

TOWN OF ST. JOHN, LAKE COUNTY, INDIANA

ORDINANCE NO. 1386

AN ORDINANCE AUTHORIZING THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF CERTAIN IMPROVEMENTS FOR THE WATER WORKS SYSTEM OF THE TOWN OF ST. JOHN, THE ISSUANCE OF REVENUE BONDS TO PROVIDE THE COST THEREOF, THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SUCH SYSTEM, THE SAFEGUARDING OF THE INTERESTS OF THE OWNERS OF SUCH REVENUE BONDS AND OTHER MATTERS CONNECTED THEREWITH, INCLUDING THE ISSUANCE OF NOTES IN ANTICIPATION OF SUCH BONDS, AND REPEALING THE ORDINANCES, OR PARTS THEREOF, IN CONFLICT HEREWITH.

WHEREAS, the Town of St. John, Indiana (the "Town") has heretofore established, constructed and financed a municipal water works system for the purpose of providing for the collection, treatment and disposal of water from the Town (the "System") and now owns and operates the System pursuant to IC 8-1.5-1 *et seq.*, as in effect on the issue date of the bond anticipation notes or the bonds, as applicable, which are authorized herein (the "Act"); and

WHEREAS, the Town Council of the Town (the "Town Council") now finds: (i) that the acquisition, construction and installation of certain improvements for the System, including, without limitation, the improvements to the distribution system as set forth on Exhibit A (collectively, the "Project"), are necessary; (ii) that plans, specifications and cost estimates for the Project (the "Engineering Report") have been prepared by Robinson Engineering, South Holland, Illinois (the "Engineer"), employed by the Town for the acquisition, construction and installation of the Project, and (iii) that the Engineering Report has been previously adopted by the Town's Board of Waterworks (the "Board") and submitted to all government authorities having jurisdiction, particularly the Indiana Department of Environmental Management ("IDEM"), if and to the extent IDEM approval is required under Indiana law, and has been or will be approved by the aforesaid government authorities; and

WHEREAS, the Town has or will advertise for and receive bids for the construction of the Project, and such bids will be subject to the Board's determination to acquire, construct and install the Project and the Town obtaining funds for the Project; and

WHEREAS, on the basis of the Engineer's estimates, the cost of the Project, including incidental expenses, in the amount of Two Million Five Hundred Thousand Dollars (\$2,500,000); and

WHEREAS, the Town Council finds that the Town does not have sufficient funds available to pay the cost of the Project, and that the remainder of the cost of the Project is to be financed by certain available funds on hand or to be contributed, the issuance of its tax-exempt water works revenue bonds, in one (1) or more series, in a principal amount not to exceed Two

Million Five Hundred Thousand Dollars (\$2,500,000) (the "Bonds") and, if necessary, its bond anticipation notes (the "BANs"); and

WHEREAS, the Town Council finds: (a) that there are now outstanding revenue bonds payable out of the Net Revenues (herein defined as the gross revenues of the System (including system development charges of the System), remaining after the payment of the reasonable expenses of operation, repair and maintenance of the System) designated as the (i) "Waterworks Revenue Bonds of 1999," dated December 1, 1999 (the "1999 Bonds"), now outstanding in the amount of \$875,000 and maturing semi-annually over a period ending February 1, 2010; and (ii) Waterworks Revenue Bonds of 2001," dated December 1, 2001 (the "2001 Bonds"), now outstanding in the amount of \$1,355,000 and maturing on February 1, 2013, and (b) that the 1999 Bonds and Outstanding Bonds (the 1999 Bonds and the 2001 Bonds are collectively referred to as the "Outstanding Bonds") constitute a first charge upon the Net Revenues of the System; and

WHEREAS, the Ordinance authorizing the 1999 Bonds (the "1999 Ordinance") and the Ordinance authorizing the 2001 Bonds (the "2001 Ordinance") (the 1999 Ordinance and the 2001 Bonds' Ordinance collectively referred to as the "Outstanding Bonds' Ordinance") permit the issuance of additional bonds ranking on a parity with the Outstanding Bonds provided certain conditions can be met; and

WHEREAS, the Town will determine upon the issuance of the Bonds whether the finances of the System will enable the Town to meet the conditions for the issuance of the Bonds as additional parity bonds, and if the Bonds are not able to be issued as parity bonds, then the Town may issue the Bonds as junior to the Outstanding Bonds; and

WHEREAS, the Town seeks to authorize the issuance of the BANs (as hereinafter defined) hereunder, if necessary, payable from the proceeds of the Bonds and to authorize the refunding of the BANs, if issued; and

WHEREAS, the Town Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of the BANs and the Bonds have been complied with in accordance with the provisions of the Act; and

WHEREAS, the Town may advance a portion of the costs of the Project prior to the issuance of the BANs or the Bonds, with such advance to be repaid from proceeds of the BANs or the Bonds upon the issuance thereof; and

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

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF ST. JOHN, LAKE COUNTY, INDIANA, AS FOLLOWS:

Section 1. Authorization of Project. The Town shall proceed with the completion of the Project in accordance with the Engineering Report, which is now on file or will be subsequently placed on file in the office of the Clerk-Treasurer (the "Clerk-Treasurer"), and is hereby adopted and approved, and by reference made a part of this Ordinance as fully as if the same were attached hereto and incorporated herein. Two (2) copies of the Engineering Report will be placed on file in the office of the Clerk-Treasurer and be open for public inspection. The aggregate cost of the Project shall not exceed the sum of Two Million Five Hundred Thousand Dollars (\$2,500,000), plus investment earnings on the proceeds of the BANs, the Bonds, or other funds set aside for the payment of construction costs without further authorization from the Town Council. The term "System," where used in this Ordinance shall be construed to mean the Water Works, and includes the Town's existing water 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 Project is hereby approved and shall be constructed and the BANs and the Bonds shall be issued pursuant to and in accordance with the Act.

Section 2. Issuance of BANs and Bonds.

(a) The Town shall issue, if necessary, bond anticipation notes (the "BANs") for the purpose of procuring interim financing to pay the cost of the Project and, if deemed appropriate, the costs of issuance of the BANs. The Town may issue the BANs in one (1) or more series, in an aggregate amount outstanding at any one time not to exceed Two Million Five Hundred Thousand Dollars (\$2,500,000) to be designated "Water Works Bond Anticipation Notes, Series 200__," to be completed with the appropriate year of issuance and an alphabetical designation, if necessary. The BANs shall be lettered and numbered consecutively from R-1 and upward, and shall be in authorized denominations of \$100,000 or more. The BANs shall be dated as of the date of delivery thereof and shall bear interest at a rate not to exceed six percent (6.0%) per annum (the exact rate or rates to be determined through negotiations with the purchasers of the BANs) payable either upon maturity or semiannually on February 1 and August 1, as designated by the Clerk-Treasurer of the Town (the "Clerk-Treasurer"), with the advice of H.J. Umbaugh & Associates, the financial advisor to the Town for financing purposes (the "Financial Advisor"). Each series of BANs will mature no later than thirty (30) months after their date of delivery, with an option to extend such maturity for an additional thirty (30) months, unless determined otherwise by the Clerk-Treasurer, with the advice of the Financial Advisor and Barnes & Thornburg LLP, Bond Counsel to the Town ("Bond Counsel"). The BANs are subject to renewal or extension at an interest rate or rates to be negotiated with the purchaser of the BANs). The BANs shall be registered in the name of the purchasers thereof.

(b) The BANs shall be issued pursuant to IC 5-1-14-5, as amended, if sold to a financial institution or any other purchaser. The BANs shall be sold at a price not less than par if sold to the State or the Indiana Bond Bank or at a price not less than ninety-nine and three tenths percent (99.3%) of the principal amount thereof if sold to any other purchaser. The Town shall pledge to the payment of the principal of and interest on the BANs the proceeds from the issuance of the Bonds pursuant to and in the manner prescribed by the Act.

(c) The Town shall issue the Bonds, in one (1) or more series, in an aggregate principal amount not to exceed Two Million Five Hundred Thousand Dollars (\$2,500,000) to be designated "Water Works Revenue Bonds, Series 200 __," to be completed with the year in which the Bonds are issued and an alphabetical designation, if necessary, for the purpose of procuring funds to pay the cost of the Project, the refunding of the BANs, if issued, and the issuance costs of the Bonds or the BANs, if issued, as determined by the Clerk-Treasurer, with the advice of the Financial Advisor. To the extent financially feasible, each series of Bonds shall rank on a parity with the other series for all purposes, including the pledge of Net Revenues under this Ordinance. In the event the Bonds are not able to be issued on a parity with the Outstanding Bonds, the Town may choose to issue the Bonds as junior to the Outstanding Bonds. The Bonds shall be issued and sold at a price not less than ninety-eight and one-half percent (98.5%) of the principal amount thereof. The Bonds shall be sold by the Clerk-Treasurer pursuant to IC 5-1-11, as amended. The Bonds shall be issued in fully registered form in authorized denominations of \$5,000 or any integral multiple thereof. The Bonds shall be lettered and numbered consecutively from R-1 and upward, originally dated as of the first day of the month in which they are sold, and shall bear interest at a rate or rates not exceeding seven and one-half percent (7.5%) per annum (the exact rate or rates to be determined by bidding). Interest is payable semiannually on February 1 and August 1 in each year, commencing on the February 1 or August 1 following the issuance of the Bonds, all as determined by the Clerk-Treasurer, with the advice of the Financial Advisor, and as set forth in the bond sale notice if the Bonds are sold competitively pursuant to IC 5-1-11, as amended, or the bond purchase agreement if the Bonds are otherwise acquired by the Indiana Bond Bank pursuant to IC 5-1.5-8-1, as amended. The Bonds shall mature semi-annually on February 1 and August 1 of each year over a period ending no later than February 1, 2026, and in such amounts as is deemed appropriate by the Clerk-Treasurer, with the advice of the Financial Advisor. The Bonds will be payable solely out of and constitute a first charge against the Net Revenues of the System, and either on a parity or junior with the payment of the Outstanding Bonds.

(d) Interest on the BANs shall be calculated according to a 365-day calendar year, and interest on the Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

(e) The Clerk-Treasurer is authorized to select and appoint a qualified financial institution to serve as the Registrar and the Paying Agent for the BANs and the Bonds, which registrar is hereby charged with the responsibility of authenticating the BANs and the Bonds (the "Registrar" or the "Paying Agent"). The Clerk-Treasurer is hereby authorized to enter into such agreements or understandings with such institution as will enable the institution to perform the services required of the Registrar and the Paying Agent. The Clerk-Treasurer is further authorized to pay such fees as the institution may charge for the services it provides as the Registrar and the Paying Agent, and such fees may be paid from the Sinking Fund. If the purchaser does not object to such designation, the Clerk-Treasurer may choose to serve as the Registrar and the Paying Agent and is hereby charged with the duties of the Registrar and the Paying Agent.

(f) The BANs or the Bonds shall be registered in the name of the purchaser, and the principal thereof and interest thereon shall be paid by wire transfer to such financial

institution if and as directed by the purchaser on the due date of such payment or, if such due date is a day when financial institutions are not open for business, on the business day immediately after such due date. If wire transfer payment is not required, the principal of and interest on the BANs (if interest thereon is payable only at maturity) or the principal of the BANs (if interest thereon is not payable only at maturity) and the principal of the Bonds shall be payable at the principal office of the Paying Agent, and all payments of interest on the BANs (if interest thereon is not payable only at maturity) and the Bonds shall be paid by check mailed one business day prior to the interest payment date to the registered owners thereof, as of the fifteenth day of the month preceding each interest payment date ("Record Date"), at the addresses of the registered owners as they appear on the registration books kept by the Registrar. If payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall be instructed to wire transfer payments by 1:00 p.m. (New York Town time) so such payments are received at the depository by 2:30 p.m. (New York Town time). All payments on the BANs and the Bonds shall be made in any coin or currency of the United States of America, which on the date of such payment, shall be legal tender for the payment of public and private debts.

(g) Each BAN or Bond shall be transferable or exchangeable only upon the books of the Town kept for that purpose at the principal office of the Registrar, by the registered owner thereof in person, or by its attorney duly authorized in writing, upon surrender of such BAN or Bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing, and thereupon a new fully registered BAN or BANs or Bond or Bonds in the same aggregate principal amount and of the same maturity shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. The costs of such transfer or exchange shall be borne by the Town; provided, however, that the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Except as otherwise provided in the Continuing Disclosure Agreement described in Section 23, the Town, the Registrar and Paying Agent for the Bonds may treat and consider the person in whose name the BANs or the Bonds are registered as the absolute owner thereof for all purposes, including for the purpose of receiving payment of, or on account of, the principal thereof, the premium, if any, and interest due thereon.

(h) Interest on the Bonds, which are authenticated on or before the Record Date, which precedes the first interest payment date, shall be paid from their original issue date. Interest on the Bonds authenticated subsequent to the Record Date which precedes the first interest payment date thereon shall be paid from the interest payment date to which interest has been paid as of the date on which such Bonds are authenticated, unless a Bond is authenticated between the Record Date and the interest payment date, in which case the interest shall be paid from such interest payment date.

(i) The BANs or the Bonds may be issued in book-entry-only form as one fully registered BAN or Bond per maturity registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, and DTC may act as securities depository for the BANs or the Bonds. In that event, the purchase of beneficial interests in the BANs or the Bonds will be made in book-entry-only form in the denomination of \$100,000 or more or in the denomination of \$5,000 or any multiple thereof, respectively. Purchasers of beneficial interests will not receive certificates representing their interests in the BANs or the Bonds purchased. As long as DTC or its nominee, Cede & Co., is the registered owner of the BANs or the Bonds, payments of principal, premium, if any, and interest will be made when due directly to such registered owner in same-day funds wired by the Paying Agent in accordance with the procedures set forth in the Blanket Issuer Letter of Representations made by the Town to DTC.

Section 3. Redemption of BANs and Bonds.

(a) If deemed appropriate by the Clerk-Treasurer, with the advice of the Financial Advisor, the BANs shall be prepayable by the Town, in whole or in part, on or after the date determined to be most appropriate by the Clerk-Treasurer, with the advice of the Financial Advisor, but which such date shall be at least ninety (90) days after the date of issuance, upon seven (7) days' notice to the owner of the BANs, without any premium, but with accrued interest to the date of prepayment.

(b) The Bonds are redeemable at the option of the Town not earlier than February 1, 2015, as determined by the Clerk-Treasurer with the advice of the Financial Advisor, on thirty (30) days' notice, in whole or in part, in inverse order of maturity and by lot within a maturity, at the par amount thereof, together with a premium not greater than two percent (2%), plus, in each case, accrued interest, if any, to the date fixed for redemption. The exact redemption dates and premiums shall be established by the Clerk-Treasurer with the advice of the Financial Advisor and shall be set forth in the notice of sale.

(c) If any Bond is issued as a term bond, the Paying Agent shall credit against the mandatory sinking fund requirement for the Bonds maturing as term bonds, and corresponding mandatory redemption obligation, in the order determined by the Town, any Bonds maturing as term bonds maturing on the same date which have previously been redeemed (otherwise than as a result of a previous mandatory redemption requirement) or delivered to the Registrar for cancellation or purchased for cancellation by the Paying Agent and not theretofore applied as a credit against any redemption obligation. Each Bond maturing as a term bond so delivered or canceled shall be credited by the Paying Agent at one hundred percent (100%) of the principal amount thereof against the mandatory sinking fund obligation on such mandatory sinking fund date, and any excess of such amount shall be credited on future redemption obligations, and the principal amount of the Bonds to be redeemed by operation of the mandatory sinking fund requirement shall be accordingly reduced; provided, however, the Paying Agent shall credit only such Bonds maturing as term bonds to the extent received on or before sixty-five (65) days preceding the applicable mandatory redemption date, if the Bonds are sold to the State or the Indiana Bond Bank, or on or before forty-five (45) days preceding the applicable mandatory redemption date, if the Bonds are sold to any other purchaser.

(d) If less than an entire maturity is called for redemption, the Bonds to be called for redemption shall be selected by lot by the Registrar. If some Bonds are to be redeemed by optional redemption and mandatory sinking fund redemption on the same date, the Registrar shall select by lot the Bonds for mandatory sinking fund redemption before selecting the Bonds by lot for optional redemption.

(e) Notice of redemption shall be given not less than thirty (30) days prior to the date fixed for redemption for Bonds that are sold to any other purchaser, unless such redemption notice is waived by the owner of the Bond or Bonds to be redeemed. Such notice shall be mailed to the address of the registered owner as shown on the registration record of the Town as of the date which is forty-five (45) days prior to such redemption date for Bonds that are sold to any other purchaser. The notice shall specify the date and place of redemption and sufficient identification of the Bonds called for redemption. The place of redemption may be determined by the Town. Interest on the Bonds so called for redemption shall cease on the redemption date fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price on the date so named.

(f) The BANs and the Bonds shall be called for redemption in multiples of their minimum authorized denomination. The BANs and the Bonds in denominations of more than the minimum authorized denomination shall be treated as representing the number of BANs and Bonds, respectively, obtained by dividing the denomination of the BAN and the Bond, respectively, by the minimum authorized denomination within a maturity. The BANs and the Bonds may be redeemed in part. In the event of redemption of BANs and Bonds in part, upon surrender of the BAN or the Bond to be redeemed, a new BAN or BANs or Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the BAN or the Bond surrendered shall be issued to the registered owner thereof.

Section 4. Execution and Authentication of the BANs and the Bonds; Pledge of Net Revenues to the Bonds. The BANs and the Bonds shall be executed in the name of the Town by the manual or facsimile signature of the President of the Town Council (the "President"), countersigned by the manual or facsimile signature of the Clerk-Treasurer and attested by the manual or facsimile signature of the Clerk-Treasurer, who shall affix the seal of the Town to each of the BANs and the Bonds manually or shall have the seal imprinted or impressed thereon by facsimile. These officials, by the signing of a Signature and No Litigation Certificate, shall adopt as and for their own proper signatures their facsimile signatures appearing on the BANs and the Bonds. The BANs and the Bonds must be authenticated by an authorized officer of the Registrar or by the Clerk-Treasurer if the Clerk-Treasurer is acting as the Registrar. The Outstanding Bonds, the Bonds and any additional bonds issued on a parity with the Outstanding Bonds and the Bonds in accordance with the restrictions imposed by this Ordinance (the "Parity Bonds"), as to both principal and interest, shall be payable from and secured by an irrevocable pledge of and shall constitute a first charge upon the Net Revenues of the System. The Town shall not be obligated to pay the principal of and interest on the Bonds, except from the Net Revenues of the System (except to the extent payable from the proceeds of the Bonds), and the Bonds shall not constitute an indebtedness of the Town within the meaning of the provisions and limitations of the constitution of the State.

Section 5. Form of Bonds.

The form and tenor of the Bonds shall be substantially as set forth in Exhibit B, with all blanks to be filled in properly and all necessary additions and deletions to be made prior to delivery thereof.

Section 6. Preparation and Sale of BANs and Bonds. The Clerk-Treasurer is hereby authorized and directed to have the BANs and the Bonds prepared, and the President, and the Clerk-Treasurer are hereby authorized and directed to execute the BANs and the Bonds in the form and manner herein provided. The Clerk-Treasurer is hereby authorized and directed to deliver the BANs and the Bonds to the purchasers thereof after the sale made in accordance with the provisions of this Ordinance, provided that at the time of such delivery, the Clerk-Treasurer shall collect the full amount which the purchasers have agreed to pay therefor, which amount shall not be less than the applicable minimum percentage of the par value of the BANs or the Bonds set forth in Section 2 of this Ordinance. The Town may receive payment for the BANs and the Bonds in installments. The Bonds, as and to the extent paid for and delivered to the purchaser, shall be the binding special revenue obligations of the Town, payable out of the Net Revenues of the System to be set aside into the Sinking Fund as provided herein. The proceeds derived from the sale of the BANs and the Bonds shall be and are hereby set aside to pay the costs of the Project, the refunding of the BANs, if applicable, and the expenses necessarily incurred in connection with the issuance of the BANs and the Bonds. The proper officers of the Town 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 7. Bond Sale Notice; Official Statement.

(a) If the Bonds will be sold at a competitive sale, the Clerk-Treasurer shall cause to be published a notice of such sale in the appropriate newspaper(s) published in the Town, two (2) times, at least one (1) week apart, with the first publication being made at least fifteen (15) days before the date of the sale and the second publication being made at least three (3) days before the date of the sale, all in accordance with IC 5-1-11, as amended. A notice of sale shall also be published one (1) time in the Court & Commercial Record, in Indianapolis, Indiana. The notice shall state the character, the amount and the authorized denominations of the Bonds, the maximum rate or rates of interest thereon, the terms and conditions upon which bids will be received and the sale made, and such other information as the Clerk-Treasurer and the attorneys employed by the Town shall deem advisable. Any summary notice may contain any information deemed so advisable. The notice may provide, among other things, that each bid shall be accompanied by a certified or cashier's check or a financial surety bond in an amount equal to one percent (1%) of the principal amount of the Bonds described in the notice. If a financial surety bond is used, it must be from an insurance company licensed to issue such bond in the State, and such bond must be submitted to the Town prior to the opening of the bids. The financial surety bond must identify each bidder whose good faith deposit is guaranteed by such financial surety bond. If the Bonds are awarded to a bidder utilizing a financial surety bond, then the purchaser is required to submit to the Town a certified or cashier's check (or wire transfer such amount as instructed by the Town) not later than 3:30 p.m. (St. John time) on the next business day following the award. In the event the successful bidder shall fail or refuse to accept

delivery of the Bonds and pay for the same as soon as the Bonds are ready for delivery, or at the time fixed in the notice of sale, then such good faith deposit and the proceeds thereof shall be the property of the Town and shall be considered as its liquidated damages on account of such default. Bidders for the Bonds will be required to name the rate or rates of interest which the Bonds are to bear, not exceeding the maximum rate hereinbefore fixed, and that such interest rate or rates shall be in multiples of one-one hundredth (1/100) of one percent (1%). The rate bid on a maturity shall be equal to or greater than the rate bid on the immediately preceding maturity. No conditional bid or bid for less than the applicable minimum percentage of the par value of the Bonds set forth in Section 2 of this Ordinance will be considered. The opinion of Bond Counsel approving the legality of the Bonds will be furnished to the purchaser at the expense of the Town.

(b) The Bonds shall be awarded by the Clerk-Treasurer to the best bidder who has submitted its bid in accordance with the terms of this Ordinance, IC 5-1-11, as amended, and the notice. The best bidder will be the one who offers the lowest interest cost to the Town, to be determined by computing the total interest on all of the Bonds to their maturities and deducting the premium bid, if any, or adding thereto the discount bid, if any. The right to reject any and all bids shall be reserved. If an acceptable bid is not received on the date of sale, the sale may be continued from day to day thereafter without further advertisement for a period of thirty (30) days, during which time, no bid which provides a higher net interest cost to the Town than the best bid received at the time of the advertised sale will be considered.

(c) Distribution of an Official Statement (preliminary and final) when and if prepared by the Financial Advisor, on behalf of the Town, is hereby authorized and approved and the President is authorized and directed to execute the Official Statement on behalf of the Town in a form consistent with this Ordinance. The President or the Clerk-Treasurer is authorized to deem the Preliminary Official Statement as "final" for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Section 8. Use of Proceeds.

(a) The accrued interest and the premium, if any, received at the time of the delivery of the Bonds shall be deposited in the Principal and Interest Account. The remaining proceeds from the sale of the Bonds and the BAN proceeds shall be deposited in a bank or banks which are legally designated depositories for the funds of the Town, in a special account or accounts to be designated as "Town of St. John, 200 ___ Water Works Construction Account" (the "Construction Account"). All funds deposited to the credit of the Sinking Fund or the Construction Account shall be deposited, held, secured or invested in accordance with the laws of the State 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 costs of issuance of the BANs or the Bonds, the cost of the Project, refunding all or a portion of the BANs, if issued, or as otherwise required by the Act. The cost of obtaining the legal services of Bond Counsel shall be considered a part of the costs of issuance of the BANs and the Bonds.

(b) The Town hereby declares that it reasonably expects to reimburse the Town's advances to the Project from proceeds of the BANs or the Bonds, as anticipated by this Ordinance.

(c) Any balance or balances remaining unexpended in the Construction Account after completion of the Project, which are not required to meet unpaid obligations incurred in connection with the Project, shall either (1) be paid into the Principal and Interest Account and used solely for the purpose of paying the interest on the BANs or the Bonds when due until depleted or (2) be used for the same purpose or type of project for which the BANs or the Bonds were originally issued, all in accordance with IC 5-1-13, as amended and supplemented.

Section 9. Revenues. All income and revenues of the System shall be deposited upon receipt in the Revenue Fund, which is hereby continued as contemplated by the Outstanding Bonds' Ordinance (the "Revenue Fund"). The Revenue Fund shall be maintained separate and apart from all other accounts of the Town. All moneys deposited in the Revenue Fund may be invested in accordance with IC 5-13-9, as amended, and other applicable laws.

Section 10. Operation and Maintenance Fund. There shall be transferred from the Revenue Fund and credited to the Operation and Maintenance Fund, which is hereby continued as contemplated by the Outstanding Bonds' Ordinance (the "Operation and Maintenance Fund"), on or before the last day of each calendar month a sufficient amount of the revenues of the System so that the balance in the Operation and Maintenance Fund shall be sufficient to pay the expenses of operation, repair and maintenance of the System for the then next succeeding two (2) calendar months. The moneys credited to the Operation and Maintenance Fund shall be used for the payment of the reasonable and proper operation, repair and maintenance expenses of the System on a day-to-day basis. Any monies in the Operation and Maintenance 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 the principal of or interest on the Outstanding Bonds Bonds, the Bonds and any Parity Bonds (collectively, the "Bonds").

Section 11. Sinking Fund.

(a) General. After meeting the requirements of the Operation and Maintenance Fund set forth above, there shall be set aside and deposited in the Sinking Fund, as available, and as provided below, a sufficient amount of the Net Revenues of the System to meet the requirements of the Principal and Interest Account and the Reserve Account, which is hereby continued as contemplated by the Outstanding Bonds' Ordinance (the "Reserve Account"). Such payments shall continue until the balance in the Principal and Interest Account, plus the balance in the Reserve Account, equal the amount necessary to redeem all of the Bonds.

(b) Principal and Interest Account. There shall be transferred, on or before the last day of each calendar month, from the Revenue Fund and credited to the Principal and Interest Account an amount equal to one-sixth (1/6) of the principal and at least one-sixth (1/6) of the interest on all then outstanding bonds payable from Net Revenues on the next

succeeding principal and interest payment dates, until the amount so credited shall equal the principal and interest payable during the next succeeding six (6) calendar months. There shall similarly be credited to the account any amount necessary to pay when due the bank fiscal agency charges for paying principal of and interest on the bonds as the same become payable. The Town shall, from the sums deposited in the Sinking Fund and credited to the Principal and Interest Account, remit promptly 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.

(c) Reserve Account.

There is hereby continued from the Outstanding Bonds' Ordinance a separate Reserve Account to be designated the "Reserve Account."

(1) On the date of delivery of the Bonds, the Town may deposit Bond proceeds, funds on hand or a combination thereof, into the Reserve Account. The balance to be maintained in the Reserve Account shall equal the minimum of (i) the maximum annual principal and interest payments on the Bonds and Outstanding Bonds; (ii) 10% of the par amount of the Bonds and Outstanding Bonds; or (iii) 125% of the average annual principal and interest on the Bonds and the Outstanding Bonds (the "Reserve Requirement"). If the initial deposit into the Reserve Account does not equal the Reserve Requirement or if no deposit is made, then, after meeting the requirements of the Principal and Interest Account set forth above and beginning with the first full calendar month after the date of issuance of the Bonds, the Town shall transfer from the Revenue Fund on or before the last day of each calendar month and deposit an amount of Net Revenues in the Reserve Account until the balance therein equals the Reserve Requirement. The monthly deposits of Net Revenues shall be equal in amount and sufficient to accumulate the Reserve Requirement within five (5) years of the date of delivery of the Bonds.

(2) The Reserve Account shall constitute a margin for safety and a protection against default in the payment of the principal of, premium, if any, and interest on the Bonds, and the moneys in the Reserve Account shall be used to pay the principal of and interest on the Bonds and the Outstanding Bonds to the extent that moneys in the Principal 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 after the required deposits into the Principal and Interest Account. In the event moneys in the Reserve Account are transferred to the Principal and Interest Account to pay the principal of and interest on the Bonds or the Outstanding Bonds, then that depletion of the balance in the Reserve Account shall be made up from the next available Net Revenues after the required deposits into the Principal and Interest Account. Investments in the Reserve Account shall be valued at least annually at their fair market value and marked to market. If, after such valuation, it is determined that the amount on deposit in the Reserve Account is in excess of the Reserve Requirement, such excess shall either be transferred to the Water Works Improvement Fund, which is hereby continued as contemplated by the Outstanding Bonds' Ordinance (the "Improvement Fund"), or be used for the purchase of Bonds or Outstanding Bonds or installments of principal of Bonds or Outstanding Bonds at a price not exceeding par and accrued interest.

(3) The Town may fund all or part of the Reserve Account with a debt service reserve surety bond. The surety bond must be issued by an insurance company rated in the highest category by Standard & Poor's Corporation and Moody's Investors Service unless otherwise consented to by the purchaser.

Section 12. Improvement Fund. After meeting the requirements of the Operation and Maintenance Fund and the Sinking Fund set forth above, the Town shall transfer to the Improvement Fund from the Revenue Fund on or before the last day of each calendar month a sufficient amount of Net Revenues to be used for improvements to, replacements of, additions to and extensions of the System. Moneys in the Improvement Fund shall be transferred to the Principal and Interest Account if and to the extent necessary to prevent a default in the payment of the principal of, premium, if any, or interest on any Bond or Outstanding Bonds payable from Net Revenues, or, if necessary, to eliminate any deficiencies in the deposits or the minimum balance in the Reserve Account as required by Section 11(c) of this Ordinance. At any other time, moneys in the Improvement Fund may be transferred to the Operation and Maintenance Fund to meet unforeseen contingencies in the operation, repair and maintenance of the System.

Section 13. Maintenance of Accounts: Investments. The Sinking Fund shall be maintained as a separate account or accounts from all other accounts of the Town. The Operation and Maintenance Fund and the Improvement Fund may be maintained in a single account or separate accounts, but such account or accounts, shall likewise be maintained separate and apart from all other accounts of the Town and apart from the Sinking Fund account or accounts. All moneys deposited in the Funds and Accounts continued by this Ordinance shall be deposited, held and secured as public funds in accordance with the public depository laws of the State; provided that moneys therein may be invested in obligations in accordance with applicable laws, including IC 5-13, as amended or supplemented, and in the event of such investment, the income therefrom shall become a part of the funds invested and shall be used only as provided in this Ordinance. Nothing in this Section or elsewhere in this Ordinance shall be construed to require that separate bank accounts be established and maintained for the Funds and Accounts continued by this Ordinance.

Section 14. Maintenance of Books and Records.

The Town 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 the System, all disbursements made on account of the System and all other transactions relating to the System. Copies of all such statements and reports shall be kept on file in the office of the Clerk-Treasurer.

Section 15. Rate Covenant. The Town covenants and agrees that it will establish and maintain just and equitable rates and charges for the use of and the service rendered by the System, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses the System, or that in any way uses or is served by the System, at a level adequate to produce and maintain sufficient revenue (including user and other charges, fees, income or revenues available to the Town) to provide for the proper Operation and Maintenance of the System, to comply with and satisfy all covenants contained in this Ordinance and to pay

all obligations of the System and of the Town with respect to the System. The rates and charges shall be established, to the extent permitted by law, to produce Net Revenues sufficient to pay the annual debt service on the Bonds. Such rates and charges shall, if necessary, be changed and readjusted from time to time so that the revenues therefrom shall always be sufficient to meet the expenses of Operation and Maintenance of the System and the requirements of the Sinking Fund. The rates and charges so established shall apply to any and all use of the System by and service rendered to the Town and shall be paid by the Town as the charges accrue.

Section 16. Defeasance of Bonds. If: (i) any of the Bonds 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, the premium, if any, and the interest, so due and payable upon all of the Bonds or any designated portion thereof then outstanding shall be paid; or (ii) the Town shall cause to be held in trust for the purpose of paying when due the principal of, premium, if any, and interest on the Bonds or any designated portion thereof, money, together with direct obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America, the principal of and the interest on which when due, will be sufficient, without reinvestment, to make such payments, and provision shall also be made for paying all fees and expenses for the redemption of such Bonds; then and in that case, such Bonds shall no longer be deemed outstanding or entitled to the pledge of the Net Revenues of the System.

Section 17. Additional BANs and Bonds. The Town reserves the right to authorize and issue additional BANs. The Town reserves the right to authorize and issue Parity Bonds for the purpose of financing the cost of future additions to, extensions of and improvements to the System, or to refund obligations, subject to the following conditions:

(a) The principal of and interest on all bonds payable from the Net Revenues of the System shall have been paid in accordance with the terms thereof.

(b) The Net Revenues of the System in the fiscal year immediately preceding the issuance of any such Parity Bonds shall be not less than one hundred twenty-five percent (125%) of the maximum annual principal and interest requirements of the then outstanding bonds payable from the Net Revenues and the additional Parity Bonds proposed to be issued; or, prior to the issuance of such Parity Bonds, the water rates and charges shall be increased sufficiently so that such increased rates and charges applied to the previous year's operations would have produced Net Revenues for such year equal to not less than one hundred twenty-five percent (125%) of the maximum annual principal and interest requirements of the then outstanding bonds payable from the Net Revenues and the additional Parity Bonds proposed to be issued. For purposes of this subsection, the records of the System shall be analyzed and all showings shall be prepared by a certified public accountant employed by the Town for that purpose.

(c) The principal of, or mandatory sinking fund redemption dates for, the additional Parity Bonds shall be payable semi-annually on February 1 and August 1 and interest

on the additional Parity Bonds shall be payable semiannually on the first days of February and August.

Section 18. Further Covenants. For the purpose of further safeguarding the interests of the owners of the BANs and the Bonds, it is specifically provided as follows:

(a) All contracts let by the Town in connection with the construction of the Project shall be let after due advertisement as required by the laws of the State, 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 such contracts in accordance with their terms, and such contractors shall also be required to carry such employer's liability and public liability insurance as are required under the laws of the State in the case of public contracts and shall be governed in all respects by the laws of the State relating to public contracts.

(b) The Project shall be constructed under the supervision and subject to the approval of the Engineer. All estimates for work done or material furnished shall first be checked by the Engineer and approved by the Town.

(c) So long as any of the BANs or the Bonds are outstanding, the Town shall at all times maintain the System in good condition and operate the same in an efficient manner and at a reasonable cost.

(d) So long as any of the BANs or the Bonds are outstanding, the Town shall acquire and maintain insurance on the insurable parts of the system, of a kind and in an amount such as is usually carried by private corporations 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. All insurance proceeds or condemnation proceeds shall be used in replacing or restoring the System or may be deposited in the Sinking Fund.

(e) So long as any of the BANs or the Bonds are outstanding, the Town shall not mortgage, pledge or otherwise encumber the property and plant of the System, or any portion thereof, or any interest therein. The Town shall not sell, lease or otherwise dispose of any part of the System, except for such machinery, equipment or other property as may be replaced or shall no longer be necessary for use in connection with the System.

(f) Except as otherwise specifically provided in Section 17 hereof, so long as any of the BANs or the Bonds are outstanding, no additional bonds or other obligations pledging any portion of the revenues of the System shall be authorized, executed, or issued by the Town, except those as shall be made subordinate and junior in all respects to the Bonds herein authorized, unless the BANs and the Bonds are redeemed or defeased pursuant to Section 16 hereof coincidentally with the delivery of such additional bonds or other obligations.

(g) The provisions of this Ordinance shall constitute a contract by and between the Town and the owners of the BANs and the Bonds, all the terms of which shall be enforceable by any holder of the BANs or the Bonds by any and all appropriate proceedings in law or in equity. After the issuance of the BANs or the Bonds, this Ordinance shall not be

repealed, amended or modified in any respect which will adversely affect the rights or interests of the owners of the BANs or the Bonds, nor shall the Town Council or any other body of the Town adopt any law, ordinance or resolution which in any way adversely affects the rights of such owners so long as any of the BANs or the Bonds remain outstanding. Except for the changes set forth in Section 21(a)(1)-(7) of this Ordinance, this Ordinance may be amended, however, without the consent of the BAN or the Bond owners, if the Town Council determines, in its sole discretion, that such amendment would not adversely affect the rights of any of the owners of the BANs or the Bonds.

(h) The provisions of this Ordinance shall be construed to create a trust in the proceeds of the sale of the BANs and the Bonds for the uses and purposes set forth herein, and the owners of the BANs and the Bonds shall retain a lien on such proceeds until the same are applied in accordance with the provisions of this Ordinance and the Act. The provisions of this Ordinance shall also be construed to create a trust in the portion of the Net Revenues herein directed to be set apart and paid into the Sinking Fund or the Improvement Fund for the uses and purposes of such Funds as set forth in this Ordinance. The owners of the BANs and the Bonds shall have all of the rights, remedies and privileges set forth in the provisions of the Act, including the right to have a receiver appointed to administer the System, in the event of default in the payment of the principal of or interest on any of the Bonds. Upon the appointment of such receiver, the receiver may: (i) charge and collect rates sufficient to provide for the payment of the expenses of the operation, repair and maintenance of the System; (ii) pay the interest on the BANs or the principal of, premium, if any, and interest on any bonds payable from Net Revenues; and (iii) apply the revenues of the System in conformity with the Act and this Ordinance. In addition, any owner of the BANs and the Bonds may, by civil action, protect and enforce rights granted by the Act or under this Ordinance in connection with any action or duty to be performed by the Town, the Town Council or any officer of the Town, including the making and collecting of reasonable and sufficient charges and rates for services provided by the System.

(i) None of the provisions of this Ordinance shall be construed as requiring the expenditure of any funds of the Town derived from any source other than the proceeds of the BANs, the Bonds or the operations of the System.

Section 19. Investment of Funds.

(a) The Clerk-Treasurer is hereby authorized pursuant to IC 5-1-14-3, as amended, to invest moneys pursuant to the provisions of this Ordinance (subject to applicable requirements of federal law to insure the yields on such investments are equal to the then current market rates) to the extent necessary or advisable to preserve the exclusion from gross income of interest on the BANs or the Bonds under federal law.

(b) The Clerk-Treasurer shall keep full and accurate records of investment earnings and income from moneys held in the Funds and Accounts continued by this Ordinance. In order to comply with the provisions of the Ordinance, the Clerk-Treasurer is hereby authorized and directed to employ consultants or attorneys from time to time to advise the Town

as to requirements of federal law to preserve the tax exclusion described above. The Clerk-Treasurer may pay the fees of such consultants or attorneys as operation expenses of the System.

Section 20. Tax Covenants. In order to preserve the exclusion of interest on the BANs and the Bonds from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as existing on the date of issuance of the BANs or the Bonds, as the case may be (the "Code"), and as an inducement to the purchasers of the BANs and the Bonds, the Town represents, covenants and agrees that:

(a) The use of the System will be based upon arrangements providing for use that is available to the general public on the basis of rates that are generally applicable and uniformly applied, and, to the extent so used, such use shall constitute general public use. No person or entity, other than the Town or another state or local governmental unit, will use more than ten (10%) of the proceeds of the BANs or the Bonds or the property financed by the BAN or Bond proceeds, other than in a manner constituting general public use. No person or entity, other than the Town or another state or local governmental unit, will own property financed by the BAN or Bond proceeds or will have actual or beneficial use of such property pursuant to a lease, management, service or incentive payment 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 general public use, unless such uses in the aggregate relate to no more than ten (10%) of the proceeds of the BANs or the Bonds, as the case may be. If the Town enters into a management contract for all or a portion of the System, the terms of the contract will comply with the Treasury Regulations issued by the United States Department of the Treasury (the "Regulations"), 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 ten percent (10%) of the proceeds of the BANs or the Bonds.

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

(c) No more than five percent (5%) of the BAN or Bond proceeds will be loaned to any person or entity other than another state or local governmental unit. No more than five percent (5%) of the BAN or Bond 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 BAN or Bond proceeds.

(d) The Town reasonably expects, as of the date hereof, that the BANs and the Bonds 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 BANs and the Bonds.

(e) No more than five percent (5%) of the proceeds of the BANs or the Bonds will be attributable to private business use as described in paragraph (a) above and private security or payments described in paragraph (b) above 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 issues and use that is related but disproportionate to any governmental use of those proceeds.

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

(g) It shall not be an event of default under this Ordinance if the interest on any BANs or Bonds 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 BANs or the Bonds, as the case may be.

(h) The Town represents that it will rebate any arbitrage profits to the United States of America to the extent required by the Code and the Regulations.

(i) On or before the date of issuance of each series of BANs and the Bonds, the Clerk-Treasurer is hereby authorized to designate all or any portion of such BANs or Bonds as qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Code, if determined appropriate and permissible thereunder, with the advice of Bond Counsel.

(j) If the principal amount of the BANs or the Bonds issued in any one calendar year by the Town, together with the aggregate principal amount of all other tax-exempt bonds, notes, lease obligations and other indebtedness or obligations of the Town issued or entered into or to be issued or entered into by the Town, its subordinate entities and entities that issue any such indebtedness or obligations on behalf of the Town, or on behalf of which the Town issues any such indebtedness or obligations, within the meaning of and taken into account under Section 148(f)(4)(D) of the Code, during such calendar year (excluding "private activity bonds" and obligations issued to currently refund tax-exempt obligations to the extent that the principal amount of the refunding obligations does not exceed the principal amount of the refunded obligations), is Five Million Dollars (\$5,000,000) or less, then such BANs or Bonds will be exempt from rebate pursuant to the small issuer exemption set forth in Section 148(f)(4)(D).

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

(l) Notwithstanding any other provisions of this Ordinance, the covenants and authorizations contained in this Ordinance (the "Tax Sections"), which are designed to preserve the exclusion of interest on the BANs and the Bonds from gross income under federal law (the "Tax Exemption"), need not be complied with if the Town receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption.

Section 21. Amendments with Consent of Bondholders.

(a) Subject to the terms and provisions contained in this Section and Section 18(i) of this Ordinance, and not otherwise, the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds 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 Town Council of such ordinance or ordinances supplemental hereto or amendatory hereof, as shall be deemed necessary or desirable by the Town Council 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 any supplemental ordinance; provided, further, that nothing herein contained shall permit or be construed as permitting:

(1) An extension of the maturity of the principal of or the due date of interest on any BAN or Bond; or

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

(3) The creation of a lien upon or a pledge of the revenues or Net Revenues of the System ranking prior to the pledge thereof created by this Ordinance; or

(4) A preference or priority of any BAN or BANs over any other BAN or BANs or of any Bond or Bonds over any other Bond or Bonds; or

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

(6) A reduction in the Reserve Requirement; or

(7) The extension of mandatory sinking fund redemption dates for the Bonds, if any.

(b) If the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds outstanding at the time of adoption of such supplemental ordinance shall have consented to and approved the adoption thereof by written instrument to be maintained on file in the office of the Clerk-Treasurer, no owner of any Bond shall have any right to object to the adoption of such supplemental ordinance or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Town Council from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental ordinance pursuant to the provisions of this Section, this Ordinance shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Ordinance of the Town and all owners of Bonds 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 Town and the owners of the Bonds, 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 Town and the owners of all the Bonds then outstanding.

Section 22. Issuance of BANs.

(a) The Town, having satisfied all the statutory requirements for the issuance of the Bonds, may elect to issue the BAN or BANs to a financial institution, or any other purchaser (if then authorized by State law), pursuant to a Bond Anticipation Note Purchase Agreement (the "Bond Anticipation Note Agreement") to be entered into between the Town and the purchaser of the BAN or BANs, but only if such Agreement is deemed necessary by Bond Counsel. The Town Council hereby authorizes the issuance and execution of the BAN or BANs in lieu of initially issuing the Bonds to provide interim financing for the Project until permanent financing becomes available and, if deemed appropriate, to refund such BAN or BANs and to pay the costs of issuance of the BANs. It shall not be necessary for the Town to repeat the procedures for the issuance of the 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 Clerk-Treasurer are hereby authorized and directed to execute a Bond Anticipation Note Agreement, if any (and any amendments made from time to time) in such form or substance as they shall approve, acting upon the advice of Bond Counsel. The President and the Clerk-Treasurer may take such other actions or execute and deliver such 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 any one of them deem necessary or desirable in connection therewith.

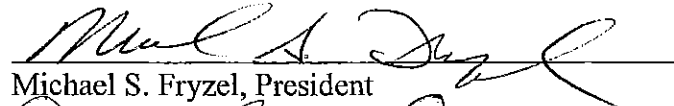
Section 23. Continuing Disclosure. If necessary in order for the purchaser of the BANs or the Bonds to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule"), the President and the Clerk-Treasurer are hereby authorized to execute and deliver, in the name and on behalf of the Town, (i) an agreement by the Town to comply with the requirements for a continuing disclosure undertaking of the Town pursuant to subsection (b)(5) or (d)(2) of the Rule, and (ii) amendments to such agreement from time to time in accordance with the terms of such agreement (the agreement and any amendments thereto are collectively referred to herein as the "Continuing Disclosure Agreement"). The Town hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. The remedies for any failure of the Town to comply with and carry out the provisions of the Continuing Disclosure Agreement shall be as set forth therein.

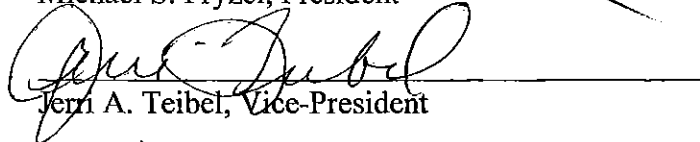
Section 24. Conflicting Ordinances. All prior Ordinances and parts of prior Ordinances, except the Outstanding Bonds' Ordinance, insofar as they are in conflict herewith, are hereby repealed; provided, however, that this Ordinance shall not be construed as adversely affecting the rights of the holders of the Outstanding Bonds.

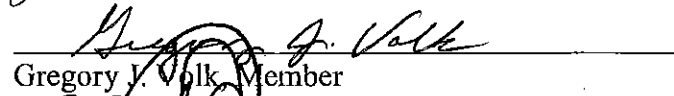
Section 25. Effective Date. This Ordinance shall be in full force and effect from and after its passage and compliance with the procedures required by applicable law.

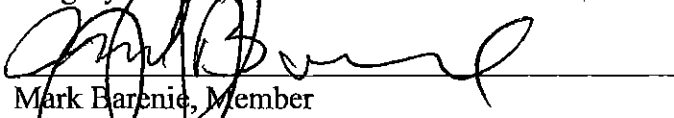
ALL OF WHICH IS PASSED AND ADOPTED THIS 21st DAY OF APRIL, 2005, BY THE TOWN COUNCIL OF THE TOWN OF ST. JOHN, LAKE COUNTY, INDIANA.

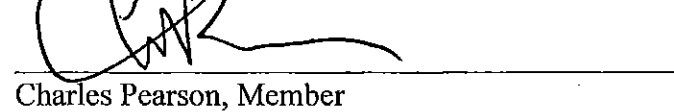
TOWN OF ST. JOHN, LAKE COUNTY, INDIANA,
TOWN COUNCIL


Michael S. Fryzel, President

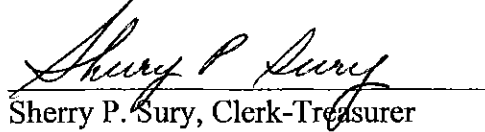

Jerri A. Teibel, Vice-President


Gregory J. Volk, Member


Mark Barenie, Member


Charles Pearson, Member

ATTEST:


Sherry P. Sury, Clerk-Treasurer

SCHEDULE OF EXHIBITS

EXHIBIT A - Project Description

EXHIBIT B - Form of Bond

EXHIBIT A

PROJECT DESCRIPTION

The Project includes the raising of two water towers within the Town and the making of improvements to the Water Works Facility and distribution system improvements, including, but not limited to, wells, pumps and other water treatment systems.

EXHIBIT B

FORM OF BOND
(Attached)

No. R-__

[Unless this 200_ Bond (as defined below) is presented by an authorized representative of The Depository Trust Company, a New York Corporation ("DTC"), to the Town of St. John, Indiana, or its agent for registration of transfer, exchange or payment, and any 200_ Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]

UNITED STATES OF AMERICA

STATE OF INDIANA

COUNTY OF LAKE

TOWN OF ST. JOHN

WATER WORKS REVENUE BOND, SERIES 200__

Maturity <u>Date</u>	Interest <u>Rate</u>	Original Issue Date	Authentication <u>Date</u>	[CUSIP]
[See <u>Exhibit A</u>]	_____%	_____, 200__	_____	_____

Registered Owner:
Principal Sum:

The Town of St. John (the "Town"), in Lake County, State of Indiana, for value received, hereby promises to pay to the Registered Owner specified above or registered assigns, solely out of the special revenue fund hereinafter referred to, the Principal Sum specified above[, or so much thereof as may be advanced from time to time and be outstanding as evidenced by the records of the Registered Owner making payment for this 200_ Bond (as defined below), or its assigns,] on [the Maturity Date set forth above] or [February 1 and August 1 in the years and in the amounts set forth in Exhibit A attached hereto] [(unless this 200_ Bond is subject to and shall have been duly called for redemption and payment as provided for herein)], and to pay interest hereon until the Principal Sum shall be fully paid at the Interest Rate per annum specified above from the interest payment date to which interest has been paid next preceding the Authentication Date of this 200_ Bond, unless this 200_ Bond is authenticated after the fifteenth day of the month preceding an interest payment date and on or before such interest payment date, in which case it shall bear interest from such interest payment date, or unless this 200_ Bond is authenticated on or before _____ 15, 200_, in which case it shall bear interest from the Original Issue Date, which interest is payable semiannually on the first days of February and August of each year, beginning on _____ 1, 200_. Interest shall be calculated according to a 360-day calendar year containing twelve 30-day months.

[The principal of and premium, if any, on this 200_ Bond is payable at the principal office of _____ (the "Registrar" or the "Paying Agent"), in the _____ of _____ Indiana.] All payments of [principal of, premium, if any, and] interest on this 200_ Bond shall be paid by [check mailed one business day prior to the interest payment date] [wire transfer for deposit to a financial institution as directed by the State of Indiana (the "State") on the due date or, if such due date is a day when financial institutions are not open for business, on the business day immediately after such due date] to the Registered Owner hereof, as of the fifteenth day of the month preceding such payment, at the address as it appears on the registration books kept by the [Clerk-Treasurer of the Town (the "Registrar" or the "Paying Agent") in the Town] [Registrar]. [If payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall wire transfer payments so such payments are received at the depository by 2:30 p.m. (New York Town time).] All payments on the Town's Water Works Revenue Bonds, Series 200_ (the "200_ Bonds"), shall be made in any coin or currency of the United States of America, which on the dates of such payment, shall be legal tender for the payment of public and private debts.

This 200_ Bond shall not constitute an indebtedness of the Town within the meaning of the provisions and limitations of the constitution of the State, and the Town shall not be obligated to pay this 200_ Bond or the interest hereon except from the special fund provided from the Net Revenues (herein defined as the gross revenues of the System (herein defined as the Town's water works system, including all real estate, equipment and appurtenances thereto used in connection therewith, and all extensions, additions and improvements thereto and replacements thereof, now or at any time hereafter constructed or acquired) remaining after the payment of the reasonable expense of operation, repair and maintenance of the System).

This 200_ Bond is one (1) of an authorized series of 200_ Bonds of like tenor and effect, except as to numbering, interest rates per annum and dates of maturity, in the total amount of _____ Dollars (\$ _____) lettered and numbered consecutively from R-1 and upward, issued for the purpose of providing funds to pay the cost of the acquisition of, and the construction and installation of certain improvements to, the System, including, without limitation, the acquisition and installation of necessary equipment therefor and the making of other site improvements related thereto (the "Project"), [to refund interim notes issued in anticipation of the 200_ Bonds (the "BANs")] and to pay the costs of issuance of the 200_ Bonds [and the BANs], as authorized by an Ordinance adopted by the Town Council on _____, 200_, entitled "An Ordinance authorizing the acquisition, construction and installation of certain improvements for the water works system of the Town of St. John, the issuance of revenue bonds to provide the cost thereof, the collection, segregation and distribution of the revenues of such system, the safeguarding of the interests of the owners of such revenue bonds and other matters connected therewith, including the issuance of notes in anticipation of such bonds, and repealing the ordinances, or parts thereof, in conflict herewith" (the "200_ Ordinance"), and in strict compliance with the provisions of IC 8-1.5-1 *et seq.*, as in effect on the issue date of this 200_ Bond (the "Act"). Capitalized terms not otherwise defined herein have the same meanings as ascribed to them in the 200_ Ordinance.

Pursuant to the provisions of the Outstanding Bonds' Ordinance and Ordinance (collectively, the "Ordinances") and the Act, the principal of and interest on this 200_ Bond, all other 200_ Bonds, the Town's currently outstanding Water Works Revenue Bonds of 2001 (the "Outstanding Bonds"), issued pursuant to the Outstanding Bonds' Ordinance, and any bonds hereafter issued ranking on a parity therewith (collectively, the "Bonds"), are payable solely from the Water Works Sinking Fund continued by the Ordinance as contemplated by the Outstanding Bonds' Ordinance (the "Sinking Fund") to be funded from the Net Revenues of the System, except to the extent payable from the proceeds of the Bonds.

The Town irrevocably pledges the entire Net Revenues of the System to the prompt payment of the principal of and interest on the Bonds and covenants that it will cause to be fixed, maintained and collected such rates and charges for service rendered by the System as are sufficient in each year for the payment of the proper and reasonable expenses of operation, repair and maintenance Operation and Maintenance of the System and for the payment of the sums required to be paid into the Sinking Fund under the provisions of the Act and the Ordinances. The Town has covenanted to maintain rates and charges, to the extent permitted by law, to produce Net Revenues sufficient to pay the maximum annual debt service on the Bonds. If the Town or the proper officers of the Town shall fail or refuse to so fix, maintain and collect such rates or charges, or if there shall be a default in the payment of the principal of or interest on the Bonds when due, the owner of this 200_ Bond shall have all of the rights and remedies provided for in the Act and the Ordinances, including the right to have a receiver appointed to administer the System (but only in the event of a default in the payment of the principal of or the interest on the Bonds when due), and, by civil action, to protect and enforce rights granted by the Act or under the Ordinances in connection with any action or duty to be performed by the Town, the Town Council or any officer of the Town, including the making and collecting of reasonable and sufficient charges and rates for services provided by the System.

The Town further covenants that it will set aside and pay into the Sinking Fund a sufficient amount of the Net Revenues to pay: (a) the principal of and interest on all Bonds, as such principal and interest shall come due; (b) the necessary fiscal agency charges for paying the principal of and interest on the Bonds; and (c) an additional amount to create and maintain the debt service reserve required by the Ordinances. Such required payments shall constitute a first charge upon all the Net Revenues of the System.

The 200_ Bonds maturing on and after February 1, 20__, are redeemable at the option of the Town on _____ 1, 20__, or any date thereafter, on thirty (30) days' notice, in whole or in part, in inverse order of maturity and by lot within a maturity, at face value, together with the following premiums:

_____% if redeemed on _____ 1, 20__ or thereafter
on or before _____, 20__ ;
_____% if redeemed on _____ 1, 20__ or thereafter
on or before _____, 20__ ;
_____% if redeemed on _____ 1, 20__, or thereafter
prior to maturity;

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

[The 200_ Bonds maturing on February 1, 20__, are subject to mandatory sinking fund redemption prior to maturity, at a redemption price equal to the principal amount thereof, plus accrued interest, on February 1 in the years and in the amounts set forth below:

<u>Year</u>	<u>Amount</u>
-------------	---------------

*

*Final Maturity.]

[In the event the 200_ Bonds are to be redeemed by optional redemption and mandatory sinking fund redemption on the same date, the Registrar shall select by lot the 200_ Bonds for mandatory sinking fund redemption before selecting the 200_ Bonds by lot for optional redemption.]

Notice of redemption shall be mailed to the address of the Registered Owner as shown on the registration record of the Town, as of the date which is [forty-five (45)] days prior to such redemption date, not less than [thirty (30)] days prior to the date fixed for redemption. The notice shall specify the date and place of redemption and sufficient identification of the 200_ Bonds called for redemption. The place of redemption may be determined by the Town. Interest on the 200_ Bonds so called for redemption shall cease on the redemption date fixed in such notice, if sufficient funds are available at the place of redemption to pay the redemption price on the date so named.

[The 200_ Bonds shall be called for redemption in multiples of \$5,000. The 200_ Bonds in denominations of more than \$5,000 shall be treated as representing the number of 200_ Bonds obtained by dividing the denomination of the 200_ Bond by \$5,000 within a maturity.] The 200_ Bonds may be redeemed in part. In the event of the redemption of the 200_ Bonds in part, upon surrender of the 200_ Bond to be redeemed, a 200_ Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the 200_ Bond surrendered shall be issued to the Registered Owner.

If this 200_ Bond shall not be presented for payment or redemption on the date fixed therefor, and the Town shall have deposited in trust with [the Paying Agent] [its depository bank], an amount sufficient to pay this 200_ Bond or the redemption price, as the case may be, then the Registered Owner shall thereafter look only to the funds so deposited in trust with [the Paying Agent] [such depository bank] for payment and the Town shall have no further obligation or liability with respect thereto.

This 200_ Bond is transferable or exchangeable only upon the books of the Town kept for that purpose at the office of the Registrar, by the Registered Owner hereof in person, or by its attorney duly authorized in writing, upon surrender of this 200_ Bond, together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the Registered Owner or its attorney duly authorized in writing, and thereupon a fully registered 200_ Bond or 200_ Bonds in the same aggregate principal amount and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or to the Registered Owner, as the case

may be, in exchange therefor. [Except as otherwise provided in the Disclosure Agreement described below, the] [The] Town, the Registrar and the Paying Agent may treat and consider the person in whose name this 200_ Bond is registered as the absolute owner hereof for all purposes including for the purpose of receiving payment of, or on account of, the principal hereof, premium, if any, and interest due hereon.

The 200_ Bonds maturing in any one (1) year are issuable only in fully registered form in the denomination of \$5,000 or any integral multiple thereof not exceeding the aggregate principal amount of the 200_ Bonds maturing in such year.

[All of the 200_ Bonds have been designated [or deemed designated] as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.]

THE REGISTERED OWNER, BY THE ACCEPTANCE HEREOF, HEREBY AGREES TO ALL THE TERMS AND PROVISIONS CONTAINED IN THE 200_ ORDINANCE. This 200_ Bond is subject to defeasance prior to redemption or payment as provided in the 200_ Ordinance. The 200_ Ordinance may be amended without the consent of the owners of the 200_ Bonds as provided in the 200_ Ordinance if the Town Council determines, in its sole discretion, that the amendment shall not adversely affect the rights of any of the owners of the 200_ Bonds.

[A Continuing Disclosure Agreement dated as of the Original Issue Date (the "Disclosure Agreement") has been executed by the Town for the benefit of each registered or beneficial owner of any 200_ Bond. A copy of the Disclosure Agreement is available from the Town and its terms are incorporated herein by reference. The Disclosure Agreement contains certain covenants of the Town to each registered or beneficial owner of any 200_ Bond, including a covenant to provide continuing disclosure of certain annual financial information and notices of the occurrence of certain events, if material. By its payment for and acceptance of this 200_ Bond, the Registered Owner and any beneficial owner of this 200_ Bond assents to the Disclosure Agreement and to the exchange of such payment and acceptance for such covenants.]


It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the preparation and completion of the execution, issuance and delivery of this 200_ Bond have been done and performed in regular and due form as provided by law.

This 200_ Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been executed by [an authorized representative] of the Registrar.

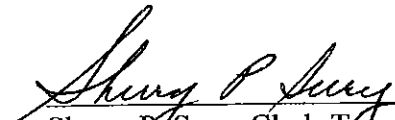
IN WITNESS WHEREOF, the Town has caused this 200_ Bond to be executed in its corporate name and on its behalf by the manual or facsimile signature of its President, have its corporate seal affixed hereunto, imprinted or impressed by any means, and be attested manually or by facsimile by its Clerk-Treasurer.

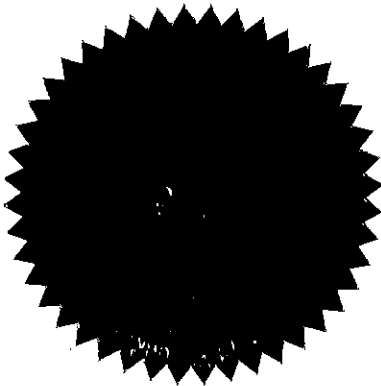
TOWN OF ST. JOHN, INDIANA

[SEAL]

By: 
Michael S. Fryzel, President

Attest:


Sherry E. Sury, Clerk-Treasurer



REGISTRAR'S CERTIFICATE OF AUTHENTICATION

It is hereby certified that this 200_ Bond is one (1) of the Bonds described in the Ordinance.

as Registrar

By _____
Authorized Representative

ABBREVIATIONS

The following abbreviations, when used in this 200_ Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	as tenants in common
TEN ENT	as tenants by the entireties
JT TEN	as joint tenants with right of survivorship and not as tenants in common
UNIF TRAN	
MIN ACT	_____ Custodian _____ (Cust.) (Minor) under Uniform Transfers to Minors Act of (State)

Additional abbreviations may also be used although not in the list above.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____

(Please print or typewrite name, address and social security or other identifying number of the assignee and insert number for the first named transferee if held by joint account) the within 200_ Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, as attorney to transfer the within 200_ Bond on the books kept for the registration thereof with full power of substitution in the premises.

Dated: _____

REGISTERED OWNER:

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within 200_ Bond in every particular, without alteration or enlargement or any change whatever. When assignment is made by a guardian, trustee, executor or administrator, an officer of a corporation or anyone in a representative capacity, proof of authority to act must accompany this assignment.

Signature guaranteed by:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution as defined in SEC Rule 17Ad-15 (17 CFR 240.17Ad-15) participating in a Securities Transfer Association recognized signature guarantee program.

EXHIBIT C

**TOWN OF ST. JOHN
WATER WORKS REVENUE BOND, SERIES 200_**

Maturity
Date

Principal
Due