

BOARD OF SANITARY COMMISSIONERS
SANITARY DISTRICT OF THE
TOWN OF ST. JOHN, INDIANA

FINAL BOND RESOLUTION

SD 96-04-04

WHEREAS, on December 21, 1995, the Board of Sanitary Commissioners of the Town of St. John, Indiana (the "Board"), being the governing body of the Sanitary District of the Town of St. John, Indiana (the "District"), adopted a Declaratory Resolution declaring that it is necessary for the public health and welfare and will be of public utility and benefit to acquire and construct one or more of projects within the District as described in said Declaratory Resolution; and

WHEREAS, on January 29, 1996, after notice and public hearing thereon, the Board confirmed the Declaratory Resolution by the adoption of a Confirmatory Resolution; and

WHEREAS, a petition was filed with the Board by more than fifty (50) taxpayers of the District requesting the Board to authorize and issue special taxing district bonds of the District in an amount not to exceed One Million Five Hundred Twenty-Five Thousand Dollars (\$1,525,000) for the purpose of procuring funds to be applied on the costs of one or more of the projects as set out in said petition (the "Projects"), which Projects were set forth in the Declaratory Resolution as confirmed by the Confirmatory Resolution, including the incidental expenses in connection with the Projects and the issuance of said bonds; and

WHEREAS, the Board adopted a Preliminary Bond Resolution on January 29, 1996 determining to issue bonds in an amount not to exceed \$1,525,000; and

WHEREAS, the Board finds that since the adoption of said Preliminary Bond Resolution, notice of filing of the petition for and notice of determination to issue said bonds have been duly

published and posted as provided by law; that the period for filing remonstrances has expired and no remonstrances have been filed; that the period for filing objecting petitions has expired and no objecting petitions have been filed; that the thirty (30) day application period has expired and no petitions were filed; that the notice of the hearing on the appropriation of the proceeds of said bonds has been duly published as required by law and said hearing was held on March 21, 1996 and the appropriation proceedings have been certified to the State Board of Tax Commissioners; and

WHEREAS, it is necessary that the bonds of the Sanitary District of the Town of St. John be issued in the amount of \$1,525,000 to provide funds to pay such estimated costs of all work and construction of the Projects and the incidental expenses to be incurred in connection with the Projects and with the issuance of the bonds; and

WHEREAS, the Board now finds that all conditions precedent to the adoption of a resolution authorizing the issuance of said bonds have been complied with in accordance with the provisions of IC 36-9-25 as in effect on the date of delivery of the bonds authorized herein (the "Act");

WHEREAS, the local Tax Control Board held a hearing on March 27, 1996 and recommended approval of the bonds to the Indiana State Board of Tax Commissioners;

NOW THEREFORE, BE IT RESOLVED, by the Board of Sanitary Commissioners of the Sanitary District of the Town of St. John, Indiana, that:

Section 1. Determination to Proceed; Authorization and Details of Bonds. (a) The Board shall proceed to undertake the construction of one or more of the Projects as set out in

the Declaratory Resolution as confirmed by the Confirmatory Resolution and in accordance with the Act.

(b) In order to procure funds with which to pay the estimated costs of the Projects, including the costs of issuance of bonds on account thereof, the Clerk-Treasurer is authorized and directed to have prepared and to issue and sell bonds of the Sanitary District of the Town of St. John, Indiana, to be designated as "Sanitary District Bonds of 1996" in the aggregate principal amount of \$1,525,000 (the "Bonds"). The Bonds shall be sold at a price of not less than 98% of the par value thereof and issued in fully registered form in the denomination of \$5,000 or integral multiples thereof and shall bear interest at a rate or rates not exceeding seven percent (7%) per annum (the exact rate or rates to be determined by bidding), which interest shall be payable on July 1, 1996 and semiannually thereafter on January 1 and July 1 of each year. The bonds shall mature semiannually on January 1 and July 1 of each year, in such amounts as set forth below:

<u>Maturity</u>	<u>Principal</u>	<u>Maturity</u>	<u>Principal</u>
1/1/97	\$ 25	1/1/05	\$50
7/1/97	35	7/1/05	50
1/1/98	35	1/1/06	50
7/1/98	35	7/1/06	50
1/1/99	40	1/1/07	55
7/1/99	40	7/1/07	55
1/1/00	40	1/1/08	55
7/1/00	40	7/1/08	60
1/1/01	40	1/1/09	60
7/1/01	40	7/1/09	60
1/1/02	45	1/1/10	65
7/1/02	45	7/1/10	65
1/1/03	45	1/1/11	65
7/1/03	45	7/1/11	65
1/1/04	50	1/1/12	70
7/1/04	50		

(c) All or a portion of the Bonds may be issued as one or more term bonds, upon election of the successful bidder. Such term bonds shall have a stated maturity or maturities of July 1, 1997 through January 1, 2012, as determined by the successful bidder. The term bonds shall be subject to mandatory sinking fund redemption and final payment(s) at maturity at 100% of the principal amount thereof, plus accrued interest to the redemption date, on principal payment dates which are in accordance with the schedule set out in the above paragraph.

(d) Bonds maturing on and after January 1, 2006, are redeemable at the option of the Board, on July 1, 2005, or on any date thereafter, on thirty 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:

- 1.5% if redeemed on July 1, 2005, or thereafter
on or before June 30, 2006;
- 1.0% if redeemed on July 1, 2006, or thereafter
on or before June 30, 2007;
- 0% if redeemed on July 1, 2007, or thereafter
prior to maturity;

plus accrued interest to the date fixed for redemption.

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 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 cancelled shall be credited by the Paying Agent at 100% of the principal amount thereof against the mandatory sinking fund

obligation on such mandatory sinking fund date, and any excess of such amount shall be credited on future redemption obligations, and the principal amount of the Bonds to be redeemed by operation of the mandatory sinking fund requirement shall be accordingly reduced; provided, however, the Paying Agent shall credit only such Bonds maturing as term bonds to the extent received on or before forty-five (45) days preceding the applicable mandatory redemption date.

Each Five Thousand Dollars (\$5,000) principal amount shall be considered a separate bond for purposes of optional and mandatory redemption. If less than an entire maturity is called for redemption, the Bonds to be called shall be selected by lot by the Registrar. If some Bonds are to be redeemed by optional redemption and mandatory sinking fund redemption on the same date, the Registrar shall select by lot the Bonds for optional redemption before selecting the Bonds by lot for the mandatory sinking fund redemption.

In either case, notice of such redemption shall be given at least thirty (30) days prior to the date fixed for redemption unless such redemption notice is waived by the owner of the Bond or Bonds redeemed. Such notice shall be mailed to the address of the registered owner as shown on the registration record of the Town as of the date which is forty-five (45) days prior to such redemption date. The notice shall specify the date and place of redemption and sufficient identification of the Bonds called for redemption. The place of redemption may be determined by the 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.

(e) The Board is authorized to select and appoint a qualified financial institution to serve as Registrar and Paying Agent for the Bonds, which Registrar is hereby charged with the

responsibility of authenticating the Bonds (the "Registrar" or "Paying Agent"). The Clerk-Treasurer is hereby authorized, on behalf of the Board, to enter into such agreements or understandings with such bank as will enable the bank to perform the services required of a Registrar and Paying Agent. The Clerk-Treasurer is further authorized to pay such fees as the bank may charge for the services it provides as Registrar and Paying Agent, and such fees may be paid from the fund established to pay the principal of and interest on the Bonds.

The principal of the Bonds shall be payable at the principal office of the Paying Agent and all payments of interest on the Bonds shall be paid by check mailed one business day prior to the interest payment date to the registered owners thereof, as of the fifteenth day of the month preceding such interest payment date ("Record Date"), at the addresses as they appear on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by such registered owner on or before such Record Date. If payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall be instructed to wire transfer payments so such payments are received at the depository by 2:30 p.m. (New York City time).

All payments on 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.

Each Bond shall be transferable or exchangeable only upon the books of the Town of St. John kept for that purpose at the principal office of the Registrar by the registered owner or by

its attorney duly authorized in writing, upon surrender of such Bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. The Town, Board, Registrar and Paying Agent for the Bonds may treat and consider the person in whose name such Bonds are registered as the absolute owner thereof for all purposes including for the purpose of receiving payment of, or on account of, the principal thereof and interest due thereon.

The Bonds shall bear an original date which shall be the first day of the month in which they are sold and each Bond shall also bear the date of its authentication. Bonds authenticated on or before June 15, 1996, shall be paid interest from the original date. Bonds authenticated thereafter shall be paid interest from the interest payment date to which interest has been paid as of the date on which such Bonds are authenticated unless the Bonds are authenticated between the Record Date and the interest payment date, in which case interest thereon shall be paid from such interest payment date. If at the time of authentication of any Bond interest is in default thereon, such Bond shall bear interest from the date to which interest has been paid in full.

(f) Said Bonds shall be signed in the name of the Town of St. John by the manual or facsimile signature of the Town Council President, and the seal of the Town shall be affixed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of the Clerk-Treasurer. Said Bonds shall be authenticated with the manual signature of an authorized representative of the Registrar, and no Bond shall be valid or become obligatory

for any purpose until the certificate of authentication thereon shall have been so executed. Said Bonds shall, subject to registration provisions, be negotiable under the laws of the State of Indiana.

Section 2. Form of Bond. The form of the Bonds shall be substantially as follows, all blanks to be filled in properly and all necessary additions and deletions to be made prior to delivery:

UNITED STATES OF AMERICA

STATE OF INDIANA

COUNTY OF LAKE

TOWN OF ST. JOHN

SANITARY DISTRICT BOND OF 1996

<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Original</u> <u>Date</u>	<u>Authentication</u> <u>Date</u>	<u>CUSIP</u>
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REGISTERED OWNER:

PRINCIPAL SUM:

The Town of St. John in Lake County, Indiana, for and on behalf of the Sanitary District of the Town of St. John, Indiana, acknowledges itself indebted, and for value received hereby promises to pay, but only from the source and in the manner herein provided, to the Registered Owner or registered assigns, the Principal Sum set forth above on the Maturity Date set forth above (unless this bond be subject to and be called for redemption prior to maturity as hereinafter provided), and to pay interest hereon at the Interest Rate per annum stated above from the interest payment date to which interest has been paid next preceding the Authentication Date of this bond unless this bond is authenticated after the first day of the month of such interest payment date and on or before such interest payment date in which case it shall bear interest from such interest payment date or unless this bond is authenticated on or before June 15, 1996, in which case it shall bear interest from the Original Date, until the principal is paid, which interest is payable semiannually on January 1 and July 1 in each year, beginning on July 1, 1996.

The principal of this bond is payable at the principal office of _____ in the _____ of _____, Indiana, (hereinafter referred to as the "Paying Agent" or "Registrar"). The principal of and interest on this bond shall be paid by check mailed by first class mail one business day prior to the interest payment date to the Registered Owner hereof as of the fifteenth day of the month preceding such interest payment date at the address as it appears on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by the Registered Owner. If payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall wire transfer payments so such payments are received at the depository by 2:30 p.m. (New York City time). All payments on this bond shall be made in any coin or currency of the United States of America, which on the dates of such payment shall be legal tender for the payment of public and private debts.

This bond is not a general obligation of the Town of St. John, but is the obligation and indebtedness of the Sanitary District of the Town of St. John, as a special taxing district, and this bond, together with interest hereon, shall be payable only out of the "Sanitary District Bond Fund" created by revenues from a special tax to be levied annually upon all property in the Sanitary District. The Board of Sanitary Commissioners will cause a special tax for the payment of the principal of and the interest on this bond to be levied, collected and applied for that purpose. This bond is negotiable, subject to registration provisions, pursuant to the laws of the State of Indiana.

The terms and provisions of this bond are continued on the reverse side hereof and such terms and provisions shall for all purposes have the same effect as though fully set forth at this place.

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; that this bond and the total issue of the bonds is within every limit of indebtedness as prescribed by the constitution and laws of the State of Indiana.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by an authorized representative of the Registrar.

IN WITNESS WHEREOF, the Board of Sanitary Commissioners of the Town of St. John in Lake County, Indiana, has caused this bond to be executed in the name of the Town of St. John for and on behalf of the Sanitary District of said Town, by the manual or facsimile

signature of the Town Council President, the seal of said Town (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon and attested by the manual or facsimile signature of the Clerk-Treasurer.

TOWN OF ST. JOHN, INDIANA

By: _____
Town Council President

(SEAL)

ATTEST:

Clerk-Treasurer

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within mentioned Resolution.

, as Registrar

By: _____
Authorized Representative

(To be printed on Reverse Side)

This bond is one of an authorized issue of bonds of the Sanitary District of the Town of St. John, Indiana, designated "Sanitary District Bonds of 1996," aggregating \$1,525,000, issued for the purpose of procuring funds to be applied on the cost of certain sewer projects, and the incidental expenses in connection therewith, all as more particularly described in a Declaratory Resolution adopted December 21, 1995, as confirmed by a resolution adopted January 29, 1996, which bonds are issued pursuant to a Final Bond Resolution adopted by the Board of Sanitary Commissioners of the Town of St. John, Indiana on the 4th day of April, 1996 (the "Resolution"), authorizing the issuance and sale of bonds of said Town for the purpose of procuring funds for said Sanitary District projects, and Title 36, Article 9, Chapter 25 of the Indiana Code, as in effect on the date of delivery of the bonds of this issue.

The bonds maturing on and after January 1, 2006, are redeemable at the option of the Board, on July 1, 2005, 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:

- 1.5% if redeemed on July 1, 2005, or thereafter on or before June 30, 2006;
- 1.0% if redeemed on July 1, 2006, or thereafter on or before June 30, 2007;
- 0% if redeemed on July 1, 2007, or thereafter prior to maturity;

plus accrued interest to the date fixed for redemption.

[The bonds maturing on _____, ____ are subject to mandatory sinking fund redemption prior to maturity, at a redemption price equal to the principal amount thereof plus accrued interest, on the dates and in the amounts set forth below:

<u>Date</u>	<u>Amount</u>
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* Final Maturity

If less than an entire maturity is called for redemption, at one time, the bonds to be called shall be selected by lot by the Registrar. Each Five Thousand Dollars (\$5,000) principal amount shall be considered a separate bond for purposes of optional [and mandatory] redemption. [If some bonds are to be redeemed by optional redemption and mandatory sinking fund redemption on the same date, the Registrar shall select by lot the bonds for optional redemption before selecting the bonds by lot for the mandatory sinking fund redemption.]

Notice of redemption shall be mailed to the address of the registered owner as shown on the registration record of the Registrar, as of the date which is forty-five (45) days prior to the date fixed for redemption, not less than thirty (30) days prior to such redemption date, unless said notice is waived by the registered owner of this bond. Any 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, including interest accrued to the redemption date, on the date so named. Failure to give such notice by mailing, or any defect in such notice, with respect to any bond shall not affect the validity of any proceedings for redemption of other bonds.

If this bond shall not be presented for payment or redemption on the date fixed therefor, the Town 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 Town shall have no further obligation or liability in respect thereto.

This 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 or by its attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the Registered Owner or his attorney duly authorized in writing, and thereupon a new fully registered bond or bonds in the same aggregate principal amount and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or to the Registered Owner, as the case may be, in exchange therefor. The Town, the Registrar and any paying agent for this bond may treat and consider the person in whose name this bond is registered as the absolute owner hereof for all purposes including for the purpose of receiving payment of, or on account of, the principal hereof and interest due hereon.

The bonds qualify for the \$10,000,000 exception from the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986 relating to the disallowance of the deduction for interest expense allocable to tax-exempt obligations.

The bonds are subject to defeasance prior to payment as provided in the aforementioned Resolution and the owner of this bond, by the acceptance hereof, hereby agrees to all the terms and provisions contained in said Resolution.

The bonds maturing in any one year are issuable only in fully registered form in the denomination of \$5,000 or integral multiples thereof not exceeding the aggregate principal amount of the bonds maturing in such year.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Insert name and address)
_____ the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to transfer the within bond on the books kept for the registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program.

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

Section 3. Sale of Bonds. Prior to the sale of the Bonds, the Clerk-Treasurer shall cause to be published either (i) a bond sale notice in the The Times and Gary Post-Tribune, newspapers published in Lake County, Indiana, two times, at least one week apart, the first publication made at least fifteen (15) days before the date of the sale and the second publication being made at least three (3) days before the date of the sale, or (ii) a notice of intent to sell in the The Times, the Gary Post-Tribune and the Court & Commercial Record, all in accordance with IC 5-1-11 and IC 5-3-1. The notice shall also be posted at the Town Hall and post office, or local bank if there is no post office. A notice or summary notice of sale may also be published in the Court & Commercial Record or The Bond Buyer, financial journals published in the City of Indianapolis and in the City and State of New York, respectively. Said notice shall state the purpose for which the Bonds are being issued, the total amount thereof, the maximum rate of interest thereon, the time and place of payment, the terms and conditions on which bids will be received and the sale made, and such other information as the Clerk-Treasurer deems necessary. Said notice may provide, among other things, that each bid shall be accompanied by a certified or cashier's check or a financial surety bond to guarantee performance on the part of the bidder. If a financial surety bond is used, it must be from an insurance company licensed to issue such bond in the State of Indiana, 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 that 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. (DST) 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, then said check and the proceeds thereof shall be the property of the Town and shall be considered as its liquidated damages on account of such default.

All bids for the Bonds shall be sealed and shall be presented to the Clerk-Treasurer and all bids offered shall be received until the hour on the day fixed in accordance with the notice. Bidders for the Bonds shall be required to name the rate or rates of interest which the Bonds are to bear, not exceeding seven percent (7%), and such interest rate or rates shall be in multiples of one-eighth ($1/8$) or one-twentieth ($1/20$) of one percent (1%). The rate bid on any maturity shall be equal to or greater than the rate bid on the immediately preceding maturity. No conditional bid or bid for less than 98% of the face amount of the Bonds will be considered. The Clerk-Treasurer shall award the Bonds to the bidder who offers the lowest net interest cost to the Town, computing the total interest on all of the Bonds to the maturities and deducting therefrom the premium bid, if any, and adding thereto the discount bid, if any. The Clerk-Treasurer shall have full right to reject any and all bids. In the event no acceptable bid is received at the time of the sale of the Bonds, the Clerk-Treasurer shall be authorized to continue to receive bids from day to day thereafter for a period not to exceed thirty (30) days, without readvertising, but during such continuation, no bid shall be accepted which offers an interest cost

which is equal to or higher than the best bid received at the time fixed for such sale. No conditional bid or bid for less than all of the Bonds will be received.

Prior to the delivery of the Bonds, the Clerk-Treasurer shall obtain a legal opinion as to the validity of the Bonds from Ice Miller Donadio & Ryan, bond counsel, of Indianapolis, Indiana, and shall furnish such opinion to the purchaser of the Bonds. The cost of said opinion shall be considered as part of the costs incidental to these proceedings and shall be paid out of proceeds of the Bonds.

Section 4. Preparation of and Payment for Bonds. (a) The Clerk-Treasurer is hereby authorized and directed to have Bonds prepared, and the Town Council President and the Clerk-Treasurer are hereby authorized and directed to execute said Bonds in the form and manner herein provided. The Clerk-Treasurer is hereby authorized and directed to deliver said Bonds to the purchaser thereof after sale made in accordance with the provisions of this resolution, provided that at the time of said delivery the Clerk-Treasurer shall collect the full amount which the purchaser has agreed to pay therefor, which amount shall not be less than 98% of the face value of said Bonds.

(b) Distribution of an Official Statement (Preliminary and final) prepared by H.J. Umbaugh & Associates on behalf of the Town, is hereby approved and the President of the Board, Secretary of the Board, the Town Council President, or the Clerk-Treasurer is authorized and directed to execute the Official Statement on behalf of the Town in a form consistent with this resolution. The President of the Board, Secretary of the Board, the Town Council President, or the Clerk-Treasurer is hereby authorized to designate the Official Statement as

"nearly final" for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Section 5. Defeasance. (a) If, when the Bonds issued hereunder or any portion thereof shall have become due and payable in accordance with their terms, and the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the Bonds or any portion thereof then outstanding shall be paid, or (i) sufficient moneys, or (ii) direct, non-callable 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, 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 special taxes to be levied upon all property in the District.

Section 6. Deposit and Application of Bond Proceeds; Surplus to Bond Fund. The Clerk-Treasurer is hereby authorized and directed to deposit the proceeds of the Bonds in a separate fund ("Proceeds Fund") to pay for: (1) the costs of the Projects and all other costs and expenses incurred in connection with the Projects; and (2) costs of issuance of the Bonds. The Proceeds Fund may not be used for any other purpose. The Proceeds Fund shall, in accordance with IC 5-13, be deposited, at interest, with the depository or depositories of other public funds of the Town, and all interest collected on it belongs to the Fund. Any surplus remaining from the proceeds of the Bonds after all costs and expenses are fully paid shall either be (1) paid into and become a part of the Sanitary District Bond Fund ("Bond Fund") or (2) used for the same purpose or type of project for which the Bonds were originally issued, all in accordance with

IC 5-1-13. Moneys contained in the Proceeds Fund and the Bond Fund shall be invested to the extent permitted by law.

Section 7. Accrued Interest. The accrued interest received at the time of delivery of the Bonds, if any, shall be deposited in the Bond Fund and used to pay interest on the Bonds.

Section 8. Tax Levy and Bond Fund. In order to provide for the payment of the principal of and interest on the Bonds, there shall be levied in each year upon all taxable property in the District a special tax in an amount and in such manner sufficient to meet and pay the principal of and interest on the Bonds as the same become due. Such taxes shall be deposited into the Bond Fund. The Town shall, from the sums deposited in the Bond Fund, 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.

Section 9. Tax Covenants and Representations. In order to preserve the exclusion of interest on 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 Bonds ("Code") and as an inducement to purchasers of the Bonds, the Board represents, covenants and agrees that:

(a) No person or entity, other than the Town, the District or another state or local governmental unit, will use proceeds of the Bonds or property financed by the proceeds other than as a member of the general public. No person or entity other than the Town, the District or another state or local governmental unit will own property financed by Bond proceeds or will have actual or beneficial use of such property pursuant to a lease, a management or incentive

payment contract, an arrangement such as take-or-pay or other type of output contract or any other type of arrangement that differentiates that person's or entity's use of such property from the use by the public at large of such property.

(b) No portion of the payment of the principal of or interest on the Bonds or is (under the terms of the Bonds, this resolution 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, the District, or the Board) in respect of such property or borrowed money used or to be used for a private business use.

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

(d) Neither the Town nor the Board will take any action or fail to take any action with respect to the Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Bonds pursuant to Section 103 of the Code.

(e) It shall not be an event of default under this resolution if the interest on any Bond 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.

(f) These covenants and those contained in Section 10 are based solely on current law in effect and in existence on the date of delivery of such Bonds.

(g) All officers, members, employees and agents of the Board and the Town are authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the Board and the Town as of the date the Bonds are issued, as the case may be, and to enter into covenants on behalf of the Board evidencing the Board's commitments made herein. In particular, all or any members or officers of the Board or officers of the Town are authorized to certify and enter into covenants for the District regarding the facts and circumstances and reasonable expectations of the Board on the date the Bonds are issued and the commitments made by the Board herein regarding the amount and use of the proceeds of the Bonds.

(h) The Board represents that:

(1) The Town is a governmental unit with general taxing powers, which powers include the power to impose taxes of general applicability that, when collected, may be used for the general purposes of the Town;

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

(3) At least 95% of the net proceeds of the Bonds will be used for local governmental activities of the Town or of a governmental unit, the jurisdiction of which is entirely within the jurisdiction of the Town;

(4) The aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the Town and all units subordinate to the Town, including on-behalf-of issuer and subordinate entities as those terms are defined in Regulations Section

1.148-8(c)(2), is not reasonably expected to exceed \$5,000,000 in calendar year 1996; and

(5) The Town has not been formed or availed of to otherwise avoid the purposes of the \$5,000,000 size limitation.

Therefore, the Town meets the requirements of Section 148(f)(4)(D) of the Code and will not have to rebate any arbitrage profits to the United States.

(i) The Board represents that:

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

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

(3) The reasonably anticipated amount of qualified tax-exempt obligations (including 501(c)(3) obligations and tax-exempt leases but excluding other private activity bonds) which will be issued by the Town and all entities subordinate to the Town during 1996 does not exceed \$10,000,000.

(4) The Town has not and will not designate more than \$10,000,000 of qualified tax-exempt obligations during 1996.

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

Section 10. Tax Exemption. Notwithstanding any other provisions of this resolution, the covenants and authorizations contained in this resolution ("Tax Sections") which are designed to preserve the exclusion of interest on the Bonds from gross income under federal law ("Tax

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

Section 11. Resolution to be Filed with Clerk-Treasurer. The Secretary to the Board of Sanitary Commissioners is hereby directed to file a certified copy of this resolution with the Clerk-Treasurer for preparation of the Bonds.

Section 12. Debt Limit Not Exceeded. The District represents and covenants that the Bonds herein authorized, when combined with other outstanding indebtedness of the District, will not exceed any applicable constitutional or statutory limitation on the District's indebtedness.

Section 13. Approval by State Board of Tax Commissioners. The Bonds shall not be issued and delivered until orders have been obtained from the State Board of Tax Commissioners pursuant to IC 6-1.1-18.5-8, and, if necessary, IC 6-1.1-20-7.

Section 14. Severability. If any section, paragraph or provisions of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 15. Repeal of Conflicting Provisions; Amendments to Resolution. (a) All resolutions, or parts thereof, in conflict with the provisions of this resolution, are, to the extent of such conflict, hereby repealed and/or amended, and this resolution shall be in immediate effect from and after its adoption.

Subject to the terms and provisions contained in this Section, the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds issued

pursuant to this resolution and then outstanding shall have the right, from time to time, to consent to and approve the adoption by the Board of such resolution or resolutions supplemental hereto as shall be deemed necessary or desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this resolution, or in any supplemental resolution; and provided, the 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 resolution; or

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

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

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

(e) The extension of mandatory sinking fund redemption dates, if any.

If the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds outstanding at the time of adoption of such supplemental resolution shall have consented to and approved the adoption thereof by written instrument to be maintained on file in the office of the Secretary of the Board, no owner of any Bond issued pursuant to this resolution shall have any right to object to the adoption of such supplemental resolution 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 Board or its officers from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental resolution pursuant to the provisions of this Section, this resolution shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this resolution of the Board and all owners of Bonds issued pursuant to the provisions of this resolution then outstanding, shall thereafter be determined, exercised and enforced in accordance with this resolution, subject in all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this resolution, the rights and obligations of the Town, the Board and of the owners of the Bonds authorized by this resolution, and the terms and provisions of the Bonds and this resolution, or any supplemental resolution, may be modified or altered in any respect with the consent of the Board and the consent of the owners of all the Bonds issued pursuant to this resolution then outstanding.

Section 16. Parties Interested Herein. Nothing in this resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Town, the District and the registered owners of the Bonds, any right, remedy or claim under or by reason of this resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this resolution contained by and on behalf of the Town and District shall be for the sole and exclusive benefit of the Town, the District and the registered owners of the Bonds.

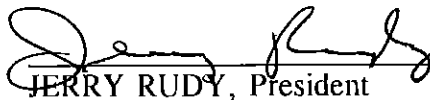
Section 17. Continuing Disclosure. The substantially final form of Continuing Disclosure Undertaking Agreement (the "Agreement") attached hereto is hereby approved by the

Board, and the President and Clerk-Treasurer 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 hereunder.


Section 18. Effective Date. This resolution shall be in full force and effect immediately upon its passage and signing.

ADOPTED this 4th day of April, 1996.

BOARD OF SANITARY COMMISSIONERS
SANITARY DISTRICT OF THE TOWN OF
ST. JOHN, INDIANA


JERRY RUDY, President

JOEL NIETING


RICHARD HOOVER

ATTEST:


JUDITH COMPANIK, Clerk-Treasurer

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This CONTINUING DISCLOSURE UNDERTAKING AGREEMENT (the "Agreement") is made as of _____, 1996 between the Town of St. John Sanitary District (the "Obligor") and _____ (the "Counterparty"), for the purpose of permitting _____, as underwriter (the "Underwriter") of the Bonds to purchase the Bonds in compliance with the Securities and Exchange Commission ("SEC") Rule 15c2-12 (the "SEC Rule") as published in the Federal Register on November 17, 1994.

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

- (1) "Bondholder" or "holder" or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any outstanding Bond, including the holders of beneficial interests in the Bonds.
- (2) "Final Official Statement" means the Official Statement, dated as of _____, 1996, relating to the Bonds, including any document or set of documents included by specific reference to such document or documents previously provided to each NRMSIR and to the SID, or filed with the Municipal Securities Rulemaking Board ("MSRB").
- (3) "NRMSIR" means, at any point in time, a nationally recognized municipal securities information repository which is then recognized as such by the SEC, initially including but not limited to each of those entities listed on the attached Exhibit A.
- (4) "Obligated Person" means any person, including an issuer of municipal securities, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), for which Annual Information (as defined in Section 5 hereof) is presented in the Official Statement. All Obligated Persons with respect to the Bonds are identified in Section 4 below.
- (5) "SID" means the Indiana state information depository, if any, in existence from time to time.

Section 2. Bonds. This Agreement applies to the Sanitary District Bonds of 1996 in the principal amount of \$1,525,000 (the "Bonds").

Section 3. Term. The term of this Agreement is from the date of delivery of the Bonds by the Obligor to the earlier of (i) the date of the last payment of principal or redemption price, if any, of, and interest to accrue on, all the Bonds, (ii) the date the Bonds are defeased under Section __ of the Resolution adopted by the Obligor April 4, 1996 (the "Resolution"), or (iii) the date of rescission as described in Section 11.

Section 4. Obligated Persons. (a) The Obligor hereby represents and warrants as of the date hereof that it is the only Obligated Person with respect to the Bonds. If the Obligor, at its sole discretion, determines that it is no longer an Obligated Person, this Agreement shall no longer apply to the Obligor.

(b) The Obligor hereby represents and warrants that no Obligated Person is an obligated person (within the meaning of the SEC Rule) with respect to more than \$10,000,000 in aggregate amount of outstanding municipal securities, including the Bonds and excluding municipal securities that were offered in a transaction exempt from the SEC Rule pursuant to paragraph (d)(1) of the SEC Rule.

Section 5. Provision of Annual Information. (a) The Obligor hereby undertakes to provide, upon request to any person or at least annually to the SID, the most current copy of financial information of the Obligor which is customarily prepared by or for the Obligor, as required by Indiana law in effect at the time such financial information is prepared ("Annual Information"). If provided upon request, such Annual Information will be provided within 60 days of such request; if filed with a SID, such Annual Information will be filed on or about December 1. As of the date of this Agreement, the Obligor is required by law to prepare, or cause to be prepared, the following Annual Information:

- Audit of the Town of St. John prepared biennially by the Indiana State Board of Accounts
- Annual City and Town Financial Report prepared by the Town of St. John

However, such Annual Information described above, or any component thereof, shall not be required to be provided if (i) such Annual Information is no longer customarily prepared by or for the Town of St. John or (ii) such Annual Information is no longer publicly available.

Such Annual Information is prepared only periodically and will speak only to the periods covered therein. In addition, the information presented therein may differ in form and substance from the financial information presented in the Final Official Statement.

(b) Annual Information required to be provided pursuant to this Section 5 may be provided by a specific reference to such Annual Information already prepared and previously provided to each NRMSIR and the SID, or filed with the SEC; however, if such document is a final official statement, it must also be available from the MSRB.

Section 6. Material Events. The Obligor undertakes to disclose in a timely manner the occurrence of only the following events, if material (which determination of materiality shall be made by the Obligor in accordance with the standards established by federal securities laws), to each NRMSIR or to the MSRB, and to the SID, if any:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;

- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) modifications to the rights of Bondholders;
- (8) Bond calls (other than scheduled mandatory sinking fund redemptions for which notice is given in accordance with the Resolution);
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds; and
- (11) rating changes.

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

Section 7. Use of Agent. The Obligor may, at its sole discretion, utilize an agent (the "Dissemination Agent") in connection with the dissemination of any information required to be provided by the Obligor pursuant to the terms of the SEC Rule and this Agreement. Further, the Obligor may, at its sole discretion, retain counsel or others with expertise in securities matters for the purpose of assisting the Obligor in making judgments with respect to the scope of its obligations hereunder and compliance therewith, all in order to further the purposes of this Agreement as set forth in the preamble and Section 8 hereof.

Section 8. Remedies. (a) The purpose of this Agreement is to enable the Underwriter to purchase the Bonds by providing for an undertaking by the Obligated Persons in satisfaction of the SEC Rule. This Agreement is solely for the benefit of the Bondholders and creates no new contractual or other rights for the SEC, underwriters, brokers, dealers, municipal securities dealers, potential customers, other Obligated Persons or any other third party. The sole remedy against the Obligor for any failure to carry out any provision of this Agreement shall be for specific performance of the Obligor's disclosure obligations hereunder and not for money damages of any kind or in any amount or for any other remedy. The Obligor's failure to honor its covenants hereunder shall not constitute a breach or default of the Bonds, the Resolution or any other agreement to which the Obligor is a party.

(b) Subject to paragraph (e) of this Section 8, in the event the Obligor fails to provide any information required of it by the terms of this Agreement, any Bondholder may pursue the remedy set forth in the preceding paragraph in any court of competent jurisdiction in the State of Indiana. An affidavit to the effect that such person is a Bondholder supported by reasonable documentation of such claim shall be sufficient to evidence standing to pursue this remedy.

(c) Subject to paragraph (e) of this Section 8, any challenge to the adequacy of the information provided by the Obligor by the terms of this Agreement may be pursued only by holders of not less than 25% in principal amount of Bonds then outstanding in any court of competent jurisdiction

in the State of Indiana. An affidavit to the effect that such persons are Bondholders supported by reasonable documentation of such claim shall be sufficient to evidence standing to pursue the remedy set forth in the preceding paragraph.

(d) The Counterparty, upon satisfactory indemnification and demand by those persons it reasonably believes to be Bondholders, may also pursue the remedy set forth above in any court of competent jurisdiction in the State of Indiana. The Counterparty shall have no obligation to pursue any remedial action.

(e) Prior to pursuing any remedy under this Agreement, a Bondholder shall give notice to the Obligor, via registered or certified mail, of such breach and its intent to pursue such remedy. Fifteen (15) days after the mailing of such notice, and not before, a Bondholder may pursue such remedy under this Agreement.

Section 9. Counterparty's Obligations. The Counterparty hereto shall have no obligation to take any action whatsoever with respect to information provided by the Obligor under this Agreement (or of any Obligated Persons covered hereby), except any obligations arising from the Counterparty serving as a Dissemination Agent, and no implied covenants or obligations shall be read into this Agreement against the Counterparty. Further, the Counterparty hereto shall have no responsibility to ascertain the truth, completeness or accuracy of the information provided as required hereunder by the Obligor or any Obligated Person, nor as to its sufficiency for purposes of compliance with the SEC Rule or the requirements of this Agreement.

The Counterparty may, at its sole discretion, retain counsel or others with expertise in continuing disclosure matters for the purpose of assisting the Counterparty in making judgments with respect to the scope of its obligations hereunder and compliance therewith.

Section 10. Resignation and Removal of Counterparty. The Counterparty may resign in its capacity under this Agreement at any time by giving written notice thereof to the Obligor. The Obligor may remove the Counterparty in its capacity under this Agreement at any time by giving written notice thereof to the Counterparty. Upon such resignation or removal, the Obligor shall promptly appoint a successor Counterparty.

Section 11. Modification of Agreement. The Obligor and the Counterparty may, from time to time, amend or modify this Agreement without the consent of or notice to the Bondholders if either (a)(i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Obligor, or type of business conducted, (ii) this Agreement, as so amended or modified, would have complied with the requirements of the SEC Rule on the date hereof, after taking into account any amendments or interpretations of the SEC Rule, as well as any change in circumstances, and (iii) such amendment or modification does not materially impair the interests of the Bondholders, as determined either by (A) any person selected by the Obligor that is unaffiliated with the Obligor (including the Counterparty) or (B) an approving vote of the holders of the requisite percentage of outstanding Bonds as required under Section ___ of the Resolution at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds this Agreement) is permitted by the SEC Rule, as then in effect.

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

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

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

Section 15. Notices. All notices required to be given under this Agreement shall be made at the following addresses:

If to the Obligor:

Town of St. John Sanitary District

St. John, IN 46373

If to the Counterparty:

IN WITNESS WHEREOF, the Obligor and the Counterparty have caused this Agreement to be executed as of the ____ day of _____, 1996.

TOWN OF ST. JOHN SANITARY DISTRICT, as
Obligor

By: _____

Attest:

_____, as
Counterparty

By: _____
Its: _____

EXHIBIT A

NRMSIRs

NATIONALLY RECOGNIZED MUNICIPAL SECURITIES
INFORMATION REPOSITORY
ADDRESS LIST

Bloomberg Municipal Repositories
P.O. Box 840
Princeton, N.J. 08542 -0840
Phone: (609) 279-3200
Fax: (609) 279-5962

R.R. Donnelly Financial
Municipal Securities Disclosure Archive
559 Main Street
Hudson, MA 01749
Phone: (800) 580-3670
Internet: [HTTP://WWW.Municipal.com](http://WWW.Municipal.com)

The Bond Buyer
Attn: Municipal Disclosure
395 Hudson Street
New York, NY 10014
Phone: (212) 807-3814
Fax: (212) 989-9282
Internet: [Disclosure @ Muller.com](mailto:Disclosure@Muller.com)

Disclosure, Inc.
5161 River Road
Bethesda, MD 20816
Attn: Document Acquisitions / Municipal Securities
Phone: (301) 951-1300
Fax: (301) 657-1962

Kenny Information Systems, Inc.
65 Broadway - 16th Floor
New York, NY 10006
Attn: Kenny Repository Service
Phone: (212) 770-4595
Fax: (212) 797-7994

Moody's NRMSIR
Public Finance Information Center
99 Church Street
New York, NY 10007
Phone: (800) 339-6306
Fax: (212) 553-1460