

ORDINANCE NO. 2011-01

An Ordinance concerning the construction of the sewage works of the Lakeland Regional Sewer District, the issuance of revenue bonds to apply on the cost thereof, the collection, segregation and distribution of the revenues of said works, the safeguarding of the interests of the owners of said revenue bonds, other matters connected therewith, including the issuance of notes in anticipation of bonds, and repealing ordinances inconsistent herewith

WHEREAS, the Lakeland Regional Sewer District, located in Kosciusko County, ("District") has heretofore determined to construct and finance a sewage works, and will own and operate said sewage works pursuant to IC 13-26, and other applicable laws as in effect on the date of delivery of the bonds issued hereunder ("Act"); and

WHEREAS, the Board of Trustees of the District ("Board of Trustees") now finds that preliminary plans, specifications and estimates have been or will be prepared and filed by the engineers employed by the District for the construction of said sewage works (as more fully set forth in summary fashion in Exhibit A hereto and made a part hereof) ("Project"), which preliminary plans and specifications have been or will be submitted to all governmental authorities having jurisdiction, particularly the Indiana Department of Environmental Management, and have been or will be approved by the aforesaid governmental authorities and are incorporated herein by reference and are or will be open for inspection at the office of the Secretary of the Board of Trustees ("Secretary") as required by law; and

WHEREAS, the District will advertise for and receive bids for the construction of the Project; said bids will be subject to the District's determination to construct the Project and subject to the District obtaining funds to pay for the Project; and

WHEREAS, on the basis of engineering estimates, the estimated cost of the Project, including necessary engineering, legal and administrative fees, is in an aggregate amount not to exceed Twenty-Six Million Four Hundred Thirty Thousand Dollars (\$26,430,000); and

WHEREAS, the District finds that the cost of the Project will be financed by the issuance of revenue bonds authorized by the Board of Trustees, in one or more series, in an aggregate principal amount not to exceed \$26,430,000, and, if necessary, bond anticipation notes ("BANs"); and

WHEREAS, the Board of Trustees finds that the United States of America, U.S. Department of Agriculture, acting through Rural Development ("USDA") will purchase the bonds issued under this ordinance, all in compliance with the closing instructions issued by USDA; and

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

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

WHEREAS, the District reasonably expects to reimburse certain preliminary costs of the Project with proceeds of either its BANs or its long term debt to be incurred by the District in an amount not to exceed \$26,430,000; and

WHEREAS, all conditions precedent to the adoption of an ordinance authorizing the issuance of the revenue bonds and BANs to apply on the cost of the Project have been complied with in accordance with the provisions of the Act;

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE LAKELAND REGIONAL SEWER DISTRICT, THAT:

Section I. The District proceed with the construction of the Project in accordance with the preliminary plans and specifications heretofore prepared and filed or to be prepared and filed by the consulting engineers employed by the District, which preliminary plans and specifications are now on file or will be subsequently placed on file in the office of the Secretary, and are hereby approved, and by reference made a part of this ordinance as fully as if the same were attached hereto and incorporated herein; that the cost of construction of the Project, including expenses incident to the financing, shall not exceed the sum of \$26,430,000, plus investment earnings on the bond and BAN proceeds, without further authorization from the Board of Trustees and the Project shall be constructed and the bonds herein authorized shall be issued pursuant to and in accordance with the provisions of the Act. The terms "sewage works system," "sewage works," "works," "system" and other like terms where used in this ordinance shall be construed to mean and include the sewage works system and all real estate and equipment used in connection therewith and appurtenances thereto, and all extensions, additions and improvements thereto and replacements thereof now or at any time hereafter constructed or acquired.

The District hereby declares its official intent to complete the Project; to reimburse certain costs of completing the Project with proceeds of either BANs or long term debt to be

incurred by the District, and to issue debt not exceeding \$26,430,000 in aggregate principal amount for purposes of paying and reimbursing costs of the Project.

Section 2. (a) The District shall issue, if necessary, its BANs, in one or more series, for the purpose of procuring interim financing to apply on the cost of the Project, funding capitalized interest and costs of issuance. The District shall issue its BANs in an amount not to exceed \$26,430,000 to be designated "Sewage Works Bond Anticipation Notes of 20____[, Series ____]" (to be completed with the year in which the BANs are issued and the appropriate series designation, if any). The BANs shall be sold at a price not less than 99% of the par value, shall be issued in the authorized denominations of \$1.00 or integral multiples thereof as designated in the purchase agreement for the BANs, shall be numbered consecutively from 1 upward, shall be dated as of the date of delivery thereof, and shall bear interest at a rate not to exceed 6% per annum (the exact rate or rates to be determined through negotiations), payable at either maturity or semiannually on February 1 and August 1. The BANs will mature not later than three (3) years from their date of delivery. The BANs are subject to renewal or extension at an interest rate or rates not to exceed 6% per annum (the exact rate or rates to be negotiated). The term of the BANs and all renewal BANs may not exceed five years from the date of delivery of the initial BANs. The BANs shall be registered in the name of the purchasers thereof.

The BANs shall be issued pursuant to IC 5-1.5-8-6.1 if sold to the Indiana Bond Bank or pursuant to IC 5-1-14-5 if sold to a financial institution or another purchaser. The BANs shall be payable from the issuance of revenue bonds pursuant to and in the manner prescribed by the Act. Interest on the BANs may also be payable from capitalized interest. The revenue bonds will be

payable solely out of and constitute a first charge against the Net Revenues of the sewage works of the District.

(b) The District shall issue its sewage works revenue bonds, in one or more series, to be designated "Sewage Works Revenue Bonds of 20__[, Series __]" (to be completed with the year in which the bonds are issued and the appropriate series designation, if any) ("Bonds") in an aggregate amount not to exceed \$26,430,000, for the purpose of procuring funds to apply on the cost of the Project, costs of issuance and refunding the BANS, if issued. The District shall issue the Bonds in the series and principal amounts as specified in the closing instructions issued by USDA. All series of Bonds issued hereunder shall be issued in fully registered form, in the denomination of One Dollar (\$1.00) each, or any integral multiple thereof, numbered consecutively from 1 up, and dated as of the date of initial delivery of the Bonds. The Bonds shall bear interest at a rate or rates not exceeding 6% per annum, payable semiannually on February 1 and August 1 of each year, commencing on the first February 1 or the first August 1 following delivery of the Bonds, as determined by the Treasurer of the District ("Treasurer") with the advice of the District's financial advisor. The Bonds shall mature semiannually on February 1 and August 1 over a period not to exceed forty (40) years from the date of delivery of the Bonds, and will (i) produce as level annual debt service as practicable with \$1.00 denominations taking into account the annual debt service on all series of bonds issued hereunder or (ii) meet the coverage and/or amortization requirements of the USDA. Installments of principal and interest shall be payable in such coin or currency as at the time of payment shall be legally acceptable for payment of debts due the United States of America. Interest on all series

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

All series of Bonds shall rank on a parity with each other for all purposes including the pledge of Net Revenues hereunder.

Section 3. The BANs and the Bonds shall be registered in the name of the owner in a book maintained for that purpose by the Secretary, and such registration shall be noted thereon by the Secretary as registrar, after which no transfer shall be valid except by transfer duly acknowledged by the registered owner or its attorney, such transfer to be made in said book and similarly noted on the Bond or BAN. No charge shall be made for registration. Registered Bonds, subject to prior prepayment as hereinafter provided, shall be payable on February 1 and August 1, on the dates and in installments as correspond to the dates and amounts established in accordance with Section 2 of this ordinance. Both interest on and principal of the fully registered Bonds are payable in lawful money of the United States of America, by check mailed one business day prior to the payment date, to the registered owner at the address of said owner as it appears on the registration records of the District; provided that at the time of final payment, the fully registered Bond or Bonds must be delivered to the District. The party in whose name the Bonds shall be registered shall be deemed the absolute owner for all purposes and payments to such owner shall completely discharge the District's obligations. As to the BANs, the Secretary may be designated as the Registrar and Paying Agent. The terms of registration and payment shall be set forth in the hereinafter defined Purchase Agreement.

Section 4. All Bonds and BANs shall be issued in the name of the District and shall be executed by the President of the Board of Trustees ("President"), and attested by the Secretary

who shall affix the seal of the District, if any, thereto. The Bonds and BANs shall not be the general obligation of the District, and the Bonds shall state on their face that the District shall not be obligated to pay the same or the interest thereon except from the special revenue fund provided from the Net Revenues (herein defined as gross revenues remaining after the payment of the reasonable expenses of operation, repair and maintenance) of the sewage works of the District. Subject to the provisions for registration hereof, the Bonds shall have all the qualities and incidents of a negotiable instrument under the laws of the State of Indiana.

Section 5. The form and tenor of the fully registered Bonds and the transfer registry thereon shall be substantially as follows, all blanks to be filled in properly prior to delivery thereof:

(Form of Fully Registered Bond)

NO. _____

UNITED STATES OF AMERICA

STATE OF INDIANA

KOSCIUSKO COUNTY

LAKELAND REGIONAL SEWER DISTRICT
SEWAGE WORKS REVENUE BOND OF 20 __[, SERIES _____]

The Lakeland Regional Sewer District ("District"), in Kosciusko County, State of Indiana, for value received, hereby promises to pay the registered owner solely out of the special revenue fund hereinafter referred to, the principal amount of

_____ DOLLARS (\$ _____)

on February 1 and August 1 on the dates and in the amounts as follows:

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
	\$		\$

(subject to any prepayments of principal as hereinafter provided) and to pay interest on the unpaid balance hereof from the dates of payment as recorded hereon until the principal is paid, at

the rate of _____% per annum, payable semiannually on February 1 and August 1, beginning _____ 1, 20____.

Both principal of and interest on this bond, except for the final payment of principal and interest, are payable in lawful money of the United States of America, by check mailed one business day prior to the payment date, to the registered owner at the address of said owner as it appears on the registration records of the District. Upon such final payment at the office of the Secretary of the District ("Secretary"), this bond shall be delivered to the District and cancelled.

This bond is the only one of an authorized issue of the District[, to be issued in series] in the aggregate principal amount of _____ Dollars (\$ _____) [for this series] issued for the purpose of providing funds to be applied to the construction of the sewage works of the District [refunding notes issued in anticipation of this bond,] and costs of issuance, as authorized by an ordinance adopted by the Board of Trustees of the District on _____, 2011, entitled "An Ordinance concerning the construction of the sewage works of the Lakeland Regional Sewer District, the issuance of revenue bonds to apply on the cost thereof, the collection, segregation and distribution of the revenues of said works, the safeguarding of the interests of the owners of said revenue bonds, other matters connected therewith, including the issuance of notes in anticipation of bonds, and repealing ordinances inconsistent herewith" ("Ordinance"), and in strict compliance with the provisions of IC 13-26, as in effect on the date of delivery of the bonds authorized herein ("Act").

Pursuant to the provisions of the Act and the Ordinance, the principal of and interest on this bond, and any bonds ranking on a parity therewith, [including the Series ____ Bonds in the amount of \$ _____ (as authorized in the Ordinance),] are payable solely from the Sewage Works Sinking Fund ("Sinking Fund"), created by the Ordinance, to be provided from the Net Revenues (defined as gross revenues remaining after the payment of the reasonable expenses of operation, repair and maintenance) of the sewage works of the District. This bond shall not constitute an indebtedness of the District within the meaning of the provisions and limitations of the constitution of the State of Indiana, and the District shall not be obligated to pay this bond or the interest hereon except from the special fund provided from the Net Revenues.

The District irrevocably pledges the entire Net Revenues of said sewage works to the prompt payment of the principal of and interest on the bonds authorized by the Ordinance, and any bonds ranking on a parity therewith, [including the Series ____ Bonds,] and covenants that it will cause to be fixed, maintained and collected such rates and charges for service rendered by said works as are sufficient in each year for the payment of the reasonable expenses of operation, repair and maintenance of said works, and for the payment of the sums required to be paid into the Sinking Fund under the provisions of the Ordinance and the Act. In the event the District, or the proper officers thereof, shall fail or refuse to so fix, maintain and collect such rates or charges, or if there be a default in the payment of the interest on or principal of this bond, the owner of this bond shall have all of the rights and remedies provided for in the Act, including the

right to have a receiver appointed to administer the works and to charge and collect rates sufficient to provide for the payment of this bond and the interest hereon.

The District further covenants that it will set aside and pay into its Sinking Fund a sufficient amount of the Net Revenues of said works to meet (a) the interest on this bond and all other bonds which, by their terms, are payable from the revenues of said sewage works, as such interest shall fall due, (b) the necessary fiscal agency charges for paying the bonds and interest, (c) the principal of this bond and all other bonds, which, by their terms, are payable from the revenues of said sewage works, as such principal shall fall due, and (d) an additional amount as a margin of safety to [create and] maintain the reserve required by the Ordinance. Such required payments shall constitute a first charge upon all the Net Revenues of said works[, on a parity with the Series ____ Bonds].

This bond may be transferred upon presentation of the bond and an executed assignment to the Secretary for notation of the same upon this bond and the registration record of the District kept for that purpose or may be exchanged as provided in the Ordinance.

Installments of principal of this bond may, at the option of the District, be prepaid in whole or in part on any date after issuance, in any multiple of One Dollar (\$1.00), upon thirty (30) days' notice to the registered owner, at par and accrued interest to the date of prepayment. Interest on the installments of principal so prepaid shall cease on such date of prepayment. This bond must be presented at the office of the Secretary for any such prepayments.

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

This bond is subject to defeasance prior to redemption or payment as provided in the Ordinance referred to herein. The owner of this bond, by the acceptance hereof, hereby agrees to all the terms and provisions contained in the Ordinance. The Ordinance may be amended without the consent of the owners of the bonds as provided in the Ordinance if the Board of Trustees determines, in its sole discretion, that the amendment shall not adversely affect the rights of any of the owners of the bonds.

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

IN WITNESS WHEREOF, the Lakeland Regional Sewer District, in Kosciusko County, State of Indiana, has caused this bond to be executed in its corporate name by the President of its Board of Trustees[, its seal to be impressed hereon,] and manually attested by its Secretary, as of _____, 20__.

LAKELAND REGIONAL SEWER DISTRICT

By: _____
President, Board of Trustees

[SEAL]

ATTEST:

Secretary

(Form of Registration)

REGISTRATION ENDORSEMENT

This bond can be transferred and registered only at the office of the Secretary in the District. No writing hereon is permitted except by the Secretary.

<u>Date of Registration</u>	<u>In Whose Name Registered</u>	<u>Employer I.D. # or Social Security #, if applicable</u>	<u>Secretary</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

RECORD OF PAYMENT FOR BOND

<u>Date of Payment</u>	<u>Amount</u>	<u>Acknowledgment of Receipt by Treasurer</u>	<u>Guarantee of Treasurer's Signature</u>
_____	_____	_____	_____

(NOTE: This should be a separate sheet)

PREPAYMENT RECORD

Principal Installments on Which Payments

Have Been Made Prior to Maturity

<u>Principal Date</u>	<u>Principal Amount</u>	<u>Payment</u>	<u>Date Balance</u>	<u>Paid</u>	<u>Name of Authorized Official and Title</u>
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(NOTE: This should be a separate sheet)

Section 6. Effective one hundred twenty days after issuance, the BANs are prepayable by the District, in whole or in part, at any time upon twenty days' written notice to the owners of the BANs without premium. Any one or more installments of principal of fully registered Bonds shall be redeemable or prepayable at the option of the District from any funds regardless of source, in whole, or from time to time in part, in any multiple of One Dollar (\$1.00), on any date, at the principal amount thereof and accrued interest to the date fixed for redemption, without any premium. Prepayments of installments of principal of fully registered Bonds shall be made in inverse order of maturities outstanding at the time of prepayment, and in inverse numerical order for Bonds if less than an entire maturity is called. Notice of prepayment of principal on a fully registered Bond shall be given by registered mail at least thirty (30) days prior to the date of such redemption or prepayment to the registered owner at its address as shown on the registration record of the District. The notice of prepayment shall specify the date and place of prepayment, the dates of maturity of the Bonds subject to prepayment, and identification of installments of principal to be prepaid. The place of prepayment of installments of principal shall be the office of the Secretary who shall record the prepayments on the Bonds. Interest on the installments of principal to be prepaid shall cease on the date fixed in such notice if sufficient funds are available at the place of prepayment to pay the price on the date so named, including interest to said date. If any fully registered Bond called for prepayment shall not be presented on the date and at the place designated, the District shall hold in trust in the District's

depository bank, sufficient funds to effect such prepayment in full, and thereafter the owner of such Bond shall be entitled to payment only from such trust funds and the prepayment thereof shall be deemed to have been effected and the Bonds no longer outstanding.

Section 7. The Bonds and BANs shall be signed manually or by facsimile in the name of the District by the President and attested by the Secretary, who shall affix the seal of the District, if any, to each of the Bonds and BANs or cause said seal to be imprinted therein by any means. Said officials, by the signing of a proper signature identification certificate, shall adopt as and for their own proper signatures their facsimile signatures appearing on the Bonds and BANs.

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

Section 8. Upon surrender of a fully registered Bond at the office of the Secretary, or at such other place as may be agreed upon by and between the District and the registered owner, together with a request for exchange duly executed by the registered owner, or its attorney, in such form as shall be satisfactory to the District, such Bond may, at the option of the registered owner thereof, at the expense of the District, be exchanged for a new fully registered Bond or Bonds in an aggregate amount equal to the then unpaid principal amount outstanding and with maturities corresponding to the unpaid principal installments outstanding of the fully registered

Bond, in the denomination of One Dollar (\$1.00) each, or integral multiples thereof, bearing the same rate of interest payable semiannually on February 1 and August 1. Upon the surrender of such fully registered Bond and the filing of a request for exchange, the District shall execute and deliver such fully registered Bond in accordance with the request for exchange and in the form substantially as set forth in Section 5 hereof. The Bonds shall be issued within sixty (60) days from the date of the filing of the request for such exchange. Any fully registered Bond surrendered for exchange shall, upon delivery of the Bonds in exchange therefor, be forthwith cancelled by the District.

Section 9. The Secretary is hereby authorized and directed to have the Bonds and the BANs prepared, and the President and the Secretary are hereby authorized and directed to execute the Bonds and BANs in the form and manner hereinbefore provided. The Treasurer is hereby authorized and directed to deliver the BANs to the purchaser thereof and the Bonds to USDA and to receive payment for the BANs in an amount not less than 99% of par value and for the Bonds at not less than par value. Payment on the BANs and Bonds may be made in installments. The Bonds herein authorized, as and to the extent paid for and delivered, shall be the binding special revenue obligations of the District, payable out of the Net Revenues of the sewage works to be set aside into the Sewage Works Sinking Fund as herein provided, and the proceeds derived from the sale of the Bonds shall be and are hereby set aside for application on the cost of the Project, the refunding of the BANs, if issued, and the expenses necessarily incurred in connection therewith. The proper officers of the District are hereby directed to draw all proper and necessary warrants, and to do whatever acts and things which may be necessary to carry out the provisions of this ordinance.

Section 10. The accrued interest received at the time of the delivery of the Bonds, if any, and any BAN proceeds representing capitalized interest shall be deposited in the Sewage Works Sinking Fund ("Sinking Fund"). The remaining proceeds from the sale of the Bonds, to the extent not used to refund the BANs, and BAN proceeds shall be deposited in a bank or banks which are legally designated depositories for the funds of the District, in a special account or accounts designated as "Lakeland Regional Sewer District, Sewage Works Construction Account" ("Construction Account"). All funds deposited to the credit of the Sinking Fund or Construction Account shall be deposited, held, secured or invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds, including particularly IC 5-13, and the acts amendatory thereof and supplemental thereto. The funds in the Construction Account shall be expended only for the purpose of paying the cost of the Project, or as otherwise required by the Act, refunding the BANs, if issued, and for the expenses of issuance of the Bonds and BANs. The cost of obtaining the services of Ice Miller LLP, H.J. Umbaugh & Associates, Certified Public Accountants, LLP and Carson Boxberger LLP, shall be considered as a part of the cost of the Project on account of which the Bonds and BANs are issued.

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

Section 11. All revenues derived from the operation of the sewage works and from the collection of sewage rates and charges shall be deposited in the Sewage Works Revenue Fund ("Revenue Fund") hereby created. The Revenue Fund shall be segregated and kept separate and apart from all other funds and accounts of the District. Out of the Revenue Fund the proper and reasonable expenses of operation, repair and maintenance of the works shall be paid, the requirements of the Sewage Works Sinking Fund shall be met and the costs of extensions, improvements, replacements and additions to the works shall be paid.

Section 12. The Operation and Maintenance Fund ("O&M Fund") is hereby created. After the sewage works becomes revenue producing, there shall be transferred from the Revenue Fund and credited to the O&M Fund on the last day of each calendar month, a sufficient amount of the revenues of the sewage works so that the balance in this Fund shall be sufficient to pay the expenses of operation, repair and maintenance for the then next succeeding two calendar months. The moneys so credited to this Fund shall be used for the payment of the reasonable and proper operation, repair and maintenance expenses of the sewage works on a day-to-day basis. Any balance in said Fund in excess of the expected expenses of operation, repair and maintenance for the next succeeding month may be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal of or interest on the outstanding bonds of the sewage works.

Section 13. There is hereby created a special fund designated Sewage Works Sinking Fund ("Sinking Fund") for the payment of the principal of and interest on the all revenue bonds which by their terms are payable from the Net Revenues of the sewage works and the payment of any fiscal agency charges in connection with the payment of bonds and interest. There shall be set aside and deposited in the Sinking Fund, as available, and as hereinafter provided, a sufficient

amount of the Net Revenues of said sewage works to meet the requirements of the Bond and Interest Account and of the Debt Service Reserve Account hereby created in the Sinking Fund. Such payments shall continue until the balance in the Bond and Interest Account, plus the balance in the Debt Service Reserve Account hereinafter described, equals the principal of and interest on all of the then outstanding sewage works bonds to their final maturity.

(a) Bond and Interest Account. There is hereby created the Bond and Interest Account in the Sinking Fund ("Bond and Interest Account"). Any BAN proceeds to be used for capitalized interest shall be deposited into the Bond and Interest Account and used to pay interest on the BANs. There shall be transferred, on the last day of each calendar month, from the Revenue Fund and credited to the Bond and Interest Account a sufficient amount of Net Revenues for the payment of (a) interest on all bonds which by their terms are payable from the revenues of the sewage works, as such interest shall fall due, (b) the necessary fiscal agency charges for paying the bonds and interest, and (c) the principal of all bonds which by their terms are payable from the revenues of the sewage works, as such principal shall fall due. The monthly payments into the Bond and Interest Account shall be in an amount equal to at least one-sixth ($1/6$) of the principal and at least one-sixth ($1/6$) of the interest required for such payments during the then next succeeding six (6) calendar months. There shall similarly be credited to the Account any amount necessary to pay the bank fiscal agency charges for paying principal and interest on the bonds as the same become payable. The District shall, from the sums deposited in the Sinking Fund and credited to the Bond and Interest Account, remit promptly to the registered owner or to the bank fiscal agency sufficient moneys to pay the

principal and interest on the due dates thereof together with the amount of bank fiscal agency charges.

(b) Debt Service Reserve Account. After the sewage works becomes revenue producing and upon the issuance of any Bonds under this ordinance, there shall be deposited into the Debt Service Reserve Account ("Reserve Account"), hereby created, on the last day of each calendar month, a sum of Net Revenues until the balance therein equals, but does not exceed, the average annual debt service on the Bonds issued under this ordinance ("Reserve Requirement"). The monthly deposits shall be equal in amount and sufficient to accumulate the Reserve Requirement within ten years of the date of delivery of the Bonds. The Reserve Account shall constitute the margin for safety and protection against default in the payment of principal of and interest on the outstanding Bonds, and the moneys in the Reserve Account shall be used to pay current principal of and interest on the outstanding Bonds to the extent that moneys in the Bond and Interest Account are insufficient for that purpose. Any deficiency in the balance maintained in the Reserve Account shall be promptly made up from the next available Net Revenues remaining after credits into the Bond and Interest Account. In the event moneys in the Reserve Account are transferred to the Bond and Interest Account to pay principal or interest on the outstanding Bonds, then such depletion of the balance in the Reserve Account shall be made up from the next available Net Revenues after the credits into the Bond and Interest Account. Any moneys in the Reserve Account in excess of the Reserve Requirement may be used for the redemption of their outstanding bonds which are then callable, or for the purchase of outstanding bonds including accrued interest, or shall be transferred to the Sewage Works Improvement Fund.

Section 14. After meeting the requirements of the O&M Fund and the Sinking Fund, any excess revenues may be transferred or credited to the Sewage Works Improvement Fund ("Improvement Fund"), hereby created, and the Improvement Fund shall be used for improvements, replacements, additions and extensions to the sewage works. Moneys in the Improvement Fund shall be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal or interest on the then outstanding bonds or, if necessary, to eliminate any deficiencies in credits to or minimum balance in the Reserve Account of the Sinking Fund, or may be transferred to the O&M Fund to meet unforeseen contingencies in the operation, repair and maintenance of the sewage works.

Section 15. The Sinking Fund shall be deposited in and maintained as a separate account or accounts apart from all other accounts of the District. The O&M Fund and the Improvement Fund may be maintained in a single account, or accounts, but such account or accounts shall likewise be maintained separate and apart from all other accounts of the District and apart from the Sinking Fund account or accounts. All monies deposited in said account or accounts shall be deposited, held and secured as public funds in accordance with the public depository laws of the State of Indiana, provided that monies therein may be invested in obligations in accordance with the applicable laws, including particularly IC 5-13, as amended and supplemented.

Section 16. The District shall keep proper books of records and accounts, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues collected from said works and all disbursements made on account of the works, also all transactions relating to said works. There shall be prepared and furnished to the

original purchasers of the Bonds and, upon written request, to any subsequent owner of the Bonds, not more than ninety (90) days after the close of each fiscal year, complete operating income and expense statements of the works, covering the preceding fiscal year and the balances in the several Funds and Accounts created by this ordinance. The fiscal year of the sewage works shall be from January 1 to December 31, both inclusive. Copies of all such statements and reports, together with all audits of the sewage works made available to the District by the Indiana State Board of Accounts or any successor body authorized by law to audit municipal accounts, shall be kept on file in the office of the Secretary. Any owner or owners of the Bonds then outstanding shall have the right at all reasonable times to inspect the works and all records, accounts, statements, audits, reports and data of the District relating to the sewage works. Such inspections may be made by representatives duly authorized by written instrument.

Section 17. The District covenants and agrees that it will establish and maintain just and equitable rates or charges for the use of and the service rendered by said works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses said sewage works by or through any part of the sewage system of the District, or that in any way uses or is served by such works; that such rates or charges shall be sufficient in each year for the payment of the proper and reasonable expenses of operation, repair and maintenance of the works, and for the payment of the sums required to be paid into the Sinking Fund by the Act and this ordinance. Such rates or charges shall, if necessary, be changed and readjusted from time to time so that the revenues therefrom shall always be sufficient to meet the expenses of operation, repair and maintenance, and the requirements of the Sinking Fund. The rates or charges so

established shall apply to any and all use of such works by and service rendered to the District, and shall be paid by the District as the charges accrue.

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

(a) The interest on and principal of all bonds payable from the Net Revenues of the sewage works shall have been paid to date in accordance with their terms and the amounts required to be paid into the Sinking Fund and the accounts thereof shall have been paid in accordance with the provisions of this ordinance.

(b) The projected Net Revenues of the sewage works for the fiscal year immediately following the issuance of any such bonds ranking on a parity with the Bonds authorized by this ordinance shall be not less than one hundred twenty percent (120%) of the average annual interest and principal requirements of the then outstanding bonds and the proposed additional parity bonds which are payable from the revenues of the sewage works. For purposes of this subsection, the records of the sewage works shall be analyzed and all showings shall be prepared by a certified public accountant employed by the District for that purpose.

(c) The interest on, the principal of, or mandatory sinking fund redemption dates for the additional parity bonds shall be payable semiannually on February 1 and August 1 in the years in which interest and principal are payable.

Section 19. For the purpose of further safeguarding the interests of the owners of the Bonds and BANs herein authorized, it is specifically provided as follows:

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

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

(c) The District shall at all times maintain its sewage works in good condition and operate the same in an efficient manner and at a reasonable cost.

(d) So long as any of the Bonds or BANs herein authorized are outstanding, the District shall maintain insurance on the insurable parts of said works of a kind and in an amount such as would normally be carried by private companies engaged in a similar type of business. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the State of Indiana. Insurance proceeds shall be used in replacing or repairing the property destroyed or damaged or if not used for such purpose, treated as revenues of the sewage works.

(e) So long as any of the Bonds or BANs are outstanding, the District shall not mortgage, pledge or otherwise encumber such works or any part thereof, nor shall it sell, lease or otherwise dispose of any portion thereof except equipment or property which may become worn out, obsolete or no longer suitable for use in the sewage works.

(f) Except as hereinbefore provided in Section 18, so long as any of the Bonds herein authorized are outstanding, no additional bonds or other obligations pledging any portion of the revenues of said sewage works shall be authorized, executed or issued by the District except such as shall be made subordinate and junior in all respects to the Bonds herein authorized, unless all of the Bonds herein authorized have been duly called for redemption and sufficient funds to effect the redemption and retirement have been deposited at the place of redemption on the date fixed for redemption in accordance with the terms and conditions of the Bonds and this ordinance.

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

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

of Trustees reserves the right, however, excluding the changes set forth in Section 24(a)-(f), to amend this ordinance without the consent of Bond or BAN owners so long as the Board of Trustees determines, in its sole discretion, that such amendment would not adversely affect the owners of the Bonds or BANs.

(i) The provisions of this ordinance shall be construed to create a trust in the proceeds of the sale of the Bonds and BANs herein authorized for the uses and purposes therein set forth, and the owners of the Bonds and BANs shall retain a lien on such proceeds until the same are applied in accordance with the provisions of this ordinance and of the governing Act. The provisions of this ordinance shall also be construed to create a trust in the Net Revenues herein directed to be set apart and paid into the Sinking Fund for the uses and purposes of the Sinking Fund as in this ordinance set forth. The owners of the Bonds shall have all of the rights, remedies and privileges set forth in this ordinance and the Act, including the right of owners of the Bonds to have a receiver appointed to administer said sewage works in the event of default in the payment of the principal or interest on any of the Bonds herein authorized, or in the event of default in respect to any of the provisions of this ordinance or the Act.

Section 20. So long as USDA is the owner of the Bonds, the Bonds will not be defeased without the consent of USDA.

(a) When the condition set out in subsection (a) has been met, or if USDA is not the owner of the Bonds, and the Bonds issued hereunder or any portion thereof shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the Bonds or any portion thereof for redemption shall have been given, and the whole amount of the principal and the interest and the premium, if any, so due and

payable upon all of the Bonds then outstanding or any portion thereof shall be paid; or (i) sufficient moneys, or (ii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, the principal of and the interest on which when due will provide sufficient moneys for such purpose, or (iii) certificates of deposit fully secured as to both principal and interest by obligations of the kind described in (ii) above of a bank or banks the principal of and interest on which when due will provide sufficient moneys for such purpose, shall be held in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case the Bonds issued hereunder or any designated portion thereof shall no longer be deemed outstanding or entitled to the pledge of the Net Revenues of the District's sewage works.

Section 21. (a) The Treasurer is hereby authorized to invest moneys pursuant to the provisions of IC 5-1-14-3 and this ordinance (subject to applicable requirements of federal law to ensure such yield is a then current market rate) to the extent necessary or advisable to preserve the exclusion from gross income of interest on the Bonds and BANs under federal law.

(b) The Treasurer shall keep full and accurate records of investment earnings and income from moneys held in the funds and accounts referenced herein. In order to comply with the provisions of this ordinance, the Treasurer is hereby authorized and directed to employ consultants or attorneys from time to time to advise the District as to the requirements of federal law to preserve said tax exemption. The Treasurer may pay any fees as operation expenses of the sewage works.

Section 22. In order to preserve the exclusion of interest on the Bonds and BANs from gross income for federal tax purposes under Section 103 of the Internal Revenue Code of 1986 as

existing on the date of issuance of the Bonds or BANs, as the case may be ("Code") and as an inducement to purchasers of the Bonds and BANs, the District represents, covenants and agrees that:

(a) The Project will be available for use by members of the general public. Use by a member of the general public means use by natural persons not engaged in a trade or business. No person or entity other than the District or another state or local governmental unit will use more than 10% of the proceeds of the Bonds or BANs or property financed by the Bond or BAN proceeds other than as a member of the general public. No person or entity other than the District or another state or local governmental unit will own property financed by Bond or BAN proceeds or will have any actual or beneficial use of such property pursuant to a lease, a management service or incentive payment contract, an arrangement including a take-or-pay or other type of output contract or any other type of arrangement that conveys other special legal entitlements and differentiates that person's or entity's use of such property from use by the general public, unless such uses in the aggregate relate to no more than 10% of the proceeds of the Bonds or BANs, as the case may be. If the District enters into a management contract for all or a portion of the Project, the terms of the contract will comply with the Regulations and IRS Revenue Procedure 97-13, as amended, supplemented or superseded from time to time, so that the contract will not give rise to private business use under the Code and the Regulations unless such use in the aggregate will not relate to more than 10% of the proceeds of the Bonds or BANs, as the case may be.

(b) No more than 10% of the principal of or interest on the Bonds or BANs is (under the terms of the Bonds, the BANs, this ordinance or any underlying arrangement), directly or

indirectly, secured by an interest in property used or to be used for any private business use or payments in respect of such property or to be derived from payments (whether or not to the District) in respect of such property or borrowed money used or to be used for a private business use.

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

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

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

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

outstanding which would cause the Bonds or BANs to be "arbitrage bonds" within the meaning of Section 148 of the Code.

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

(h) The District represents that it will rebate any arbitrage profits to the United States of America in accordance with the Code.

(i) The District represents that:

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

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

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

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

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

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

Section 23. So long as USDA is the owner of any of the Bonds, the District covenants that in addition to the other covenants terms and conditions applicable to the Bonds authorized by this ordinance, that it will comply with all conditions set forth by USDA in its Letter of Conditions, Loan Resolution, and any Loan Agreement.

Section 24. Subject to the terms and provisions contained in this section, and not otherwise, the owners of not less than seventy-five percent (75%) in aggregate principal amount of the Bonds issued pursuant to this ordinance and then outstanding shall have the right, from time to time, (anything contained in this ordinance to the contrary notwithstanding) to consent to and approve the adoption by the District of such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this ordinance, or in any supplemental ordinance; provided, however, that nothing herein contained shall permit or be construed as permitting:

(a) An extension of the maturity of the principal of or interest on any Bond issued pursuant to this ordinance; or

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

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

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

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

(f) A reduction in the Reserve Requirement.

If the owners of not less than seventy-five percent (75%) in aggregate principal amount of the Bonds outstanding at the time of adoption of such supplemental ordinance shall have consented to and approved the adoption thereof by written instrument to be maintained on file in the office of the Secretary, no owner of any Bond issued pursuant to this ordinance shall have any right to object to the adoption of such supplemental ordinance or to object to any of the terms and provisions thereof. Upon the adoption of any supplemental ordinance pursuant to the provisions of this section, this ordinance shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this ordinance of the District and all owners of Bonds issued pursuant to the provisions of this ordinance then outstanding, shall thereafter be determined exercised and enforced in accordance with this ordinance, subject in all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this ordinance, the rights and obligations of the District and of the owners of the Bonds authorized by this ordinance, and the terms and provisions of the Bonds and this ordinance, or any supplemental ordinance, may be modified or altered in any respect with the consent of the District and the consent of the owners of all the Bonds issued pursuant to this ordinance then outstanding.

Section 25. (a) The District, having satisfied all the statutory requirements for the issuance of its Bonds, may elect to issue its BAN or BANs pursuant to a Bond Anticipation Note Purchase Agreement ("Purchase Agreement") to be entered into between the District and the purchaser. The Board of Trustees hereby authorizes the issuance and execution of the BAN or BANs in lieu of initially issuing Bonds to provide interim construction financing for the Project and to pay and other costs of issuance until permanent financing becomes available. It shall not be necessary for the District to repeat the procedures for the issuance of its Bonds, as the procedures followed before the issuance of the BAN or BANs are for all purposes sufficient to authorize the issuance of the Bonds and the use of the proceeds to repay the BAN or BANs.

(b) The President and the Treasurer are hereby authorized and directed to execute a Purchase Agreement in such form or substance, consistent with the terms of this ordinance, as they shall approve acting upon the advice of counsel. The President, the Secretary and the Treasurer may also take such other actions or deliver such other certificates as are necessary or desirable in connection with the issuance of the BANs or the Bonds and the other documents needed for the financing as they deem necessary or desirable in connection therewith.

(c) The Secretary is authorized to select and appoint a qualified financial institution to serve as Registrar and Paying Agent for the BANs ("Registrar" or "Paying Agent"). The Secretary is hereby authorized, on behalf of the Board of Trustees, to enter into such agreements or understandings with such institution as will enable the institution to perform the services required of a Registrar and Paying Agent. The Treasurer is further authorized to pay such fees as the institution may charge for the services it provides as Registrar and Paying Agent, and such fees may be paid from the Sinking Fund. Provided the purchaser of the BANs does not object to

such designation, the Secretary may serve as Registrar and Paying Agent, and if designated, is hereby charged with the duties of a Registrar and Paying Agent.

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

With respect to the BANs registered in the register kept by the Registrar in the name of CEDE & CO., as nominee of the Depository Trust Company, the District and the Paying Agent shall have no responsibility or obligation to any other holders or owners (including any beneficial owner ("Beneficial Owner")) of the BANs with respect to (i) the accuracy of the records of the Depository Trust Company, CEDE & CO., or any Beneficial Owner with respect to ownership questions, (ii) the delivery to any BAN holder (including any Beneficial Owner) or any other person, other than the Depository Trust Company, of any notice with respect to the BANs including any notice of redemption, or (iii) the payment to any BAN holder (including any Beneficial Owner) or any other person, other than the Depository Trust Company, of any amount with respect to the principal of, or premium, if any, or interest on the BANs except as otherwise provided herein.

No person other than the Depository Trust Company shall receive an authenticated BAN evidencing an obligation of the District to make payments of the principal of and premium, if any, and interest on the BANs pursuant to this ordinance. The District and the Registrar and Paying Agent may treat as and deem the Depository Trust Company or CEDE & CO. to be the absolute BAN holder of each of the BANs for the purpose of (i) payment of the principal of and premium, if any, and interest on such BANs; (ii) giving notices of redemption and other notices permitted to be given to BAN holders with respect to such BANs; (iii) registering transfers with respect to such BANs; (iv) obtaining any consent or other action required or permitted to be taken of or by BAN holders; (v) voting; and (vi) for all other purposes whatsoever. The Paying Agent shall pay all principal of and premium, if any, and interest on the BANs only to or upon the order of the Depository Trust Company, and all such payments shall be valid and effective fully to satisfy and discharge the District's and the Paying Agent's obligations with respect to principal of and premium, if any, and interest on the BANs to the extent of the sum or sums so paid. Upon delivery by the Depository Trust Company to the District of written notice to the effect that the Depository Trust Company has determined to substitute a new nominee in place of CEDE & CO., and subject to the provisions herein with respect to consents, the words "CEDE & CO." in this ordinance shall refer to such new nominee of the Depository Trust Company. Notwithstanding any other provision hereof to the contrary, so long as any BAN is registered in the name of CEDE & CO., as nominee of the Depository Trust Company, all payments with respect to the principal of and premium, if any, and interest on such BANs and all notices with respect to such BANs shall be made and given, respectively, to the Depository Trust Company as provided in a representation letter from the District to the Depository Trust Company.

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

If the District determines that it is in the best interest of the BAN holders that they be able to obtain certificates for the fully registered BANs, the District may notify the Depository Trust Company and the Registrar, whereupon the Depository Trust Company will notify the Beneficial Owners of the availability through the Depository Trust Company of certificates for the BANs. In such event, the Registrar shall prepare, authenticate, transfer and exchange certificates for the BANs as requested by the Depository Trust Company and any Beneficial Owners in appropriate amounts, and whenever the Depository Trust Company requests the District and the Registrar to do so, the Registrar and the District will cooperate with the Depository Trust Company by taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the fully registered BANs of any Beneficial Owner's Depository Trust Company account or (ii) to arrange for another securities depository to maintain custody of certificates for and evidencing the BANs.

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

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

So long as the BANs are registered in the name of the Depository Trust Company or CEDE & CO. or any substitute nominee, the District and the Registrar and Paying Agent shall be entitled to request and to rely upon a certificate or other written representation from the Beneficial Owners of the BANs or from the Depository Trust Company on behalf of such Beneficial Owners stating the amount of their respective beneficial ownership interests in the BANs and setting forth the consent, advice, direction, demand or vote of the Beneficial Owners as of a record date selected by the Registrar and the Depository Trust Company, to the same extent as if such consent, advice, direction, demand or vote were made by the BAN holders for purposes of this ordinance and the District and the Registrar and Paying Agent shall for such purposes treat the Beneficial Owners as the BAN holders. Along with any such certificate or representation, the Registrar may request the Depository Trust Company to deliver, or cause to be delivered, to the Registrar a list of all Beneficial Owners of the BANs, together with the dollar

amount of each Beneficial Owner's interest in the BANs and the current addresses of such Beneficial Owners.

(e) Distribution of an Official Statement (preliminary and final) for the BANs, prepared on behalf of the District, is hereby authorized and approved and the President, the Secretary or another officer of the Board are authorized and directed to execute the Official Statement on behalf of the District in a form consistent with this ordinance. The President or another officer of the Board are hereby authorized to designate the preliminary Official Statement as "nearly final" for purposes of Rule 15c2-12 ("Rule") as promulgated by the Securities and Exchange Commission.

As an alternative to the distribution of an Official Statement, upon delivery of any BANs, the District may obtain an investment letter from the purchaser of the BANs which satisfies federal and state securities laws applicable to BANs.

If the BANs are subject to the Rule, a Continuing Disclosure Undertaking Agreement ("Agreement") for the BANs is hereby authorized and approved by the District, and the President, Secretary or another officer of the Board are hereby authorized and directed to complete, execute and attest the same on behalf of the District. Notwithstanding any other provisions of this ordinance, failure of the District to comply with the Agreement shall not be considered an event of default under the BANs or this ordinance.

Section 26. Notwithstanding any other provision of this ordinance, the covenants and authorizations contained in this ordinance ("Tax Sections") which are designed to preserve the exclusion of interest on the Bonds and BANs from gross income under federal law ("Tax

Exemption") need not be complied with if the District receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption.

Section 27. All ordinances and parts of ordinances in conflict herewith are hereby repealed.

Section 28. This ordinance shall be in full force and effect from and after its passage.

Adopted this 5th day of May, 2011.

BOARD OF TRUSTEES OF THE LAKELAND
REGIONAL SEWER DISTRICT

David H. Dortch

Stewart E. Lombard

James R. Stoney

M. J. W. W.

Robert W. W.

Ronald J. J.

B. J. J.

Attest:

James R. Stoney
Secretary

EXHIBIT A

Project Description

The District will construct a new sewer collection system and wastewater treatment plant (WWTP) to provide service in the District which includes the following lakes in Kosciusko County: Big Barbee, Little Barbee, Kuhn, Sechrist, Sawmill, Irish, Banning and Shoe Lake. Additional information on the components of the Project are as follows:

- **Collection System:** includes 157,000 +/- lineal feet of 2-inch to 8-inch diameter low pressure force main, with 1,500 +/- grinder pump units and three (3) regional pump stations with control panels, 33,700 +/- lineal feet of 1.25 -inch diameter lateral service lines, and associated system valves, cleanouts, and all necessary appurtenances and restoration to service approximately 2,200 users.
- **Force main to new WWTP:** includes 15,000 +/- lineal feet of force main from the collection system to the new WWTP along with all appurtenances and restoration.
- **Wastewater Treatment Plant:** A 0.4 million gallon per day oxidation ditch type wastewater treatment facility with aerated flow equalization tank, mechanical screening, oxidation ditch, two final clarifiers, U.V. disinfection, post aeration, flow metering, aerated sludge digester, aerated sludge storage, mechanical sludge dewatering, conveyor and covered sludge drying area. Multi-use building for office, laboratory and maintenance facility, standby generator and all necessary appurtenances.