturity of the Discount Bonds, as set forth on the cover page of this Official Statement (assuming it is the first price at which a substantial amount of that maturity is sold) (the "Issue Price" for such maturity), and the amount payable at its maturity, will be treated as "original issue discount." The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Discount Bond on the basis of the yield to maturity determined on the basis of compounding at the end of each six-month period (or shorter period from the date of the original issue) ending on January 1 and July 1 (with straight line interpolation between compounding dates). An owner who purchases a Discount Bond in the initial public offering at the Issue Price for such maturity will treat the accrued 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.

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.

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 public 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 that 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 public offering prices of the 2014 Bonds maturing on January 1, 2015, through and including July 1, 2024 and July 1, 2030 (collectively, the “Premium Bonds”), are greater than the principal amounts thereof payable at maturity or on earlier call date. As a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the “Bond Premium”). An owner who acquires a Premium Bond in the initial public 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). The amount of amortizable Bond Premium will be computed on the basis of the taxpayer’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 such Premium Bonds and with respect to the state and local tax consequences of owning and disposing of the Premium Bonds.

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

## **RATING**

Standard & Poor’s Corporation (S&P) has assigned an underlying rating of “AA-” to the 2014 Bonds. Such rating is not a recommendation to buy, sell or hold the 2014 Bonds. There is no assurance that such rating will remain in effect for any given period of time or that such rating will not be lowered or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price or marketability of the 2014 Bonds.

## **CONTINUING DISCLOSURE**

Pursuant to continuing disclosure requirements promulgated by the United States Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the “Rule”), the City will execute a Continuing Disclosure Undertaking Agreement for the benefit of the beneficial owners of the 2014 Bonds (the “Continuing Disclosure Undertaking Agreement”). The Continuing Disclosure Undertaking Agreement will contain certain promises of the City, including a promise to provide continuing disclosure of certain information. A copy of the Form of Continuing Disclosure Undertaking Agreement is attached to this Official Statement as APPENDIX G. In the previous five years, the City has failed to comply with previous undertakings. Specifically, unaudited annual filings for the years 2009, 2010, and 2011 were not made until November 26, 2012, for all outstanding issues. Audited statements for the years 2009, 2010, and 2011, while available from the Indiana State Board of Accounts, were not filed with EMMA until November 26, 2012 for all outstanding issues. Additionally, the audited statement for the year 2012 was not filed until June 9, 2014. The City has taken steps to ensure future compliance by contracting a third-party advisor to oversee all future filings, and is currently in compliance.

## CONCLUDING STATEMENTS

The information in this Official Statement does not purport to be complete and is expressly made subject to the exact provisions of the complete documents. The attached Appendices are an important part of this Official Statement and should be read together with all of the foregoing statements.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and are not presented as unqualified statements of fact. The information contained herein has been carefully compiled from sources deemed reliable and to the best knowledge and belief of the City there are no untrue statements nor omissions of material facts in the Official Statement which would make the statements and representations therein misleading.

Certain supplemental information concerning the financial condition of the City which is exhibited hereafter is considered part of this Official Statement.

The purpose of historical and other financial data set forth in this Official Statement is to show recent trends and conditions. This does not mean that such trends will continue in the future nor that any change will occur in local conditions relative thereto.

The entire agreement of the City with the holders of the 2014 Bonds is set forth in the Ordinance and neither any advertisement of the 2014 Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the 2014 Bonds.

Crowe has served as financial advisor to the City in connection with the sale of the 2014 Bonds. The financial advisor makes no representation as to the completeness or the accuracy of the information set forth in this Official Statement. Inquiries concerning information with respect to the issuance of the 2014 Bonds should be directed to said Crowe, attention Jennifer Wilson (317) 269-6696 or by email at [jennifer.wilson@crowehorwath.com](mailto:jennifer.wilson@crowehorwath.com).

The execution of this Official Statement has been authorized by the City of Lafayette.

By: /s/ J. Michael Jones

City of Lafayette  
City Controller

Dated: June 17, 2014

## **APPENDIX A**

### **DESCRIPTION OF THE SEWAGE WORKS AND OF THE CITY**

*The information contained in this Appendix A concerning the City is provided only as background information about the City and not as information about the security or sources of payment for the 2014 Bonds.*

## DESCRIPTION OF THE SEWAGE WORKS

### System and Plant Description

The City of Lafayette (“City”) operates the Sewage Works providing service to approximately 25,000 users.

The City has approximately 440 miles of sanitary, storm and combined sewers within the system. The collection system serves approximately 30 square miles, which includes areas within the City as well as areas in Tippecanoe County and the Town of Dayton. The system includes 28 City lift stations and receives discharge from the Town of Dayton’s lift station and several private owner-operated lift stations. A wastewater treatment plant (WWTP) upgrade and expansion was completed in 2004. The upgrade and expansion increased the average and peak treatment capacity of the WWTP to 26 and 52 million gallons per day, respectively.

The City has developed and obtained approval of a Combined Sewer Overflow (CSO) Long Term Control Plan (LTCP) in accordance with the requirements of the governing State Judicial Agreement. The State Judicial Agreement requires the City to implement the LTCP over the next 20 years. To comply with the approved LTCP, the City is implementing sewer improvement projects throughout the collections system to significantly reduce the frequency of combined sewer overflow activations.

### Annual Wastewater Flow Data

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Capacity (MGD)	52.0	52.0	52.0	52.0	52.0
Average Daily Flow (MGD)	18.4	20.6	18.9	16.6	18.2
Peak Flow (MGD)	52.0	52.0	50.8	53.3	53.5
Annual Flow (MG)	6,723	7,537	6,906	6,065	6,654

Source: City of Lafayette Municipal Sewage Works.

### Number of Customers

<u>Year</u>	<u>Total Number of Customers</u>
2013	26,521
2012	26,357
2011	23,586
2010	23,229
2009	25,204

Source: City of Lafayette Municipal Sewage Works.

## Largest Sewage Works Customers

As of December 31, 2013, the ten largest customers of the Utility were as follows:

<u>Customer</u>	<u>Annual Consumption (in Gallons)</u>	<u>Annual Billings</u>	<u>% of Total Operating Revenue</u>
Tate & Lyle Ingredients America, Inc.	1,901,682,811	\$ 9,326,980	40.07%
Subaru of Indiana Automotive, Inc.	138,313,336	685,104	2.94%
Caterpillar, Inc.	59,232,901	299,414	1.29%
Franciscan Alliance, Inc.	57,005,000	276,091	1.19%
Lafayette School Corporation	36,028,000	175,771	0.76%
Cargill, Inc.	29,667,492	168,356	0.72%
Town of Dayton	26,808,000	135,370	0.58%
Oerlikon Fairfield Drive Systems	26,001,242	138,004	0.59%
Industrial Plating, Inc.	21,180,668	117,638	0.51%
Ice Cream Specialties	16,094,034	91,206	0.39%
Total for Ten Largest Customers	<u>2,312,013,484</u>	<u>\$ 11,413,934</u>	<u>49.04% %</u>
Total Operating Revenues of the Utility		<u>\$ 23,273,829</u>	

Source: City of Lafayette Municipal Sewage Works.



## DESCRIPTION OF THE CITY

### Location

The City of Lafayette (“City”) is the county seat of Tippecanoe County in central Indiana. The City is located approximately 63 miles northwest of Indianapolis, Indiana and approximately 130 miles southeast of Chicago, Illinois.

### Government

The City of Lafayette has eleven elected officials: the Mayor, the Common Council including council members covering six districts and three at-large council members, and the City Clerk.

The Lafayette Police Department consists of 132 sworn officers and 31 civilian employees. The Lafayette Fire Department is comprised of seven engine companies and employs 137 professional firefighters.

### Population

	<u>Lafayette</u>	<u>Tippecanoe County</u>	<u>Indiana</u>
2012 (Estimated)	67,967	177,786	6,537,782
2010	67,140	172,780	6,483,802
2000	56,397	148,955	6,080,485
1990	43,764	130,598	5,544,159
1980	43,011	121,702	5,490,224
1970	44,955	109,378	5,195,392

Source: U.S. Census Bureau.

### Employment

Employment as of February 2014

	<u>Indiana</u>	<u>Lafayette</u>	<u>% of Indiana</u>
Labor Force	3,179,221	34,989	1.10 %
Employment	2,960,649	32,793	1.11
Unemployment	218,572	2,196	1.00
Unemployment Rate	6.9%	6.3%	

Source: U.S. Department of Labor, Bureau of Labor Statistics at <http://data.bls.gov>.

## Annual Average Unemployment Rate

	<u>United States</u>	<u>Indiana</u>	<u>Tippecanoe County</u>	<u>Lafayette</u>
2012	8.1 %	8.1 %	7.4 %	7.4 %
2011	8.9	9.0	7.7	8.7
2010	9.6	10.1	9.0	10.3
2009	9.3	10.4	9.2	10.9
2008	5.8	5.8	4.7	5.4

Source: U.S. Department of Labor, Bureau of Labor Statistics at <http://data.bls.gov>.

## Employment by Industry as of September 2013

	<u>Indiana</u>		<u>Lafayette</u>		<u>% of Indiana</u>
	<u>Employed</u>	<u>% of Total</u>	<u>Employed</u>	<u>% of Total</u>	
Natural Resource, Mining and Construction	149,817	5.74 %	2,718	4.28 %	1.81 %
Manufacturing	493,715	18.93	13,561	21.36	2.75
Trade, Transportation and Utilities	562,521	21.56	12,338	19.43	2.19
Information	35,449	1.36	949	1.49	2.68
Financial Activities	125,397	4.81	3,049	4.80	2.43
Professional & Business Services	315,087	12.08	7,248	11.42	2.30
Educational & Health Services	421,391	16.15	10,619	16.73	2.52
Leisure & Hospitality	296,367	11.36	8,628	13.59	2.91
Other Services	82,257	3.16	2,150	3.40	2.61
Government	126,524	4.85	2,224	3.50	1.76
Total Nonfarm Employment	<u>2,608,525</u>	<u>100.00 %</u>	<u>63,484</u>	<u>100.00 %</u>	

Source: U.S. Department of Labor, Bureau of Labor Statistics at <http://data.bls.gov>.

## Major Employers

As of January 2014, employment figures for the major employers in the City of Lafayette were as follows:

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Subaru of Indiana Automotive, Inc.	Automotive	3,700
Wabash National	Manufacturing	3,323
Franciscan Alliance, Inc.	Health Care	2,571
IU Health Arnett Hospital	Health Care	2,100
Caterpillar, Inc.	Manufacturing	1,675
Oerlikon Fairfield Drive Systems	Manufacturing	850
Ivy Tech Community College	Education	700
Alcoa, Inc.	Manufacturing	690
Lafayette Venetian Blind, Inc.	Window Treatment	612
Evonik Degussa Corporation	Pharmaceutical Manufacturing	555

Source: Greater Lafayette Commerce.

## Taxes

Assessed Valuation: \$2,950,513,823 for taxes payable in 2014.

Property Tax: \$2.5183 for taxes assessed in 2013 payable in 2014 per \$100 of assessed valuation in the Lafayette-Fairfield taxing district in Tippecanoe County.

Sales & Use Tax: 7% tangible personal property except food and prescription drugs.

Individual Adjusted Gross Income: 3.4% of earnings - \$1,000 annual exemption allowed for taxpayer and \$1,500 for each dependent child.

Excise Tax: Cigarettes - 99.5 cents per 20 cigarette package and 124.375 cents per 25 cigarette package. Gasoline - 18 cents per gallon.

Automobile Tax: Excise tax in lieu of personal property tax, based on initial retail price and age of vehicle.

Innkeeper's Tax: 5% additional sales tax on any overnight stay in Tippecanoe County.

County Economic Development Income Tax: 0.5% of adjusted gross income of Tippecanoe County resident taxpayers and certain non-resident Tippecanoe County taxpayers.

County Option Income Tax: 0.6% of adjusted gross income of Tippecanoe County resident taxpayers and certain non-resident Tippecanoe County taxpayers.

## Community Data

Hospitals: There are two full-service hospitals in the Lafayette area: Franciscan St. Elizabeth Regional Health (Franciscan Alliance, Inc.) and IU Health Arnett Hospital.

Parks and Recreation: The park system consists of three aquatic facilities, sixteen neighborhood/community parks, the Lafayette Municipal Golf Course, the Columbian Park Zoo, a recreation center and over six miles of paved trails.

Cultural: Greater Lafayette is home to three downtown districts: Chauncey Village, Wabash Riverfront, and the Arts & Market district, each with unique restaurants and shops.

Other attractions include the Lafayette Symphony, Civic Theatre of Greater Lafayette, Lafayette Ballet Company and the Art Museum of Greater Lafayette.

## Transportation

Railroads: Three freight carriers provide services to Lafayette: CSX, Norfolk Southern Railroad and Kankakee, Beaverville & Southern Railroad, as well as passenger services from Amtrak.

Highways: Interstate 65; U.S. Highway 52 and 231; and State Roads 25, 26, 38.

Air: Purdue University Airport

Bus: A municipal bus service (CityBus) is provided within the City.

## Utilities

Electricity: Duke Energy

Gas: Vectren

Water/Sewage: The City of Lafayette Municipal Waterworks and Municipal Sewage Works

## Education

Public Schools: The City of Lafayette is served by the Lafayette School Corporation which had a 2012-2013 enrollment of approximately 7,119 students. The School Corporation includes two high schools, two middle/junior high schools, seven elementary schools and an adult academy.

Colleges and Universities: Institutions of higher education in the community include Purdue University, Ivy Tech Community College and Harrison College.

## Building Permits

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Permits:					
Residential	314	299	288	284	254
Comm./Indust.	317	256	216	233	194
Other	<u>1,585</u>	<u>1,265</u>	<u>468</u>	<u>492</u>	<u>443</u>
Total Permits	<u><u>2,216</u></u>	<u><u>1,820</u></u>	<u><u>972</u></u>	<u><u>1,009</u></u>	<u><u>891</u></u>
Permit Value:					
Residential	N/A	N/A	N/A	N/A	\$ 12,379,990
Comm./Indust.	N/A	N/A	N/A	N/A	150,115,409
Other	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>2,801,983</u>
Total Value	<u><u></u></u>	<u><u></u></u>	<u><u></u></u>	<u><u></u></u>	<u><u>\$ 165,297,382</u></u>

Source: City of Lafayette Engineering Department.

## Financial Institutions

The following banks have deposits in Lafayette, Indiana and total deposits in Indiana as of June 30, 2013:

<u>Institution</u>	<u>Bank Deposits in Lafayette, Indiana</u>	<u>Market Share</u>	<u>Bank Deposits in State of Indiana</u>
First Merchants Bank NA	\$ 398,944,000	24.85 %	\$ 3,136,467,000
JP Morgan Chase Bank NA	293,591,000	18.29	14,585,505,000
Lafayette Savings Bank, FSB	280,218,000	17.45	314,955,000
Regions Bank	213,880,000	13.32	2,476,834,000
Lafayette Community Bank	99,345,000	6.19	130,852,000
The Huntington National Bank	81,809,000	5.10	2,999,354,000
Old National Bank	59,911,000	3.73	5,420,168,000
Salin Bank and Trust Company	48,600,000	3.03	644,601,000

The following banks have deposits in Lafayette but account for less than 3% of market share: Fifth Third Bank, 1st Source Bank, First Financial Bank NA, Kentland Bank, The Fountain Trust Company, Centier Bank and Woodforest National Bank.

Source: Federal Deposit Insurance Corporation at [www.fdic.gov](http://www.fdic.gov).

### Source of Data and Information

Statistical data and other information set forth under this "DESCRIPTION OF THE SEWAGE WORKS AND OF THE CITY" have been compiled by the City's financial advisor, Crowe Horwath LLP, from sources deemed to be reliable.

## **APPENDIX B**

### **CITY DEBT AND TAXATION**

*The information contained in this Appendix B concerning the City is provided only as background information about the City and not as information about the security or sources of payment for the 2014 Bonds.*

**CITY OF LAFAYETTE**

**Debt and Taxation**  
(As of May 1, 2014)

	<u>Total Debt</u>	<u>Percent Applicable</u>	<u>Amount Applicable</u>
<u>Direct Debt and Lease Obligation Debt</u>			
Total Direct Debt and Lease Obligation Debt			-
<u>Overlapping and Underlying Direct Debt and Lease Obligations</u>			
Park District	\$ 4,515,000	100.00 %	\$ 4,515,000
Redevelopment District	3,090,000	100.00	3,090,000
Redevelopment Authority	11,625,000	100.00	11,625,000
Lafayette School Corporation (1)	50,485,000	96.67	48,803,850
Tippecanoe County Public Library	1,330,000	49.68	660,744
Tippecanoe County	10,470,000	43.93	4,599,471
Tippecanoe School Corporation (1)	81,821,381	25.94	21,224,466
Total Overlapping and Underlying Direct Debt and Lease Obligations			<u>94,518,531</u>
Total Direct Debt and Lease Obligation Debt and Overlapping and Underlying Direct Debt and Lease Obligations			<u>\$ 94,518,531</u>

(1) As of December 31, 2013.

**Direct Debt Issuance Limitation**

The City is limited to the issuance of direct general obligation debt in an amount not to exceed 2% of one-third of the assessed valuation. **The 2014 Bonds being issued herein are not subject to the 2% debt limitation.**

Net Assessed Valuation - 2013 Payable Year 2014	\$ 2,950,513,823
2% of One-Third Thereof	19,670,092
Less Bonds subject to limitation:	
None	-
Issuance Margin	<u>\$ 19,670,092</u>

Per Capita and Debt Ratio Analysis

Population - 2010 67,140  
 Assessed Valuation (2013 Payable Year 2014) \$2,950,513,823

<u>Description</u>	<u>Amount</u>	<u>Debt Per Capita</u>	<u>Ratio of Debt/Assessed Valuation</u>
Total Direct Debt and Lease Obligations	\$ -	\$ -	0.00 %
Total Overlapping and Underlying Direct Debt and Lease Obligations	<u>94,518,531</u>	<u>1,407.78</u>	<u>3.20</u>
Total	<u>\$ 94,518,531</u>	<u>\$ 1,407.78</u>	<u>3.20 %</u>

**City Economic Development Income Tax Revenue Bonds**

The City presently has outstanding \$18,255,000 Lafayette Economic Development Income Tax Revenue Bonds (“EDIT Bonds”). These EDIT Bonds are payable solely from the City’s share of the Tippecanoe County Economic Development Income Tax and do not constitute a claim against the base property taxes collected or other income of the City.

<u>Issue Date</u>	<u>Original Amount</u>	<u>Final Maturity</u>	<u>Outstanding as of May 1, 2014</u>	<u>Title</u>
2010	\$2,485,000	1/15/2021	\$ 1,805,000	Redevelopment Authority Lease Rental Refunding Series 2010A
2010	3,005,000	1/15/2021	2,185,000	Redevelopment Authority Lease Rental Refunding Series 2010B
2010	9,180,000	1/1/2020	6,350,000	Redevelopment Authority Lease Rental Refunding Series 2010C
2010	975,000	2/1/2017	500,000	Redevelopment Authority Economic Development Refunding Series 2010A
2010	4,935,000	2/1/2017	2,925,000	Redevelopment Authority Economic Development Refunding Series 2010B
2010	5,710,000	1/15/2023	<u>4,490,000</u>	Redevelopment Authority Economic Development Refunding Series 2010C
Total			<u>\$ 18,255,000</u>	



### Statement of City Utility Revenue Debt

The City of Lafayette owns and operates the municipal waterworks and municipal sewage works (the "Utilities") which have heretofore issued and have outstanding the following revenue bonds. All such revenue bonds constitute a lien on the revenue of the utilities and are not, pursuant to Indiana statutes, direct obligations of the City. Revenue bonds issued of the Utilities and outstanding as of May 1, 2014, were as follows:

<u>Utility</u>	<u>Final Maturity</u>	<u>Outstanding May 1, 2014</u>
Sewage Works - 2006 Refunding	1/1/2025	\$ 24,385,000
Sewage Works - 2008	7/1/2025	3,590,000
Sewage Works - 2009 (SRF)	1/1/2030	1,287,000
Sewage Works - 2013	1/1/2034	22,485,000
Sewage Works - 2013 Refunding	7/1/2026	55,610,000

### Total Tax Rates City of Lafayette – (Fairfield Township) (1) (Per \$100 Assessed Valuation)

	<u>Years Payable</u>				
	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
County	\$ 0.3986	\$ 0.4122	\$ 0.4093	\$ 0.3989	\$ 0.3801
Fairfield Township	0.0130	0.0133	0.0137	0.0072	0.0157
Schools	0.9944	1.0403	1.0416	1.0320	0.9877
Library	0.0708	0.0713	0.0728	0.0697	0.0687
Corporation	0.9911	1.0137	1.0194	1.0225	0.8975
Transportation General	0.0030	0.0279	0.0279	0.0258	0.0225
Transportation Cummulative	0.0276	0.0198	0.0198	0.0198	0.0198
Solid Waste	0.0198	0.0031	0.0032	0.0033	0.0032
<b>Total Tax Rate</b>	<b><u>\$ 2.5183</u></b>	<b><u>\$ 2.6016</u></b>	<b><u>\$ 2.6077</u></b>	<b><u>\$ 2.5792</u></b>	<b><u>\$ 2.3952</u></b>

(1) Includes County and overlapping levies.

Source: Tippecanoe County Auditor.

**Net Assessed Valuation**

<u>Payable Year</u>	<u>City of Lafayette</u>	<u>Tippecanoe County</u>
2014	\$ 2,950,513,823	\$ 6,693,761,997
2013	2,790,860,693	6,431,678,324
2012	2,712,920,917	6,281,728,199
2011	2,717,069,303	6,284,113,579
2010	2,918,350,046	6,503,949,930

Source: Budget Order from Department of Local Government Finance

**Property Taxes Levied and Collected**

City of Lafayette

<u>Collection Year</u>	<u>Levied</u>	<u>Current and Delinquent Collected after Circuit Breaker</u>	<u>Percentage Collected after Circuit Breaker</u>	<u>Circuit Breaker</u>	<u>Percentage Collected before Circuit Breaker</u>
2013	\$ 28,290,954	\$ 25,763,831	91.07 %	\$ 1,483,207	96.31 %
2012	27,655,425	25,594,235	92.55	1,424,486	97.70
2011	27,782,034	25,573,913	92.05	1,475,662	97.36
2010	26,192,192	25,597,609	97.73	898,528	101.16
2009	25,116,610	24,763,532	98.59	1,221	98.60

Source: Tippecanoe County Auditor.

**Ten Largest City Taxpayers**  
City of Lafayette

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Payable 2014 Net Assessed Valuation</u>
Caterpillar, Inc.	Manufacturing	\$ 210,048,010
Subaru of Indiana Automotive, Inc.	Automotive	202,692,610
Tate & Lyle Ingredients America, Inc.	Food Manufacturing	167,579,260
Alcoa, Inc.	Manufacturing	63,172,020
Wabash National	Manufacturing	51,108,610
Simon Property Group, L.P.	Retail	49,768,020
Fairfield Manufacturing Company	Manufacturing	49,506,840
Lafayette Pavilions Shopping Center LLC	Retail	48,170,979
Wal-Mart Real Estate Business Trust	Retail	27,354,160
Edward Rose of Indiana	Real Estate	24,902,000
<b>Total</b>		<b><u>\$ 894,302,509</u></b>

Source: Tippecanoe County Auditor's Office.

**Sources of Data and Information**

Statistical data and other information set forth under the caption "CITY DEBT AND TAXATION" have been compiled by the City's financial advisor, Crowe Horwath LLP, from sources deemed to be reliable.

**APPENDIX C**  
**CONSULTANT'S REPORT**

**LAFAYETTE MUNICIPAL SEWAGE WORKS**  
Lafayette, Indiana

CONSULTANT'S REPORT

May 5, 2014

*Revised to reflect results of bond sale.*



**LAFAYETTE MUNICIPAL SEWAGE WORKS**  
Lafayette, Indiana

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*Revised to reflect results of bond sale.*

**LAFAYETTE MUNICIPAL SEWAGE WORKS**  
Lafayette, Indiana

**PURPOSE OF THE REPORT**

Crowe Horwath LLP (“Crowe”) has performed a study and analysis of the operating and financial reports, budgets and other data pertaining to the City of Lafayette Municipal Sewage Works (“Utility”). The results of our analysis are contained in this Consultant’s Report (“Report”).

The purpose of this Report is to estimate the Utility’s cash flow and financial capacity to meet its on-going revenue requirements for operation and maintenance expenses, current and proposed debt service and to make capital improvements to the Utility’s system. This Report is based on data for the twelve months ended December 31, 2013. The historical information used in this Report was taken from the books and records of the Utility, adjusted as necessary for fixed, known and measurable items as disclosed in the Exhibits and Schedules of this Report.

In the course of preparing this Report, we have not conducted an audit of any financial or supplemental data used in the accompanying Exhibits and Schedules. We have made certain projections that may vary from actual results because events and circumstances frequently do not occur as estimated and such variances may be material. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

If you have any questions regarding this Report, please call Jennifer Wilson at (317) 269-6696.

**LAFAYETTE MUNICIPAL SEWAGE WORKS**  
Lafayette, Indiana

Balance Sheets as of December 31, 2013, 2012 and 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b><u>ASSETS AND OTHER DEBITS</u></b>			
<u>Utility Plant</u>			
Utility Plant in Service	\$ 211,694,814	\$ 208,243,899	\$ 203,597,666
Less: Accumulated Depreciation	(48,233,175)	(41,852,957)	(35,588,885)
Net Utility Plant In Service	<u>163,461,639</u>	<u>166,390,942</u>	<u>168,008,781</u>
Add: Construction Work in Progress	<u>22,050,039</u>	<u>7,402,525</u>	<u>3,676,418</u>
Net Utility Plant	<u>185,511,678</u>	<u>173,793,467</u>	<u>171,685,199</u>
<u>Restricted Assets</u>			
Construction Fund	10,936,224	112,949	112,944
Bond and Interest Account	3,089,657	4,664,643	4,658,722
Debt Service Reserve Account	5,607,481	5,050,276	4,103,031
Depreciation Fund	<u>7,573,413</u>	<u>7,273,132</u>	<u>8,408,748</u>
Total Restricted Assets	<u>27,206,775</u>	<u>17,101,000</u>	<u>17,283,445</u>
<u>Current and Accrued Assets</u>			
Operating Fund	13,075,518	10,797,407	8,266,290
Accounts Receivable	2,625,029	2,430,120	2,559,842
Interfund Loan	-	-	2,000,000
Prepayments	105,530	105,530	105,530
Materials and Supplies	<u>743,219</u>	<u>743,663</u>	<u>728,995</u>
Total Current and Accrued Assets	<u>16,549,296</u>	<u>14,076,720</u>	<u>13,660,657</u>
<u>Deferred Debits</u>			
Unamortized Bond Issuance Costs	3,321,724	1,707,713	1,845,964
Unamortized Bond Discount	<u>(6,562,850)</u>	<u>1,014,106</u>	<u>1,118,870</u>
Total Deferred Debits	<u>(3,241,126)</u>	<u>2,721,819</u>	<u>2,964,834</u>
Total Assets and Other Debits	<u>\$ 226,026,623</u>	<u>\$ 207,693,006</u>	<u>\$ 205,594,135</u>



**LAFAYETTE MUNICIPAL SEWAGE WORKS**  
Lafayette, Indiana

Balance Sheets as of December 31, 2013, 2012 and 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b><u>LIABILITIES AND OTHER CREDITS</u></b>			
<u>Equity Capital</u>			
Retained Earnings	\$ 104,634,471	\$ 98,401,983	\$ 91,929,105
Current Year Retained Earnings	<u>5,175,640</u>	<u>6,457,783</u>	<u>6,472,878</u>
Total Equity Capital	<u>109,810,111</u>	<u>104,859,766</u>	<u>98,401,983</u>
<u>Long-Term Debt</u>			
Revenue Bonds of 2000	-	36,390,000	39,215,000
Revenue Bonds of 2001	-	7,297,080	7,862,080
Revenue Bonds of 2002	-	-	735,000
Revenue Bonds of 2006 A	-	23,920,000	24,600,000
Revenue Bonds of 2006 B	24,865,000	25,790,000	25,935,000
Revenue Bonds of 2008	3,720,000	3,980,000	4,235,000
Revenue Bonds of 2009	1,317,000	1,374,000	1,429,000
Revenue Bonds of 2013	22,485,000	-	-
Refunding Revenue Bonds of 2013	<u>55,610,000</u>	<u>-</u>	<u>-</u>
Total Long-Term Debt	<u>107,997,000</u>	<u>98,751,080</u>	<u>104,011,080</u>
<u>Current and Accrued Liabilities</u>			
Accounts Payable	5,643,479	1,436,638	463,970
Accrued Wages Payable	115,448	92,547	66,311
Accrued Interest	2,460,585	1,906,975	2,004,791
ARRA Grant of 2009	<u>-</u>	<u>646,000</u>	<u>646,000</u>
Total Current and Accrued Liabilities	<u>8,219,512</u>	<u>4,082,160</u>	<u>3,181,072</u>
Total Liabilities and Other Credits	<u>\$ 226,026,623</u>	<u>\$ 207,693,006</u>	<u>\$ 205,594,135</u>

**LAFAYETTE MUNICIPAL SEWAGE WORKS**

Lafayette, Indiana

Sewage Works Refunding Revenue Bonds of 2006  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/14	\$ 490,000	4.50 %	\$ 480,989	\$ 970,989	
1/1/15	505,000	4.50	469,964	974,964	\$ 1,945,953
7/1/15	515,000	4.50	458,601	973,601	
1/1/16	530,000	4.50	447,014	977,014	1,950,615
7/1/16	540,000	4.50	435,089	975,089	
1/1/17	555,000	4.50	422,939	977,939	1,953,028
7/1/17	570,000	4.00	410,451	980,451	
1/1/18	580,000	4.00	399,051	979,051	1,959,502
7/1/18	595,000	4.00	387,451	982,451	
1/1/19	610,000	4.15	375,551	985,551	1,968,002
7/1/19	625,000	4.25	362,894	987,894	
1/1/20	640,000	4.25	349,613	989,613	1,977,507
7/1/20	655,000	4.25	336,013	991,013	
1/1/21	665,000	4.20	322,094	987,094	1,978,107
7/1/21	685,000	4.20	308,129	993,129	
1/1/22	700,000	4.25	293,744	993,744	1,986,873
7/1/22	720,000	4.25	278,869	998,869	
1/1/23	735,000	4.25	263,569	998,569	1,997,438
7/1/23	3,260,000	4.25	247,950	3,507,950	
1/1/24	3,330,000	3.50	178,675	3,508,675	7,016,625
7/1/24	3,410,000	3.50	120,400	3,530,400	
1/1/25	<u>3,470,000</u>	3.50	<u>60,725</u>	<u>3,530,725</u>	7,061,125
Totals	<u>\$ 24,385,000</u>		<u>\$ 7,409,775</u>	<u>\$ 31,794,775</u>	

**LAFAYETTE MUNICIPAL SEWAGE WORKS**

Lafayette, Indiana

Sewage Works Revenue Bonds of 2008  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/14	\$ 130,000	3.500 %	\$ 68,438	\$ 198,438	
1/1/15	140,000	3.500	66,163	206,163	\$ 404,601
7/1/15	135,000	3.500	63,713	198,713	
1/1/16	135,000	3.500	61,350	196,350	395,063
7/1/16	140,000	3.500	58,988	198,988	
1/1/17	145,000	3.625	56,538	201,538	400,526
7/1/17	140,000	3.625	53,909	193,909	
1/1/18	145,000	3.625	51,372	196,372	390,281
7/1/18	145,000	3.625	48,744	193,744	
1/1/19	150,000	3.875	46,116	196,116	389,860
7/1/19	150,000	3.875	43,209	193,209	
1/1/20	155,000	3.875	40,303	195,303	388,512
7/1/20	155,000	3.875	37,300	192,300	
1/1/21	160,000	3.875	34,297	194,297	386,597
7/1/21	165,000	3.875	31,197	196,197	
1/1/22	160,000	4.000	28,000	188,000	384,197
7/1/22	165,000	4.000	24,800	189,800	
1/1/23	190,000	4.000	21,500	211,500	401,300
7/1/23	170,000	4.000	17,700	187,700	
1/1/24	180,000	4.000	14,300	194,300	382,000
7/1/24	180,000	4.000	10,700	190,700	
1/1/25	175,000	4.000	7,100	182,100	372,800
7/1/25	<u>180,000</u>	4.000	<u>3,600</u>	<u>183,600</u>	183,600
Totals	<u>\$ 3,590,000</u>		<u>\$ 889,337</u>	<u>\$ 4,479,337</u>	

**LAFAYETTE MUNICIPAL SEWAGE WORKS**

Lafayette, Indiana

Sewage Works Revenue Bonds of 2009  
State Revolving Fund (SRF) Loan  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/14	\$ 30,000	3.62 %	\$ 23,295	\$ 53,295	
1/1/15	31,000	3.62	22,752	53,752	\$ 107,047
7/1/15	31,000	3.62	22,191	53,191	
1/1/16	32,000	3.62	21,630	53,630	106,821
7/1/16	32,000	3.62	21,050	53,050	
1/1/17	33,000	3.62	20,471	53,471	106,521
7/1/17	33,000	3.62	19,874	52,874	
1/1/18	34,000	3.62	19,277	53,277	106,151
7/1/18	35,000	3.62	18,661	53,661	
1/1/19	35,000	3.62	18,028	53,028	106,689
7/1/19	36,000	3.62	17,394	53,394	
1/1/20	37,000	3.62	16,743	53,743	107,137
7/1/20	37,000	3.62	16,073	53,073	
1/1/21	38,000	3.62	15,403	53,403	106,476
7/1/21	39,000	3.62	14,715	53,715	
1/1/22	39,000	3.62	14,009	53,009	106,724
7/1/22	40,000	3.62	13,304	53,304	
1/1/23	41,000	3.62	12,580	53,580	106,884
7/1/23	41,000	3.62	11,837	52,837	
1/1/24	42,000	3.62	11,095	53,095	105,932
7/1/24	43,000	3.62	10,335	53,335	
1/1/25	44,000	3.62	9,557	53,557	106,892
7/1/25	45,000	3.62	8,760	53,760	
1/1/26	45,000	3.62	7,946	52,946	106,706
7/1/26	46,000	3.62	7,131	53,131	
1/1/27	47,000	3.62	6,299	53,299	106,430
7/1/27	48,000	3.62	5,448	53,448	
1/1/28	49,000	3.62	4,579	53,579	107,027
7/1/28	50,000	3.62	3,692	53,692	
1/1/29	51,000	3.62	2,787	53,787	107,479
7/1/29	51,000	3.62	1,864	52,864	
1/1/30	52,000	3.62	941	52,941	105,805
Totals	<u>\$ 1,287,000</u>		<u>\$ 419,721</u>	<u>\$ 1,706,721</u>	

**LAFAYETTE MUNICIPAL SEWAGE WORKS**

Lafayette, Indiana

Sewage Works Revenue Bonds of 2013  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/14	\$ 455,000	3.000 %	\$ 342,594	\$ 797,594	
1/1/15	455,000	3.000	335,769	790,769	\$1,588,363
7/1/15	460,000	3.000	328,944	788,944	
1/1/16	460,000	3.000	322,044	782,044	1,570,988
7/1/16	465,000	3.000	315,144	780,144	
1/1/17	470,000	3.000	308,169	778,169	1,558,313
7/1/17	470,000	3.000	301,119	771,119	
1/1/18	475,000	3.000	294,069	769,069	1,540,188
7/1/18	475,000	3.000	286,944	761,944	
1/1/19	480,000	3.000	279,819	759,819	1,521,763
7/1/19	485,000	3.000	272,619	757,619	
1/1/20	490,000	3.000	265,344	755,344	1,512,963
7/1/20	495,000	3.000	257,994	752,994	
1/1/21	500,000	3.000	250,569	750,569	1,503,563
7/1/21	505,000	3.000	243,069	748,069	
1/1/22	510,000	3.000	235,494	745,494	1,493,563
7/1/22	520,000	3.000	227,844	747,844	
1/1/23	525,000	3.000	220,044	745,044	1,492,888
7/1/23	530,000	3.000	212,169	742,169	
1/1/24	540,000	3.000	204,219	744,219	1,486,388
7/1/24	545,000	3.000	196,119	741,119	
1/1/25	555,000	3.000	187,944	742,944	1,484,063
7/1/25	565,000	3.000	179,619	744,619	
1/1/26	570,000	3.000	171,144	741,144	1,485,763
7/1/26	580,000	3.000	162,594	742,594	
1/1/27	590,000	3.000	153,894	743,894	1,486,488
7/1/27	600,000	3.000	145,044	745,044	
1/1/28	605,000	3.000	136,044	741,044	1,486,088
7/1/28	615,000	3.000	126,969	741,969	
1/1/29	625,000	3.000	117,744	742,744	1,484,713
7/1/29	635,000	3.000	108,369	743,369	
1/1/30	645,000	3.000	98,844	743,844	1,487,213
7/1/30	660,000	3.000	89,169	749,169	
1/1/31	670,000	3.125	79,269	749,269	1,498,438
7/1/31	680,000	3.125	68,800	748,800	
1/1/32	690,000	3.250	58,175	748,175	1,496,975
7/1/32	705,000	3.250	46,963	751,963	
1/1/33	715,000	3.250	35,506	750,506	1,502,469
7/1/33	730,000	3.250	23,888	753,888	
1/1/34	740,000	3.250	12,025	752,025	1,505,913
Totals	<u>\$22,485,000</u>		<u>\$ 7,702,103</u>	<u>\$ 30,187,103</u>	

**LAFAYETTE MUNICIPAL SEWAGE WORKS**

Lafayette, Indiana

Sewage Works Refunding  
Revenue Bonds, Series 2013  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/14	\$ 2,010,000	2.0 %	\$ 1,085,250	\$ 3,095,250	
1/1/15	2,025,000	3.0	1,065,150	3,090,150	\$6,185,400
7/1/15	2,070,000	2.0	1,034,775	3,104,775	
1/1/16	2,095,000	3.0	1,014,075	3,109,075	6,213,850
7/1/16	2,125,000	2.0	982,650	3,107,650	
1/1/17	2,145,000	3.0	961,400	3,106,400	6,214,050
7/1/17	2,190,000	4.0	929,225	3,119,225	
1/1/18	2,235,000	3.0	885,425	3,120,425	6,239,650
7/1/18	2,275,000	4.0	851,900	3,126,900	
1/1/19	2,315,000	4.0	806,400	3,121,400	6,248,300
7/1/19	2,365,000	4.0	760,100	3,125,100	
1/1/20	2,410,000	5.0	712,800	3,122,800	6,247,900
7/1/20	2,475,000	4.0	652,550	3,127,550	
1/1/21	2,530,000	5.0	603,050	3,133,050	6,260,600
7/1/21	2,585,000	4.0	539,800	3,124,800	
1/1/22	2,650,000	5.0	488,100	3,138,100	6,262,900
7/1/22	2,705,000	5.0	421,850	3,126,850	
1/1/23	2,755,000	5.0	354,225	3,109,225	6,236,075
7/1/23	340,000	5.0	285,350	625,350	
1/1/24	340,000	5.0	276,850	616,850	1,242,200
7/1/24	335,000	5.0	268,350	603,350	
1/1/25	345,000	5.0	259,975	604,975	1,208,325
7/1/25	3,885,000	5.0	251,350	4,136,350	
1/1/26	4,170,000	(1)	154,225	4,324,225	8,460,575
7/1/26	4,235,000	(2)	86,525	4,321,525	4,321,525
Totals	<u>\$ 55,610,000</u>		<u>\$ 15,731,350</u>	<u>\$ 71,341,350</u>	

<u>Reference</u>	<u>Date</u>	<u>Principal Amount</u>	<u>Coupon</u>	<u>Principal Amount</u>	<u>Coupon</u>
(1)	1/1/26	\$ 1,030,000	4.0%	\$ 3,140,000	3.0%
(2)	7/1/26	2,300,000	5.0%	1,935,000	3.0%

**LAFAYETTE MUNICIPAL SEWAGE WORKS**  
Lafayette, Indiana

Statements of Income for the Twelve Months  
Ended December 31, 2013, 2012 and 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Operating Revenues</u>			
Metered Residential Sales	\$ 6,843,009	\$ 6,152,555	\$ 6,096,317
Metered Commercial Sales	4,391,238	3,942,794	3,912,899
Metered Industrial Sales	89,450	115,786	61,947
Metered Public Authority Sales	321,067	280,303	263,245
Unmetered Utility Sales	47,481	39,412	50,290
Industrial Pretreatment	11,343,866	10,357,219	10,643,090
Forfeited Discounts	217,582	169,912	194,196
Miscellaneous Operating Revenue	20,136	42,217	21,593
Total Operating Revenues	<u>23,273,829</u>	<u>21,100,198</u>	<u>21,243,577</u>
<u>Operating Expenses</u>			
<u>Operation and Maintenance Expenses</u>			
Administration			
Salaries and Wages	1,569,815	1,296,126	1,169,345
Benefits	1,604,037	1,140,069	971,020
Materials and Supplies	53,817	58,735	41,886
Contractual	208,763	211,047	99,703
Miscellaneous	187,910	163,081	171,156
Customer Account			
Salaries and Wages	247,911	239,534	250,429
Miscellaneous	98,894	77,594	80,746
Printing	81,409	81,871	76,111
Collection			
Salaries and Wages	510,116	486,342	548,699
Purchased Power - Electric and Gas	261,309	219,912	233,059
Chemicals	328,340	284,588	355,349
Maintenance	49,411	49,752	87,214
Materials and Supplies	73,274	61,906	57,869
Treatment and Disposal			
Salaries and Wages	981,318	932,228	969,903
Purchased Power - Electric and Gas	614,510	515,862	505,514
Sludge Removal	462,284	469,122	322,220
Maintenance	282,353	255,092	239,428
Materials and Supplies	28,643	37,128	39,883
Contractual	92,694	66,391	61,667
Insurance	202,768	190,889	178,472
Total Operation and Maintenance Expenses	<u>7,939,576</u>	<u>6,837,269</u>	<u>6,459,673</u>

**LAFAYETTE MUNICIPAL SEWAGE WORKS**  
Lafayette, Indiana

Statements of Income for the Twelve Months  
Ended December 31, 2013, 2012 and 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Depreciation Expense</u>	<u>\$7,127,211</u>	<u>\$6,352,152</u>	<u>\$6,174,811</u>
<u>Taxes Other Than Income Taxes</u>			
Payment in Lieu Taxes (PILOT)	1,930,000	1,930,000	1,930,000
FICA	316,311	273,511	255,074
Miscellaneous Taxes	4,111	5,176	4,330
Total Taxes Other Than Income Taxes	<u>2,250,422</u>	<u>2,208,687</u>	<u>2,189,404</u>
Total Operating Expenses	<u>17,317,209</u>	<u>15,398,108</u>	<u>14,823,888</u>
Net Operating Income	<u>5,956,620</u>	<u>5,702,090</u>	<u>6,419,689</u>
<u>Other Income</u>			
Stormwater Revenues	3,818,226	3,730,475	3,614,438
Interest Income	122,050	55,475	69,721
Tap Fees	52,000	75,110	70,775
Sales of Assets	5,829	5,031	345
Contributions in Aid of Construction	1,037,746	793,770	487,350
Cost Recovery Income	474,917	388,434	559,277
Transfer Interfund Income	-	978,885	355,492
Miscellaneous Income	8,748	21,686	5,963
Total Other Income	<u>5,519,516</u>	<u>6,048,866</u>	<u>5,163,361</u>
<u>Other Expenses</u>			
Stormwater Expenses	986,998	988,734	684,241
Bond Issuance Costs	249,959	169,205	144,553
Capital Purchase	137,551	196,056	174,162
Interest Expense	4,925,988	3,939,178	4,104,666
Transfer Expense	-	-	2,550
Total Other Expenses	<u>6,300,496</u>	<u>5,293,173</u>	<u>5,110,172</u>
Net Income	<u>\$5,175,640</u>	<u>\$6,457,783</u>	<u>\$6,472,878</u>



**LAFAYETTE MUNICIPAL SEWAGE WORKS**  
Lafayette, Indiana

Adjusted Statement of Income

	<u>December</u> <u>2013</u>	<u>Adjustments</u>		<u>Adjusted</u>
		<u>Amount</u>	<u>Ref.</u>	
<u>Operating Revenues</u>				
Metered Residential Sales	\$6,843,009	\$ 684,301	(1)	\$ 7,828,402
		301,092	(2)	
Metered Commercial Sales	4,391,238	439,124	(1)	5,023,576
		193,214	(2)	
Metered Industrial Sales	89,450	8,945	(1)	102,331
		3,936	(2)	
Metered Public Authority Sales	321,067	32,107	(1)	367,301
		14,127	(2)	
Unmetered Utility Sales	47,481	4,748	(1)	54,318
		2,089	(2)	
Industrial Pretreatment	11,343,866	1,134,387	(1)	12,977,383
		499,130	(2)	
Forfeited Discounts	217,582			217,582
Miscellaneous Operating Revenue	20,136			20,136
Total Operating Revenues	<u>23,273,829</u>	<u>3,317,200</u>		<u>26,591,029</u>
<u>Operating Expenses</u>				
Operation and Maintenance Expenses	7,939,576			7,939,576
Depreciation Expense	7,127,211			7,127,211
Taxes Other Than Income Taxes	<u>2,250,422</u>			<u>2,250,422</u>
Total Operating Expenses	<u>17,317,209</u>			<u>17,317,209</u>
Net Operating Income	<u>\$5,956,620</u>	<u>\$ 3,317,200</u>		<u>\$ 9,273,820</u>

**LAFAYETTE MUNICIPAL SEWAGE WORKS**

Lafayette, Indiana

Detail of Adjustments

(1)

To adjust "Sewer Sales" for the 2014 rate increase of ten percent (10%) effective January 1, 2014.

	<u>Test Year</u> <u>Revenues</u>	<u>Annual</u> <u>Increase</u>
Metered Residential Sales	\$ 6,843,009	\$ 684,301
Metered Commercial Sales	4,391,238	439,124
Metered Industrial Sales	89,450	8,945
Metered Public Authority Sales	321,067	32,107
Unmetered Utility Sales	47,481	4,748
Industrial Pretreatment	11,343,866	<u>1,134,387</u>
Adjustment - Increase		<u><u>\$ 2,303,612</u></u>

(2)

To adjust "Sewer Sales" for the 2015 rate increase of four percent (4%) effective January 1, 2015.

	<u>Adjusted</u> <u>Revenues</u>	<u>Annual</u> <u>Increase</u>
Metered Residential Sales	\$ 7,527,310	\$ 301,092
Metered Commercial Sales	4,830,362	193,214
Metered Industrial Sales	98,395	3,936
Metered Public Authority Sales	353,174	14,127
Unmetered Utility Sales	52,229	2,089
Industrial Pretreatment	12,478,253	<u>499,130</u>
Adjustment - Increase		<u><u>\$ 1,013,588</u></u>

**LAFAYETTE MUNICIPAL SEWAGE WORKS**  
Lafayette, Indiana

Sewage Works Revenue Bonds of 2014  
Estimated Sources and Uses

<u>Estimated Sources of Funds</u>	
Estimated Par Amount	\$ 10,515,000
Net Premium	<u>149,687</u>
 Total Estimated Sources of Funds	 <u><u>\$ 10,664,687</u></u>
 <u>Estimated Uses of Funds</u>	
Project Costs	\$ 9,678,858
Debt Service Reserve	739,460
Underwriter's Discount	149,969
Cost of Issuance	<u>96,400</u>
 Total Estimated Uses of Funds	 <u><u>\$ 10,664,687</u></u>

*Revised to reflect results of bond sale.*

**LAFAYETTE MUNICIPAL SEWAGE WORKS**  
Lafayette, Indiana

Sewage Works Revenue Bonds of 2014  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
1/1/15	\$ 210,000	2.000 %	\$ 167,855	\$ 377,855	\$ 377,855
7/1/15	205,000	2.000	165,755	370,755	
1/1/16	205,000	2.000	163,705	368,705	739,460
7/1/16	205,000	3.000	161,655	366,655	
1/1/17	210,000	3.000	158,580	368,580	735,235
7/1/17	205,000	3.000	155,430	360,430	
1/1/18	215,000	3.000	152,355	367,355	727,785
7/1/18	210,000	3.000	149,130	359,130	
1/1/19	215,000	3.000	145,980	360,980	720,110
7/1/19	215,000	3.000	142,755	357,755	
1/1/20	215,000	3.000	139,530	354,530	712,285
7/1/20	215,000	3.000	136,305	351,305	
1/1/21	225,000	3.000	133,080	358,080	709,385
7/1/21	220,000	3.000	129,705	349,705	
1/1/22	230,000	3.000	126,405	356,405	706,110
7/1/22	230,000	3.000	122,955	352,955	
1/1/23	230,000	3.000	119,505	349,505	702,460
7/1/23	240,000	3.000	116,055	356,055	
1/1/24	235,000	3.000	112,455	347,455	703,510
7/1/24	240,000	3.000	108,930	348,930	
1/1/25	245,000	3.000	105,330	350,330	699,260
7/1/25	255,000	3.000	101,655	356,655	
1/1/26	250,000	3.000	97,830	347,830	704,485
7/1/26	260,000	3.000	94,080	354,080	
1/1/27	260,000	3.200	90,180	350,180	704,260
7/1/27	265,000	3.200	86,020	351,020	
1/1/28	270,000	3.300	81,780	351,780	702,800
7/1/28	275,000	3.300	77,325	352,325	
1/1/29	280,000	3.375	72,788	352,788	705,113
7/1/29	290,000	3.375	68,063	358,063	
1/1/30	285,000	3.500	63,169	348,169	706,232
7/1/30	300,000	3.500	58,181	358,181	
1/1/31	295,000	3.500	52,931	347,931	706,112
7/1/31	305,000	3.500	47,769	352,769	
1/1/32	310,000	3.500	42,431	352,431	705,200
7/1/32	320,000	3.500	37,006	357,006	
1/1/33	320,000	3.750	31,406	351,406	708,412
7/1/33	335,000	3.750	25,406	360,406	
1/1/34	330,000	3.750	19,125	349,125	709,531
7/1/34	345,000	3.750	12,938	357,938	
1/1/35	345,000	3.750	6,469	351,469	709,407
Totals	<u>\$ 10,515,000</u>		<u>\$ 4,080,007</u>	<u>\$ 14,595,007</u>	

*Revised to reflect results of bond sale.*

**LAFAYETTE MUNICIPAL SEWAGE WORKS**  
Lafayette, Indiana

Combined Amortization Schedule

Year	2006 Refunding Bonds	2008 Bonds	2009 SRF Loan	2013 Bonds	2013 Refunding Bonds	2014 Bonds	Total
2014	\$ 1,945,953	\$ 404,601	\$ 107,047	\$ 1,588,363	\$ 6,185,400	\$ 377,855	\$ 10,609,219
2015	1,950,615	395,063	106,821	1,570,988	6,213,850	739,460	10,976,797
2016	1,953,028	400,526	106,521	1,558,313	6,214,050	735,235	10,967,673
2017	1,959,502	390,281	106,151	1,540,188	6,239,650	727,785	10,963,557
2018	1,968,002	389,860	106,689	1,521,763	6,248,300	720,110	10,954,724
2019	1,977,507	388,512	107,137	1,512,963	6,247,900	712,285	10,946,304
2020	1,978,107	386,597	106,476	1,503,563	6,260,600	709,385	10,944,728
2021	1,986,873	384,197	106,724	1,493,563	6,262,900	706,110	10,940,367
2022	1,997,438	401,300	106,884	1,492,888	6,236,075	702,460	10,937,045
2023	7,016,625	382,000	105,932	1,486,388	1,242,200	703,510	10,936,655
2024	7,061,125	372,800	106,892	1,484,063	1,208,325	699,260	10,932,465
2025		183,600	106,706	1,485,763	8,460,575	704,485	10,941,129
2026			106,430	1,486,488	4,321,525	704,260	6,618,703
2027			107,027	1,486,088		702,800	2,295,915
2028			107,479	1,484,713		705,113	2,297,305
2029			105,805	1,487,213		706,232	2,299,250
2030				1,498,438		706,112	2,204,550
2031				1,496,975		705,200	2,202,175
2032				1,502,469		708,412	2,210,881
2033				1,505,913		709,531	2,215,444
2034						709,407	709,407
Totals	<u>\$ 31,794,775</u>	<u>\$ 4,479,337</u>	<u>\$ 1,706,721</u>	<u>\$ 30,187,103</u>	<u>\$ 71,341,350</u>	<u>\$ 14,595,007</u>	<u>\$ 154,104,293</u>

Combined Maximum Annual Principal and Interest \$ 10,976,797

*Revised to reflect results of bond sale.*

**LAFAYETTE MUNICIPAL SEWAGE WORKS**

Lafayette, Indiana

## Debt Service Coverage Calculation

Adjusted Operating Revenues (Exhibit C)	\$ 26,591,029
Less: Operation and Maintenance Expenses (Exhibit C)	(7,939,576)
Less: Taxes Other Than Income Taxes (Exhibit C)	<u>(2,250,422)</u>
Net Revenues Available for Debt Service	16,401,031
Estimated Combined Maximum Annual Debt Service (Exhibit F)	<u>10,976,797</u>
Coverage - \$	<u>\$ 5,424,234</u>
Coverage - %	<u>149%</u>

*Revised to reflect results of bond sale.*

**LAFAYETTE MUNICIPAL SEWAGE WORKS**  
Lafayette, Indiana

Schedule of Present Rates and Charges

	<u>2014</u> <u>Rates</u>	2015 and Thereafter <u>Rates</u>
<u>Metered Rates Per Month</u>		
<u>Rate Per 1,000 Gallons</u>		
Use Charge	\$ 5.50	\$ 5.72
 <u>Minimum Monthly Billing Charge</u>		
Any Metered User	4.13	4.30
 <u>Unmetered User Flat Charge</u>		
Residential User (based on 11,000 gallons per month)	64.63	67.22
 <u>Unmetered User Flat Charge</u>		
Commercial User (based on 27,000 gallons per month)	152.63	158.74
 <u>Excess Strength Surcharge Rates</u>		
Surcharge for Exceeding Pollution Concentration Limits		
- Charges per 1,000 Gallons for excess flow	0.40	0.42
- TBOD (Per Pound)	0.32	0.33
- TSSs (Per Pound)	0.32	0.33
- Total Nitrogen	0.32	0.33
 Stormwater Charge per Equivalent Residential Unit (ERU) (1)	 5.00	 5.00

(1) Present Rates and Charges, with exception of the Stormwater Charge, were effective January 1, 2014.

**APPENDIX D**  
**BOND ORDINANCE**



**APPENDIX E**  
**BOOK-ENTRY-ONLY SYSTEM**

## BOOK-ENTRY-ONLY SYSTEM

DTC will act as securities depository for the 2014 Bonds. The 2014 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 certificate will be issued for each maturity of the 2014 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities 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 Standard & Poor's rating "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of 2014 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2014 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2014 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 2014 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2014 Bonds, except in the event that use of the book-entry system for the 2014 Bonds is discontinued.

To facilitate subsequent transfers, all 2014 Bonds deposited by 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 2014 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2014 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts

such 2014 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 2014 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2014 Bonds, such as redemptions, defaults, and proposed amendments to the Ordinance. For example, Beneficial Owners of 2014 Bonds may wish to ascertain that the nominee holding the 2014 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 2014 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 2014 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2014 Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal, premium and interest payments on the 2014 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC (nor its nominee), the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement 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 2014 Bonds at any time by giving reasonable notice to the City or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, 2014 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2014 Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

#### Discontinuation of Book-Entry System

In the event that the book-entry system for the 2014 Bonds is discontinued, the Registrar would provide for the registration of the 2014 Bonds in the name of the Beneficial Owners thereof. The City and the Registrar would treat the person in whose name any 2014 Bond is registered as the absolute owner of such 2014 Bond for the purposes of making and receiving payment of the principal thereof and interest thereon, and for all other purposes, except as otherwise described under the caption, "Continuing Disclosure," and neither the City nor the Registrar would be bound by any notice or knowledge to the contrary.

Each 2014 Bond would be transferable or exchangeable only upon the presentation and surrender thereof at the corporate trust office of the Registrar, duly endorsed for transfer or exchange, or accompanied by a written assignment duly executed by the owner or its authorized representative in form satisfactory to the Registrar. Upon due presentation of any 2014 Bonds for transfer or exchange, the Registrar would authenticate and deliver in exchange therefor, within a reasonable time after such presentation, a new 2014 Bond or 2014 Bonds, registered in the name of the transferee or transferees (in the case of a transfer), or the owner (in the case of an exchange), in authorized denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the 2014 Bond or 2014 Bonds so presented. The City or the Registrar would require the owner of any 2014 Bonds to pay a sum sufficient to cover any tax, fee or other governmental charge required to be paid in connection with the transfer or exchange of such 2014 Bonds.

**APPENDIX F**  
**FORM OF BOND COUNSEL OPINION**

(Upon delivery of the 2014 Bonds, Greenebaum Doll LLP, Indianapolis, Indiana bond counsel will deliver an opinion in substantially the following form)

July 1, 2014

City of Lafayette, Indiana  
Lafayette, Indiana

City Securities Corporation  
Indianapolis, Indiana

Re: City of Lafayette, Indiana  
Sewage Works Revenue Bonds of 2014  
Total Issue: \$10,515,000  
Original Issue Date: July 1, 2014

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Lafayette, Indiana (the "Issuer"), of \$10,515,000 in aggregate original principal amount of its Sewage Works Revenue Bonds of 2014 (the "Bonds"), each originally dated July 1, 2014, pursuant to Indiana Code 36-9-23 and other applicable laws including Indiana Code 5-1, as amended (collectively, the "Act") and a certain Ordinance No. 2012-31 adopted on December 3, 2012, by the Common Council of the Issuer (the "Bond Ordinance").

We have examined the law and the certified transcript of proceedings of the Issuer related to the authorization, issuance and sale of the Bonds and such other papers as we deem necessary to render this opinion. We have relied upon the certified transcript of proceedings and other certificates of public officials, including the Issuer's tax covenants and representations (collectively, "Tax Covenants"), and we have not undertaken to verify any facts by independent investigation.

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

1. The Bonds have been duly authorized by the Bond Ordinance, and are valid and binding special revenue Bonds of the Issuer, in accordance with the terms and provisions thereof, and together with any additional bonds on a parity therewith hereafter issued, will be secured by a pledge of and payable solely out of the special fund legally established and designated as the "Sewage Works Sinking Fund," to which fund there has been pledged the net revenues (such net revenues being the gross revenues after deduction only for the payment of the reasonable expenses of operation, repair and maintenance) of the Issuer's sewage works utility (the "Net Revenues"), on a parity with certain (i) "Sewage Works Refunding Revenue Bonds of 2006", now outstanding in the amount of \$23,895,000, (ii) "Sewage Works Revenue Bonds of 2008", now outstanding in the amount of \$3,460,000, (iii) "Sewage Works Revenue Bonds of 2009", now outstanding in the amount of \$1,257,000, (iv) "Sewage Works Revenue

Bonds of 2013”, now outstanding in the amount of \$22,030,000, and (v) “Sewage Works Refunding Revenue Bonds of 2013”, now outstanding in the amount of \$53,600,000.

2. Under statutes, decisions, regulations and rulings existing on this date, interest on the Bonds is exempt from income taxation in the State of Indiana (the “State”) except for the State financial institutions tax. This opinion relates only to the tax exemption of interest from State income taxes.

3. Under federal statutes, decisions, regulations and rulings existing on this date, interest on the Bonds is excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). 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 on continuing compliance with the Tax Covenants. Failure to comply with the Tax Covenants could cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to their date of issue.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of any offering material relating to the Bonds, and we express no opinion relating thereto.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds may be subject to 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. It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds may be subject to the valid exercise of the constitutional power of the State and the United States of America.

Very truly yours,

Bingham Greenebaum Doll, LLP

**APPENDIX G**  
**CONTINUING DISCLOSURE UNDERTAKING AGREEMENT**



**CITY OF LAFAYETTE, INDIANA  
SEWAGE WORKS REVENUE BONDS OF 2014**

**CONTINUING DISCLOSURE UNDERTAKING AGREEMENT**

This CONTINUING DISCLOSURE UNDERTAKING AGREEMENT (the "Agreement") is made as of this 1<sup>st</sup> day of July, 2014 between the City of Lafayette, Indiana (the "Promisor") to each registered owner or holder of any Bond (as hereinafter defined) (each, a "Promisee");

WITNESSETH THAT:

WHEREAS, the Promisor is issuing its Sewage Works Revenue Bonds of 2014, on the date hereof (the "Bonds"), pursuant to Ordinance No. 2012-31 of the Common Council of the Promisor adopted on December 3, 2012 (the "Bond Ordinance"); and

WHEREAS, City Securities Corporation (the "Underwriter") is, in connection with an offering of the Bonds directly or indirectly by or on behalf of the Promisor, purchasing the Bonds from the Promisor and selling the Bonds to certain purchasers; and

WHEREAS, Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934, as amended (the "Act"), provides that, except as otherwise provided in the Rule, a participating underwriter (as defined in the Rule) shall not purchase or sell municipal securities in connection with an offering (as defined in the Rule) unless the participating underwriter has reasonably determined that an issuer of municipal securities (as defined in the Rule) or an obligated person (as defined in the Rule) for whom financial or operating data is presented in the final official statement (as defined in the Rule) has undertaken, either individually or in combination with other issuers of such municipal securities or obligated persons, in a written agreement or contract for the benefit of holders of such securities, to provide certain information; and

WHEREAS, the Promisor desires to enter into this Agreement in order to assist the Underwriter in complying with the Rule; and

WHEREAS, any registered owner or holder of any Bond shall, by its payment for and acceptance of such Bond, accept and assent to this Agreement and the exchange of (i) such payment and acceptance for (ii) the promises of the Promisor contained herein;

NOW, THEREFORE, in consideration of the Underwriter's and any Promisee's payment for and acceptance of any Bonds, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Promisor hereby promises to each Promisee as follows:

Section 1. Definitions. The words and terms defined in this Agreement shall have the meanings herein specified unless the context or use clearly indicates another or different meaning or intent. Those words and terms not expressly defined herein and used herein with initial capitalization where rules of grammar do not otherwise require capitalization, shall have the meanings assigned to them in the Rule.

- (a) "Bond" shall mean any of the Bonds.

- (b) “Bondholder” shall mean any registered or beneficial owner or holder of any Bond.
- (c) “City” shall mean the City of Lafayette, Indiana.
- (d) “EMMA” means Electronic Municipal Market Access of the MSRB.
- (e) “Fiscal Year” of any person shall mean any period from time to time adopted by such person as its fiscal year for accounting purposes.
- (f) “MSRB” means the Municipal Securities Rulemaking Board.
- (g) “Obligated Person” means any person, including an Promisor of municipal securities, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all or a part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).
- (h) “State” shall mean the State of Indiana.

Section 2. Term. The term of this Agreement shall commence on the date of delivery of the Bonds by the Promisor to the Underwriter and shall expire on the earlier of (a) the date of payment in full of principal of and premium, if any, and interest on the Bonds, whether upon scheduled maturity, redemption, acceleration or otherwise, or (b) the date of defeasance of the Bonds in accordance with the terms of the Bond Resolution.

Section 3. Obligated Person(s). The Promisor hereby represents and warrants as of the date hereof:

- (a) The Promisor is the issuer of the Bonds, and is the only Obligated Person with respect to the Bonds; and
- (b) Except as may be disclosed in the Official Statement, there have been no instances in the five (5) years prior to the date of the Official Statement in which the Promisor failed to comply, in all material respects, with any previous undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

Section 4. Undertaking to Provide Information.

- (a) The Promisor hereby undertakes to provide for and on behalf of itself, either directly or indirectly through a designated agent, the following to the MSRB, through its EMMA system, in an electronic format as prescribed by the MSRB:
  - (i) When and if available, the audited comprehensive annual financial report (“CAFR”) of the City for each twelve (12) month period ending December 31st, beginning with the twelve (12) month period ending December 31, 2014, together with the opinion of such accountants and all notes thereto, within sixty (60) days of receipt from the certified public accountants;

- (ii) Within 180 days of each December 31st, beginning with the calendar year ending December 31, 2014, unaudited annual financial information for the City for such calendar year (together with the financial information described in Section 4(a)(i) hereof, collectively, the “Annual Financial Information”), including (A) unaudited financial information of the City if audited financial statements are not available; (B) the information contained in the “Largest Sewage Works Customers” table contained in Appendix A of the Official Statement; and
  
- (iii) In a timely manner, not in excess of ten (10) business days of the occurrence, notice of any of the following events with respect to the Bonds,
  - (A) Events Disclosed if Material.
    - (1) non-payment related defaults;
    - (2) modifications to the rights of Bondholders;
    - (3) bond calls (other than scheduled mandatory sinking redemptions for which notice is given in accordance with the Bond Resolution);
    - (4) release, substitution or sale of property securing repayment of the Bonds;
    - (5) mergers, consolidations or acquisitions involving any Obligated Persons, or the sale of all or substantially all of the assets of any Obligated Persons, including the entry into or the termination of agreements providing for such; and
    - (6) the appointment of a successor trustee or co-trustee or the change of name of any trustee.
  
  - (B) Events Disclosed Without Regard to 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) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
    - (6) defeasances;
    - (7) rating changes;
    - (8) tender offers; and

- (9) bankruptcy, insolvency, receivership or similar event of any Obligated Person.

Events listed in subsection (A) shall be disclosed only if they are deemed to be material (which determination of materiality shall be made by the Promisor in accordance with the standards established by federal securities laws). Events listed in subsection (B) shall be disclosed regardless of whether or not they are determined to be material in nature. The Promisor 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 Promisor, such other event is material with respect to the Bonds and should be disclosed, but the Promisor do not commit to provide any such notice of the occurrence of any event except those events set forth above.

- (iv) In a timely manner, notice of a failure of such Obligated Persons to provide required Annual Financial Information or audited financial statements, on or before the date specified in this Agreement.
- (b) Any financial statements of any Obligated Person provided pursuant to subsection (a)(i) of this Section 4 shall be prepared in accordance with any accounting principles mandated by the laws of the State, as in effect from time to time, or any other consistent accounting principles that enable market participants to evaluate results and perform year to year comparisons, but need not be audited.
- (c) Any Annual Financial Information or audited financial statements may be set forth in a document or set of documents, or may be included by specific reference to documents available to the public on the MSRB's Internet Web site, or filed with the Commission.
- (d) If any Annual Financial Information otherwise required by any subsection of this Section 4 no longer can be generated because the operations to which it relates have been materially changed or discontinued, a statement to that effect shall be deemed to satisfy the requirements of such subsection.
- (e) All documents provided to the MSRB under this Agreement shall be accompanied by identifying information as prescribed by the MSRB.

Section 5. The obligation to provide Annual Financial Information, audited financial statements and notices of events under Section 4(a) hereof shall terminate with respect to any Obligated Person, if and when such Obligated Person no longer remains an obligated person (as defined in the Rule) with respect to the Bonds.

Section 6. Bondholders. Each Bondholder is an intended beneficiary of the obligations of the Promisor under this Agreement, such obligations create a duty in the Promisor to each Bondholder to perform such obligations, and each Bondholder shall have the right to enforce such duty.

Section 7. Limitation of Rights. Nothing expressed or implied in this Agreement is intended to give, or shall give, to the Underwriter, the Commission or any Obligated Person, or any underwriters, brokers or dealers, or any other person, other than the Promisor, each Promisee and each Bondholder, any legal or equitable right, remedy or claim under or with respect to this Agreement or any rights or obligations hereunder. This Agreement and the rights and obligations hereunder are intended to be, and shall be, for the sole and exclusive benefit of the Promisor, each Promisee and each Bondholder.

Section 8. Remedies.

- (a) The sole and exclusive remedy for any breach or violation by the Promisor of any obligation of the Promisor under this Agreement shall be the remedy of specific performance by the Promisor of such obligation. Neither any Promisee nor any Bondholder shall have any right to monetary damages or any other remedy for any breach or violation by the Promisor of any obligation of the Promisor under this Agreement, except the remedy of specific performance by the Promisor of such obligation.
- (b) No breach or violation by the Promisor of any obligation of the Promisor under this Agreement shall constitute a breach or violation of or default under the Bonds or the Bond Resolution.
- (c) Any action, suit or other proceeding for any breach or violation by the Promisor of any obligation of the Promisor under this Agreement shall be instituted, prosecuted and maintained only in a court of competent jurisdiction in Tippecanoe County, Indiana.
- (d) No action, suit or other proceeding for any breach or violation by the Promisor of any obligation of the Promisor under this Agreement shall be instituted, prosecuted or maintained by any Promisee or any Bondholder unless, prior to instituting such action, suit or other proceeding: (i) such Promisee or such Bondholder has given the Promisor notice of such breach or violation and demand for performance; and (ii) the Promisor has failed to cure such breach or violation within sixty (60) days after such notice.

Section 9. Waiver. Any failure by any Promisee or any Bondholder to institute any suit, action or other proceeding for any breach or violation by the Promisor of any obligation of the Promisor under this Agreement, within three hundred sixty (360) days after the date such Promisee or such Bondholder first has knowledge of such breach or violation, shall constitute a waiver by such Promisee or such Bondholder of such breach or violation and, after such waiver, no remedy shall be available to such Promisee or such Bondholder for such breach or violation.

Section 10. Limitation of Liability. The obligations of the Promisor under this Agreement are special and limited obligations of the Promisor, payable solely from the trust estate under the Bond Resolution. The obligations of the Promisor under this Agreement are not and shall never constitute a general obligation, debt or liability of the Promisor or the State, or any political subdivision thereof, within the meaning of any constitutional limitation or provision, or a pledge of the faith, credit or taxing power of the Promisor or the State, or any political subdivision thereof, and do not and shall never constitute or give rise to any pecuniary liability or charge

against the general credit or taxing power of the Promisor or the State, or any political subdivision thereof.

Section 11. Immunity of Officers, Directors, Members, Employees and Agents. No recourse shall be had for any claim based upon any obligation in this Agreement against any past, present or future officer, director, member, employee or agent of the Promisor, as such, either directly or through the Promisor, under any rule of law or equity, statute or constitution.

Section 12. Amendment of Obligations. The Promisor may, from time to time, amend any obligation of the Promisor under this Agreement, without notice to or consent from any Promisee or any Bondholder, if: (a)(i) such amendment 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 any Obligated Person, or type of business conducted, (ii) this Agreement, after giving effect to such amendment, would have complied with the requirements of the Rule on the date hereof, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) such amendment does not materially impair the interests of any Bondholders, as determined either by (A) any person selected by the Promisor that is unaffiliated with the Promisor or any Obligated Person (such as any trustee under the Bond Resolution) or (B) an approving vote of the Bondholders pursuant to the terms of the Bond Resolution at the time of such amendment; or (b) such amendment is otherwise permitted by the Rule.

Section 13. Assignment and Delegation. Neither any Promisee nor any Bondholder may, without the prior written consent of the Promisor, assign any of its rights under this Agreement to any other person. The Promisor may not assign any of its rights or delegate any of its obligations under this Agreement to any other person, except that the Promisor may assign any of its rights or delegate any of such obligations to any entity (a) into which the Promisor merges, with which the Promisor consolidates or to which the Promisor transfers all or substantially all of its assets or (b) which agrees in writing for the benefit of Bondholders to assume such rights or obligations.

Section 14. Communications. Any information, datum, statement, notice, certificate or other communication required or permitted to be provided, delivered or otherwise given hereunder by any person to any other person shall be in writing and, if such other person is the Promisor, shall be provided, delivered or otherwise given to the Promisor at the following address:

City of Lafayette  
20 North 6<sup>th</sup> Street  
Lafayette, Indiana 47901  
Attention: Controller

(or at such other address as the Promisor may, by notice to the MSRB, provide), or, if such other person is not the Promisor, shall be provided, delivered or otherwise given to such other person at any address that the person providing, delivering or otherwise giving such information, datum, statement, notice, certificate or other communication believes, in good faith but without any investigation, to be an address for receipt by such other person of such information, datum, statement, notice, certificate or other communication. For purposes of this Agreement, any such information, datum, statement, notice, certificate or other communication shall be deemed to be provided, delivered or otherwise given on the date that such information, datum, notice, certificate or other communication is (a) delivered by hand to such other person, (b) deposited

with the United States Postal Service for mailing by registered or certified mail, (c) deposited with Express Mail, Federal Express or any other courier service for delivery on the following business day, or (d) sent by facsimile transmission, telecopy or telegram.

Section 15. Knowledge. For purposes of this Agreement, each Promisee and each Bondholder shall be deemed to have knowledge of the provision and content of any information, datum, statement or notice provided by the Promisor to the MSRB on the date such information, datum, statement or notice is so provided, regardless of whether such Promisee or such Bondholder was a registered or beneficial owner or holder of any Bond at the time such information, datum, statement or notice was so provided.

Section 16. Performance Due on other than Business Days. If the last day for taking any action under this Agreement is a day other than a business day, such action may be taken on the next succeeding business day and, if so taken, shall have the same effect as if taken on the day required by this Agreement.

Section 17. Use of Dissemination Agent. The Promisor may, at its sole discretion, utilize an agent or agents (the "Dissemination Agent") in connection with the dissemination of any information required to be provided by any Obligated Person pursuant to the terms of the SEC Rule and this Agreement. If a Dissemination Agent is selected for these purposes, the Promisor shall provide notice thereof to the MRSB through its EMMA system.

Section 18. Waiver of Assent. Notice of acceptance of or other assent to this Agreement is hereby waived.

Section 19. Governing Law. This Agreement and the rights and obligations hereunder shall be governed by and construed and enforced in accordance with the internal laws of the State, without reference to any choice of law principles.

Section 20. Severability. If any portion of this Agreement is held or deemed to be, or is, invalid, illegal, inoperable or unenforceable, the validity, legality, operability and enforceability of the remaining portions of this Agreement shall not be affected, and this Agreement shall be construed as if it did not contain such invalid, illegal, inoperable or unenforceable portion.

Section 21. Rule. This Agreement is intended to be an agreement or contract in which the Promisor has undertaken to provide that which is required by paragraph (b)(5) of the Rule. If and to the extent this Agreement is not such an agreement or contract, this Agreement shall be deemed to include such terms not otherwise included herein, and to exclude such terms not otherwise excluded herefrom, as are necessary to cause this Agreement to be such an agreement or contract.

Section 22. Interpretation. The use herein of the singular shall be construed to include the plural, and vice versa, and the use herein of the neuter shall be construed to include the masculine and feminine. Unless otherwise indicated, the words "hereof," "herein," "hereby" and "hereunder," or words of similar import, refer to this Agreement as a whole and not to any particular section, subsection, clause or other portion of this Agreement.

Section 23. Captions. The captions appearing in this Agreement are included herein for convenience of reference only, and shall not be deemed to define, limit or extend the scope of intent of any rights or obligations under this Agreement.

[Signature Page To Follow]

IN WITNESS WHEREOF, the Promisor has caused this Agreement to be executed as of the date first above written.

CITY OF LAFAYETTE, INDIANA,  
AS PROMISOR

By: \_\_\_\_\_  
Tony Roswarski, Mayor

ATTEST:

By: \_\_\_\_\_  
Cindy Murray, City Clerk

*City of Lafayette, Indiana  
Sewage Works Revenue Bonds of 2014  
Signature Page to Continuing Disclosure Undertaking Agreement*



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