

TOWN OF MUNSTER, LAKE COUNTY, INDIANA

ORDINANCE NO. 1936

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF MUNSTER, INDIANA, AUTHORIZING THE ISSUANCE OF WATERWORKS REVENUE BONDS FOR THE PURPOSE OF PROVIDING FUNDS TO PAY THE COST OF CERTAIN ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO THE MUNICIPAL WATERWORKS OF SAID TOWN, PROVIDING FOR THE SAFEGUARDING OF THE INTERESTS OF THE OWNERS OF SAID BONDS, AND OTHER MATTERS CONNECTED THEREWITH, INCLUDING THE ISSUANCE OF NOTES IN ANTICIPATION OF BONDS

WHEREAS, the Town of Munster, Indiana (the "Town"), has heretofore constructed and now owns and operates a municipal waterworks utility system (the "Waterworks"), furnishing the public water supply to the Town and its inhabitants pursuant to the provisions of Indiana Code 8-1.5, as amended (the "Act"); and

WHEREAS, the Town Council of the Town (the "Town Council") hereby finds that certain additions, improvements and extensions to said works are necessary; and that preliminary plans, specifications and estimates have been or will be prepared and filed by the engineers employed by the Town for the construction of said additions, improvements and extensions, as more fully described on Exhibit A attached hereto and made a part hereof (collectively, the "Project"), which plans and specifications have been or will be approved by the Town Council and by all governmental authorities having jurisdiction, particularly the Indiana Department of Environmental Management; and

WHEREAS, the Town has advertised or will advertise for and receive bids or proposals for the construction of the Project, which bids or proposals will be subject to the Town obtaining funds to pay for the Project; that on the basis of said engineering estimates, the maximum estimated cost of the Project, including incidental expenses, is in the amount of Eight Million Two Hundred Fifty Thousand Dollars (\$8,250,000), to be financed by a combination of proceeds from the bond anticipation notes, revenue bonds, cash on hand and/or other legally available sources; and

WHEREAS, the Town has, or will have, prior to the issuance of the below defined Bonds, determined to set rates and charges to provide sufficient Net Revenues (herein defined as the gross revenues of the Waterworks remaining after payment of reasonable expenses of operation, repair and maintenance and excluding transfers for payment in lieu of property taxes) to pay debt service on the Bonds; and

WHEREAS, the Town Council hereby finds that to provide funds necessary to pay for the costs of the Project, it will be necessary for the Town to issue its waterworks revenue bonds, in one or more series, in an aggregate principal amount not to exceed Eight Million Two Hundred Fifty Thousand Dollars (\$8,250,000); and

WHEREAS, the Town has no outstanding revenue bonds or other obligations secured by a first-lien pledge of the Net Revenues; and

WHEREAS, pending the issuance of the Bonds, the Town Council hereby finds that it may be necessary to provide interim financing for the Project through the issuance of its waterworks bond anticipation notes ("BANs"), in one or more series, in an aggregate principal amount not to exceed Eight Million Two Hundred Fifty Thousand Dollars (\$8,250,000), which BANs will be payable from the proceeds of the Bonds authorized hereunder and to authorize the refunding of the BANs, if issued; and

WHEREAS, the Town's Waterworks is not subject to the jurisdiction of the Indiana Utility Regulatory Commission; and

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

Section 1. Authorization of Project. The Town, being the owner of and engaged in operating an unencumbered Waterworks supplying the Town, its inhabitants, and the residents adjacent thereto, with drinking water services, now finds it necessary to proceed with the construction of improvements, additions and extensions to its Waterworks in accordance with the cost estimates and the preliminary design plans for the Project heretofore prepared and filed by the consulting engineers employed by the Town, which cost estimates and preliminary design plans are by reference made a part of this ordinance as fully as if the same were attached hereto and incorporated herein and two copies of which are now on file in the office of the Clerk-Treasurer and are open for public inspection pursuant to IC 36-1-5-4. The cost of construction of the Project to be financed shall not exceed the sum of \$8,250,000, plus investment earnings on the bond and BAN proceeds, without further authorization from this Town Council. The terms "Waterworks," "Water Works," "waterworks," "water works," "works," "water system," and "waterworks system," and similar terms used in this Ordinance shall be construed to mean and include the existing structures and property of the Waterworks owned by the Town and all extensions, additions, and improvements thereto and replacements thereof, now or subsequently constructed or acquired. The Project shall be constructed in accordance with the plans and specifications heretofore mentioned, which plans and specifications are hereby approved. The Project shall be constructed and the bonds herein authorized 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, its BANs for the purpose of procuring interim financing to apply to the cost of the Project, capitalized interest, if any, and costs of issuance of the BANs. The Town may issue its BANs, in one or more series, in an amount not to exceed Eight Million Two Hundred Fifty Thousand Dollars

(\$8,250,000) to be designated “Waterworks Revenue Bond Anticipation Notes, Series _____” (to be completed with the year in which issued and appropriate series designation, if any). Each series of BANs shall be numbered consecutively from ___R-1 upward (with such blank to be filled in based on the year of issuance of the BANs), shall be sold at a price not less than 99% of their par value, shall be in denominations of One Dollar (\$1) or integral multiples thereof (or such higher minimum denomination as the Clerk-Treasurer shall determine prior to the sale of the BANs and as set forth in the BAN Purchase Agreement (as hereinafter defined)), shall be dated as of the date of delivery thereof, and shall bear interest at a rate not to exceed 7.00% per annum (the exact rate or rates to be determined through bidding or negotiation with the purchaser of the BANs) payable upon maturity. The Town may issue the BANs as a draw obligation and receive payments of principal on the BANs in installments, and in such event principal shall not be payable and interest shall not accrue on the BANs until such principal amount has been advanced pursuant to requests made by the Town to such purchaser. In the event that the total principal amount of the BANs sold to such purchaser is not advanced to the Town, the principal amount of the BANs shall be reduced accordingly. Each series of BANs will mature no later than five (5) years after their date of delivery. The BANs are subject to renewal or extension at an interest rate or rates not to exceed 7.00% per annum (the exact rate or rates to be negotiated with the purchaser of the BANs). The term of the BANs and all renewal BANs may not exceed five (5) years from the date of delivery of the initial BANs. The BANs shall be registered in the name of the purchasers thereof. Notwithstanding anything in this Ordinance to the contrary, at the election of the Town, any series of BANs issued hereunder may bear interest that is taxable and included in the gross income of the owners thereof for federal income tax purposes. If any such BANs are issued on a taxable basis for purposes of federal income taxation, the designated name shall include the term “Federally Taxable” as the series designation.

The BANs shall be issued pursuant to the provisions of I.C. § 5-1-14-5 and I.C. 8-1.5. The principal of the BANs shall be refunded and retired out of the proceeds from the issuance and sale of the Bonds authorized hereunder. The interest on the BANs shall be payable from proceeds from the issuance and sale hereunder of the Bonds, and, at the discretion of the Clerk-Treasurer prior to the sale of the BANs, may be payable from a pledge of the Net Revenues. The Town may also use other revenues or funds of the Town legally available therefor, if any, including amounts available to the Town out of federal or state funds available for application to the Project, for payment of the principal of the BANs; provided, however, that no funds other than proceeds from the issuance and sale of the Bonds, if and when issued, are pledged to the payment of principal of the BANs. The Bonds authorized hereunder will be payable solely out of and constitute a first charge upon all the Net Revenues of the waterworks of the Town, including the works herein acquired and constructed and all additions and improvements thereto and replacements thereof subsequently constructed or acquired.

(b) The Town shall issue its waterworks revenue bonds, in one or more series, in an aggregate principal amount not to exceed Eight Million Two Hundred Fifty Thousand Dollars (\$8,250,000) to be designated “Waterworks Revenue Bonds, Series 20___,” to be completed with the year in which issued and the appropriate series designation, if any (“Bonds”), for the purpose of procuring funds to be applied to the cost of the Project, the payment of costs of issuance, refunding the BANs, if issued, capitalized interest, if any, and all other costs related to the Project.

Each series of Bonds shall be sold at a price of not less than 99% of the par amount of the Bonds and shall be issued in denominations of One Thousand Dollars (\$1,000) each or integral multiples thereof, or in denominations of Five Thousand Dollars (\$5,000) each or integral multiples thereof (or such higher minimum denomination as the Clerk-Treasurer may determine prior to the sale of other Bonds). The Bonds shall be numbered consecutively from __R-1 upward (with such blank to be filled in based on the year of issuance of the Bonds), dated as of their date of delivery, and shall bear interest at a rate or rates not exceeding 6.00% per annum (the exact rate or rates to be determined by bidding), payable semiannually on January 1 and July 1 in each year, beginning no later than the first January 1 or July 1 following date of issuance of each series of the Bonds, as determined by the Clerk-Treasurer, with the advice of the Town's municipal advisor. The Bonds shall be payable in lawful money of the United States of America, at the principal office of the Paying Agent (as hereinafter defined). Any series of Bonds shall mature semiannually, or shall be subject to mandatory sinking fund redemption if term bonds are issued, on January 1 and July 1 of each year, over a term not exceeding 35 years following the completion of construction of the Project.

All or a portion of the Bonds may be issued as one or more term bonds, upon election of the purchaser thereof. Such term bonds shall have a stated maturity or maturities consistent with the maturity schedule determined in accordance with the preceding paragraph, in the years as determined by the purchaser thereof, but in no event later than the last serial maturity date of the Bonds as determined in the preceding paragraph. 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 hereafter determined in accordance with the preceding paragraph.

Each series of Bonds shall rank on a parity basis with any other series issued hereunder for all purposes, including the pledge of Net Revenues under this Ordinance.

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

Section 3. Registrar and Paying Agent; Book-entry Provisions. (a) The Clerk-Treasurer is hereby authorized to contract with a qualified financial institution to serve as Registrar and Paying Agent for the Bonds ("Registrar" or "Paying Agent"). The Registrar is hereby charged with the responsibility of authenticating the Bonds. The Clerk-Treasurer is hereby authorized to enter into such agreements or understandings with the Registrar as will enable the institution to perform the services required of a registrar and paying agent. The Clerk-Treasurer is further authorized to pay such fees as the Registrar may charge for the services it provides as Registrar and Paying Agent, and such fees may be paid from the Waterworks Sinking Fund established to pay the principal of and interest on the Bonds as fiscal agency charges.

As to the BANs and as to the Bonds, if the purchaser that does not object to such designation, the Clerk-Treasurer may serve as Registrar and Paying Agent, and in that case, is hereby charged with the performance of all duties and responsibilities of Registrar and Paying Agent.

(b) The principal of the Bonds and the principal and interest on the BANs shall be payable at the principal (or designated) corporate trust office of the Paying Agent. All payments of interest on the Bonds shall be paid by check mailed to the registered owners thereof, as of the fifteenth day of the month preceding each interest payment date (each, a "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 by 1:00 p.m. (New York City time) so such payments are received at the depository by 2:30 p.m. (New York City time).

All payments on the Bonds and BANs 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.

(c) Each Bond shall be transferable or exchangeable only upon the books of the Town kept for that purpose at the principal (or designated) corporate trust office of the Registrar by the registered owner in person, 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 an authorized 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 except for any tax or governmental charge required to be paid with respect to the transfer or exchange, which taxes or governmental charges are payable by the person requesting such transfer or exchange. The Town, 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.

(d) The Registrar and Paying Agent may at any time resign as Registrar and Paying Agent upon giving 30 days' notice in writing to the Town and by first class mail to each registered owner of the Bonds then outstanding, and such resignation will take effect at the end of such 30 day period or upon the earlier appointment of a successor registrar and paying agent by the Town. Any such notice to the Town may be served personally or sent by registered mail. The Registrar and Paying Agent may be removed at any time as Registrar and Paying Agent by the Town, in which event the Town may appoint a successor registrar and paying agent. The Town shall notify each registered owner of the Bonds then outstanding by first class mail of the removal of the Registrar and Paying Agent. Notices to the registered owners of the Bonds shall be deemed to be given when mailed by first class mail to the addresses of such registered owners as they appear on the registration books kept by the Registrar.

Upon the appointment of any successor registrar and paying agent by the Town, the Clerk-Treasurer is authorized and directed to enter into such agreements and understandings with such successor registrar and paying agent as will enable the institution to perform the services required

of a registrar and paying agent for the Bonds. The Clerk-Treasurer is further authorized to pay such fees as the successor registrar and paying agent may charge for the services it provides as registrar and paying agent, and such fees may be paid from the Waterworks Sinking Fund created in Section 14 hereof. Any predecessor registrar and paying agent shall deliver all of the Bonds and any cash or investments in its possession with respect thereto, together with the registration books, to the successor registrar and paying agent.

(e) Interest on all other Bonds shall be payable from the interest payment date to which interest has been paid next preceding the authentication date of the Bonds unless the Bonds are authenticated after the Record Date and on or before such interest payment date, in which case they shall bear interest from such interest payment date, or unless the Bonds are authenticated on or before the Record Date preceding the first interest payment date, in which case they shall bear interest from the original date, until the principal shall be fully paid.

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

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

With respect to Bonds registered in the name of CEDE & CO., the following provisions shall also apply. No person other than the Depository Trust Company shall receive an authenticated Bond evidencing an obligation of the Town to make payments of the principal of and premium, if any, and interest on the Bonds pursuant to this Ordinance. The Town and the Registrar and Paying Agent may treat as and deem the Depository Trust Company or CEDE & CO. to be the absolute bondholder of each of the Bonds for the purpose of (i) payment of the principal of and premium, if any, and interest on such Bonds; (ii) giving notices of redemption and other notices permitted to be given to bondholders with respect to such Bonds; (iii) registering transfers with respect to such Bonds; (iv) obtaining any consent or other action required or permitted to be taken by or with respect to bondholders; (v) voting; and (vi) for all other purposes whatsoever. The Paying Agent shall pay all principal of and premium, if any, and interest on the Bonds only to or upon the order of the Depository Trust Company, and all such payments shall be

valid and effective fully to satisfy and discharge the Town's and the Paying Agent's obligations with respect to principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. Upon delivery by the Depository Trust Company to the Town of written notice to the effect that the Depository Trust Company has determined to substitute a new nominee in place of CEDE & CO., and subject to the provisions herein with respect to consents, the words "CEDE & CO." in this Ordinance shall refer to such new nominee of the Depository Trust Company. Notwithstanding any other provision hereof to the contrary, so long as any Bond is registered in the name of CEDE & CO., as nominee of the Depository Trust Company, all payments with respect to the principal of and premium, if any, and interest on such Bonds and all notices with respect to such Bonds shall be made and given to the Depository Trust Company as provided in a representation letter from the Town to the Depository Trust Company.

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

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

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

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

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

Section 4. Redemption of Bonds and BANs. (a) On and after the date specified in the BAN Purchase Agreement, the BANs are prepayable by the Town, in whole or in part, on any date, upon 7 days' notice to the owner of the BANs, with no premium. The exact redemption features of the BANs shall be determined by the Clerk-Treasurer with the advice of the Town's municipal advisor and shall be set out in the BAN Purchase Agreement.

(b) The Bonds may be made redeemable at the option of the Town, in whole or in part, in the order of maturity as determined by the Town, and by lot within a maturity, on thirty (30) days' notice, at face value, with a premium no greater than 2%, plus accrued interest to the date fixed for redemption. The exact redemption dates and premiums shall be established by the Clerk-Treasurer, with the advice of the Town's municipal advisor, prior to the sale of the Bonds.

(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 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 such Bonds maturing as term bonds only to the extent received on or before forty-five (45) days preceding the applicable mandatory redemption date.

Each authorized denomination amount of Bonds shall be considered a separate bond for purposes of optional and mandatory redemption. If less than an entire maturity is called for redemption at one time, the Bonds to be redeemed shall be selected by lot within a maturity 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.

(d) In either case, notice of redemption shall be given not less than 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) 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.

Section 5. Execution and Negotiability. The Bonds and BANs shall be executed in the name of the Town by the manual or facsimile signature of the President of the Town Council (the "Town Council President") and attested by the manual, facsimile or electronic signature of its Clerk-Treasurer, and the seal of the Town shall be affixed, imprinted or impressed to or on each of the Bonds and BANs manually, electronically, by facsimile or any other means; and these officials, by the execution of a Signature and No Litigation Certificate, shall adopt as and for their own proper signatures the facsimile signatures appearing on the Bonds or BANs. In case any officer whose signature or facsimile signature appears on the Bonds or BANs shall cease to be such officer before the delivery of the Bonds or BANs, the signature of such officer shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

The Bonds and BANs shall have all of the qualities and incidents of negotiable instruments under the laws of the State of Indiana, subject to the provisions for registration herein.

The Bonds shall also be authenticated by the manual signature of the Registrar, and no Bond shall be valid or become obligatory for any purpose until the certificate of authentication thereon has been so executed.

Section 6. Form of Bonds. The form and tenor of the Bonds shall be substantially as follows, all blanks to be filled in properly prior to delivery:

No. ____R-__

UNITED STATES OF AMERICA

STATE OF INDIANA

COUNTY OF LAKE

TOWN OF MUNSTER, INDIANA
WATERWORKS REVENUE BOND, SERIES ____

Interest
Rate

Maturity
Date

Original
Date

Authentication
Date

[CUSIP]

REGISTERED OWNER:

PRINCIPAL SUM:

The Town of Munster, in Lake County, State of Indiana (“Town”), for value received, hereby promises to pay to the Registered Owner named above or registered assigns, solely out of the special revenue fund hereinafter referred to, 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 until the Principal Sum shall be fully paid at the 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 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 bond is authenticated on or before _____, 20__, in which case it shall bear interest from the Original Date, which interest is payable semiannually on the first days of January and July in each year, beginning on _____ 1, 20__. Interest shall be calculated according to a 360-day calendar year containing twelve 30-day months.

The principal of this bond is payable at the principal corporate trust office of _____ (“Registrar”) or “Paying Agent”), in the _____ of _____, Indiana. All payments of interest on this bond shall be paid by check mailed 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 by 1:00 p.m. (New York City time) so such payments are received at the depository by 2:30 p.m. (New York City time). 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.

THE TOWN SHALL NOT BE OBLIGATED TO PAY THIS BOND OR THE INTEREST HEREON EXCEPT FROM THE HEREINAFTER DESCRIBED SPECIAL FUND, AND NEITHER THIS BOND NOR THE ISSUE OF WHICH IT IS A PART SHALL IN ANY RESPECT CONSTITUTE A CORPORATE INDEBTEDNESS OF THE TOWN WITHIN THE PROVISIONS AND LIMITATIONS OF THE CONSTITUTION OF THE STATE OF INDIANA.

This bond is one of an authorized issue of bonds of the Town issued in series of like tenor and effect, except as to numbering, interest rate, and date of maturity, in the total amount of _____ Dollars (\$_____); numbered consecutively from ___R-1 up; issued for the purpose of providing funds to pay the cost of certain additions, extensions and improvements to the municipally owned waterworks system of the Town, [to refund interim notes issued in anticipation of the bonds] and to pay issuance expenses. This bond is issued pursuant to an ordinance adopted by the Town Council of the Town on the ___ day of _____, 2024, entitled “AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF MUNSTER,

INDIANA, AUTHORIZING THE ISSUANCE OF WATERWORKS REVENUE BONDS FOR THE PURPOSE OF PROVIDING FUNDS TO PAY THE COST OF CERTAIN ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO THE MUNICIPAL WATERWORKS OF SAID TOWN, PROVIDING FOR THE SAFEGUARDING OF THE INTERESTS OF THE OWNERS OF SAID BONDS, AND OTHER MATTERS CONNECTED THEREWITH, INCLUDING THE ISSUANCE OF NOTES IN ANTICIPATION OF BONDS” (“Ordinance”), and in accordance with the provisions of Indiana law, including without limitation Indiana Code 8-1.5 as in effect on the date of delivery of the bonds of this issue (“Act”).

Pursuant to the provisions of the Act and the Ordinance, the principal of and interest on this bond and all other bonds of said issue, [including the Waterworks Revenue Bonds, Series _____ (the “Series ____ Bonds”)] and any bonds hereafter issued on a parity therewith are payable solely from the Waterworks Sinking Fund created by the Ordinance (“Sinking Fund”) to be provided from the Net Revenues (defined as gross revenues after deduction only for the payment of the reasonable expenses of operation, repair and maintenance and excluding transfers for payment in lieu of property taxes) of the Waterworks of the Town, including the works constructed and acquired with the proceeds of the bonds of this issue, and all additions and improvements thereto and replacements thereof subsequently constructed or acquired.

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

[The bonds shall be initially issued in a Book Entry System (as defined in the Ordinance). The provisions of this bond and of the Ordinance are subject in all respects to the provisions of the Letter of Representations between the Town and DTC, or any substitute agreement, effecting such Book Entry System.]

The Town further covenants that it will set aside and pay into its Sinking Fund monthly, as available, or more often if necessary, a sufficient amount of the Net Revenues of the works for payment of (a) the interest on all bonds which by their terms are payable from the revenues of the waterworks, as such interest shall fall due, (b) the necessary fiscal agency charges for paying bonds and interest, (c) the principal of all bonds which by their terms are payable from the revenues of the waterworks, as such principal shall fall due, and (d) an additional amount as a margin of safety to maintain the debt service reserve required by the Ordinance. Such required payments shall constitute a first charge against the Net Revenues of said works, [on a parity with the Series ____ Bonds].

[Insert optional redemption provisions]

[The bonds maturing on _____ 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 the dates and in the amounts set forth below:

<u>Term Bond</u>	
<u>Date</u>	<u>Amount</u>
*	

<u>Term Bond</u>	
<u>Date</u>	<u>Amount</u>
*	

*Final Maturity]

Each Five Thousand Dollar (\$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.]

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 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.

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 [principal corporate trust] office of the Registrar by the registered owner hereof in person, or by his 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 an authorized 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. This bond may be transferred without cost to the registered owner except for any tax or governmental charge required to be paid with respect to the transfer. The Town, the Registrar, the Paying Agent and any other registrar or 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.

This bond is subject to defeasance prior to redemption or payment as provided in the Ordinance referred to herein. THE OWNER OF THIS BOND, BY THE ACCEPTANCE

HEREOF, HEREBY AGREES TO ALL THE TERMS AND PROVISIONS CONTAINED IN THE ORDINANCE. The Ordinance may be amended without the consent of the owners of the bonds as provided in the Ordinance.

The bonds maturing in any one year are issuable only in fully registered form in the denomination of \$5,000 or any integral multiple thereof.

[The Town has designated the bonds as qualified tax-exempt obligations to qualify for the \$10,000,000 exception from the provisions of Section 265(b) of the Internal Revenue Code of 1986 relating to the disallowance of 100% of the deduction for interest expense allocable to tax-exempt obligations.]

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.

This 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 of Munster, in Lake County, Indiana, has caused this bond to be executed in its corporate name by the manual, facsimile or electronic signature of its Town Council President, its corporate seal to be hereunto affixed, imprinted or impressed by any means and attested manually, electronically or by facsimile by its Clerk-Treasurer.

TOWN OF MUNSTER, 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 Ordinance.

_____,
as Registrar

By: _____

Authorized Representative

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ this 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 7. Authorization for Preparation and Sale of the Bonds and BANs; Official Statement. (a) The Clerk-Treasurer is hereby authorized and directed to have the Bonds and BANs prepared, and the Town Council President and Clerk-Treasurer are hereby authorized and directed to execute and attest the Bonds and BANs in the form and manner provided herein. The Clerk-Treasurer is hereby authorized and directed to deliver the Bonds and BANs to the respective purchasers thereof. At the time of delivery of the Bonds and BANs, the Clerk-Treasurer shall collect the full amount which the respective purchasers have agreed to pay therefor, which amount shall not be less than 99% of the face amount of the BANs and not less than 99% of the face value of the Bonds, plus accrued interest to the date of delivery, if any. The Town may receive payment on the BANs 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 waterworks to be set aside into the Sinking Fund as herein provided. The proceeds derived from the sale of the Bonds shall be and are hereby set aside for application to the cost of the Project hereinbefore referred to, the refunding of the BANs, if issued, and the expenses necessarily incurred in connection with the BANs and Bonds. The proper officers of the Town are hereby directed to sell the Bonds, 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.

(b) Distribution of an Official Statement (preliminary and final) prepared by Baker Tilly Municipal Advisors, LLC (the "Municipal Advisor"), on behalf of the Town, is hereby authorized and approved, and the Town Council President and Clerk-Treasurer are authorized and directed to execute the Official Statement on behalf of the Town in a form consistent with this Ordinance. The Town Council President or the Clerk-Treasurer is authorized to designate the preliminary Official Statement as "nearly final" for purposes of Rule 15c2-12 as promulgated by

the Securities and Exchange Commission (“Rule”). In the alternative, the Town Council President may obtain an investment letter from the purchaser of the Bonds in a form satisfactory to the Town’s attorney and bond counsel.

Section 8. Bond Sale. Any series of the Bonds may, in the discretion of the Clerk-Treasurer based upon the advice of the Municipal Advisor, be sold by public sale. If the Bonds are sold by public sale, the Clerk-Treasurer shall cause to be published either (i) a notice of such sale two (2) times, at least one (1) week apart, with the first publication made at least fifteen (15) days before the date of such sale and the second publication at least three (3) days before the date of the sale in accordance with Indiana Code 5-3-1-2 in one (1) newspaper, as defined in and in accordance with Indiana Code 5-3-1-4, or (ii) a notice of intent to sell bonds once each week for two (2) weeks in accordance with Indiana Code 5-1-11-2 and Indiana Code 5-3-1-4 and in a newspaper of general circulation published in the State capital, in which case bids may not be received more than ninety (90) days after the first publication. Such notice, or a summary thereof, may also be published in any other publications deemed appropriate in the discretion of the Clerk-Treasurer. The bond sale notice shall state the time and place of sale, the purpose for which the Bonds are being issued, the total amount and maturities thereof, the maximum rate of interest thereon and any limitations as to the number of interest rates and the setting of such rates, 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 necessary or advisable. Such notice shall provide, among other things, that each bid shall be accompanied by a certified or cashier’s check or wire transfer in the amount of one percent of the par amount of the Bonds to guarantee performance on the part of the bidder, and that in the event the successful bidder shall fail or refuse to accept delivery of and pay for the Bonds as soon as the Bonds are ready for delivery, or at the time fixed in the notice of sale, then such check and the proceeds thereof shall become the property of the Town and shall be considered as the Town’s liquidated damages on account of such default.

All bids for the Bonds shall be sealed and shall be presented to the Clerk-Treasurer or his or designee at the physical or electronic address identified in 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 six percent (6.0%) per annum. Such interest rate or rates shall be in multiples of one-eighth (1/8) or one-hundredth (1/100) of one percent. Bids specifying more than one interest rate shall also specify the amount and maturities of the Bonds bearing each rate, and all Bonds maturing on the same date shall bear the same rate. The Bonds shall be awarded by the Clerk-Treasurer to the best bidder who has submitted a bid in accordance with the terms of this Ordinance and the notice of sale. The best bidder will be the bidder who offers the lowest net interest cost to the Town, to be determined by computing the total interest on all of the Bonds from the date thereof to their respective maturities and deducting therefrom the premium bid, if any. No bid for less than all of the Bonds, plus accrued interest to the date of delivery, shall be considered. The Town shall have the right to reject any and all bids. In the event an acceptable bid is not received on the date fixed in the notice, the Clerk-Treasurer shall be authorized to continue the sale from day to day for a period of not to exceed thirty (30) days without re-advertising. During the continuation of the sale, no bid shall be accepted which offers an interest cost which is equal to or higher than the best bid received at the time originally fixed for the sale of the Bonds in the bond sale notice.

As an alternative to a public sale, any series of the Bonds may, in the discretion of the Clerk-Treasurer based upon the advice of the Municipal Advisor, be sold by negotiated sale with one or more purchasers selected by the Clerk-Treasurer, consistent with the terms and conditions set forth in this Ordinance, including to the Authority (as hereinafter defined) pursuant to the SRF Program (as hereinafter defined) pursuant to Section 27 of this Ordinance. The Town Council President and the Clerk-Treasurer are hereby authorized to (i) execute one or more purchase agreements, term sheets or similar instruments with the purchaser or purchasers of the Bonds, and (ii) sell such Bonds upon such terms as are acceptable to the Town Council President and the Clerk-Treasurer consistent with the terms of this Ordinance. The final form of any purchase agreement shall be approved by the Town Council President and Clerk-Treasurer, upon the advice of the Town's bond counsel and Municipal Advisor, and the Town Council President and Clerk-Treasurer are hereby authorized and directed to complete, execute and attest the same on behalf of the Town so long as its provisions are consistent with the Ordinance.

Prior to the delivery of the Bonds, the Clerk-Treasurer (i) shall be authorized, but not required, to investigate and to obtain insurance, surety bonds and/or credit ratings on the Bonds and (ii) shall obtain a legal opinion as to the validity of the Bonds from Barnes & Thornburg LLP, Indianapolis, Indiana, bond counsel for the City, and such opinion shall be furnished to the purchasers of the Bonds at the expense of the City. The costs of obtaining any such insurance, surety bonds and/or credit ratings, together with bond counsel's fee in preparing and delivering such opinion and in the performance of related services in connection with the issuance, sale and delivery of the Bonds, shall be considered as a part of the cost of issuance of the Bonds and shall be paid out of the proceeds of the sale of the Bonds.

Section 9. Financial Records and Accounts; Continuing Disclosure. (a) The Town shall keep proper records and books of account, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues received on account of the operation of the waterworks and all disbursements made therefrom and all transactions relating to the waterworks. Copies of all such statements and reports shall be kept on file in the office of the Clerk-Treasurer.

(b) If any series of Bonds are subject to the Rule, a Continuing Disclosure Undertaking Agreement ("Disclosure Agreement") for the Bonds is hereby authorized and approved by the Town Council, and the Town Council President and Clerk-Treasurer are hereby authorized and directed to complete, execute and attest the same on behalf of the Town. Notwithstanding any other provisions of this Ordinance, failure of the Town to comply with the Disclosure Agreement shall not be considered an event of default under the Bonds or this Ordinance.

Section 10. Use of Proceeds and Costs of Issuance. Any accrued interest received shall be deposited into the Bond and Interest Account of the Waterworks Sinking Fund and used to pay interest on the Bonds. The remaining proceeds from the sale of the Bonds, to the extent not used to refund BANs or satisfy the Reserve Account (as defined herein), and 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 Munster, Waterworks Construction Account" ("Construction Account"). All funds deposited to the credit of the Waterworks Sinking Fund or the Construction Account shall be deposited, held, secured or invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public

funds, including particularly IC 5-13, as amended and supplemented. The funds in the Construction Account shall be expended only for the purpose of paying the cost of the Project, refunding the BANs, if issued, or as otherwise required by the Act or for the expenses of issuance of the Bonds. The cost of obtaining the legal services of Bond Counsel and the services of the Municipal Advisor shall be considered as a part of the cost of the Project on account of which the Bonds and BANs are issued. Any balance or balances remaining unexpended in such special account or accounts after completion of the Project which are not required to meet unpaid obligations incurred in connection with such Project shall either (1) be paid into the Waterworks Sinking Fund and used solely for the purposes of said Waterworks Sinking Fund or (2) be used for the same purpose or type of project for which the Bonds were originally issued, all in accordance with IC 5-1-13, as amended and supplemented.

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.

Section 11. Pledge of Net Revenues. The interest on and the principal of the Bonds issued pursuant to the provisions of this Ordinance, and any bonds hereafter issued on parity therewith, shall constitute a first charge on all the Net Revenues, and such Net Revenues are hereby irrevocably pledged to the payment of the interest on and principal of such Bonds, to the extent necessary for that purpose, and any obligations hereafter issued on a parity basis thereto.

Section 12. Revenue Fund. All income and revenues derived from the operation of the Waterworks and from the collection of water rates and charges of the Waterworks shall be deposited in the Revenue Fund ("Revenue Fund"), hereby created. The Revenue Fund shall be maintained separate and apart from all other funds and accounts of the Town. Of these revenues the proper and reasonable expenses of operation, repair and maintenance of the works shall be paid, the principal and interest of all bonds and fiscal agency charges of registrars or paying agents shall be paid, the reserve shall be funded, and the costs of replacements, extensions, additions and improvements shall be paid.

Section 13. Operation and Maintenance Fund. There is hereby created an account known as the Operation and Maintenance Fund ("O&M Fund"). There shall be transferred from the Revenue Fund into the O&M Fund on the last day of each calendar month a sufficient amount of revenues of the Waterworks so that the balance maintained in the O&M Fund shall be sufficient to pay the expenses of operation, repair and maintenance for the then next succeeding two (2) calendar months. The monies credited to the O&M Fund shall be used for the payment of the reasonable and proper operation, repair and maintenance expenses of the waterworks on a day-to-day basis, but none of the monies in the O&M Fund shall be used for transfers for payment in lieu of property taxes, depreciation, replacements, improvements, extensions or additions. Any monies in the O&M Fund may be transferred to the Waterworks Sinking Fund if necessary to prevent a default in the payment of principal of or interest on the outstanding bonds of the waterworks.

Section 14. Waterworks Sinking Fund. (a) There is hereby created a special fund designated the Waterworks Sinking Fund ("Sinking Fund") for the payment of the principal of and interest on revenue bonds which by their terms are payable from the Net Revenues and the payment of any fiscal agency charges in connection with the payment of bonds. There shall be set aside and deposited into the Sinking Fund, as available, and as hereinafter provided, a sufficient amount

of the Net Revenues to meet the requirements of the Bond and Interest Account and the Reserve Account hereby created in the Sinking Fund. Such payments shall continue until the balances in the Bond and Interest Account and the Reserve Account equal the principal of and interest on all of the then outstanding bonds of the waterworks to the final maturity.

(b) Bond and Interest Account. There is hereby created, within the Sinking Fund, the Bond and Interest Account (the “Bond and Interest Account”). There shall be transferred on the last day of each calendar month, from the Revenue Fund to the Bond and Interest Account, an amount of the Net Revenues equal to at least one-sixth (1/6) of the interest and of the principal on all then outstanding bonds or other obligations payable on the then next succeeding interest and principal payment date until the amount of interest and principal payable on the then next succeeding interest and principal payment date shall have been so credited. There shall similarly be credited to the Bond and Interest Account any amount necessary to pay the bank fiscal agency charges for paying principal and interest on outstanding bonds as the same become payable. The Town shall, from the sums deposited in the Sinking Fund and credited to the Bond and Interest Account, remit promptly to the registered owner or to the bank fiscal agency sufficient monies 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 created, within the Sinking Fund, the Reserve Account (the “Reserve Account”). On the date of delivery of the Bonds, the Town may deposit funds on hand of the waterworks, a surety bond, Bond proceeds or any combination thereof into the Reserve Account to satisfy the Reserve Requirement (as defined herein). Any surety bond must be issued by an insurance company rated at the time of issuance of such instrument in one of the two highest rating categories by Standard & Poor’s Corporation or Moody’s Investors Service. If such surety bond is purchased, the Town Council President and the Clerk-Treasurer are hereby authorized to execute and deliver all agreements with the provider of the surety bond to the extent necessary to comply with the terms of such surety bond and the commitment to issue such surety. Such agreement shall be deemed a part of this Ordinance for all purposes and is hereby incorporated herein by reference.

If no deposit is made or if the initial deposit does not equal the hereinafter defined Reserve Requirement, the Town shall deposit Net Revenues into the Reserve Account (after meeting the requirements of the Bond and Interest Account) on the last day of each calendar month until the balance in the Reserve Account equals but not exceed the least of: (i) the maximum annual debt service on the Bonds and any bonds issued in the future by the Town which are payable from Net Revenues of the waterworks and which rank on parity with the Bonds (“Parity Bonds”); (ii) 125% of average annual debt service on the Bonds and any Parity Bonds; or (iii) 10% of the stated principal amount or the issue price of the Bonds and any Parity Bonds, determined in accordance with U.S. Treasury Regulation Section 1.148-2(f)(2)(ii) (the “Reserve Requirement”); provided, however, that so long as any of the Bonds or Parity Bonds are held by the Authority as part of the SRF Program, the Reserve Requirement shall be the maximum annual debt service on the Bonds and Parity Bonds. The monthly deposits shall be equal in amount and sufficient to accumulate the Reserve Requirement within five years of the date of delivery of the Bonds. The Reserve Account shall be allocated among the Bonds and any Parity Bonds using a consistently applied, ratable allocation method in accordance with federal tax law requirements.

The Reserve Account shall constitute the margin for safety and protection against default in the payment of principal of and interest on the Bonds and any Parity Bonds and the monies in the Reserve Account shall be used to pay current principal and interest on the Bonds and any Parity Bonds to the extent that monies in the Bond and Interest Account are insufficient for that purpose. Any deficiency in the balance maintained in the Reserve Account shall be promptly made up from the next available Net Revenues remaining after credits into the Bond and Interest Account. Any monies in the Reserve Account in excess of the Reserve Requirement shall either be transferred to the Improvement Fund or be used for the purchase of outstanding bonds or installments of principal of fully registered bonds, including accrued interest and redemption premium.

Section 15. Waterworks Improvement Fund. The Waterworks Improvement Fund ("Improvement Fund") is hereby created. In the event all required payments into the O&M Fund and the Sinking Fund have been met to date, then any excess Net Revenues may be transferred or credited from the Revenue Fund to the Improvement Fund and used for improvements, replacements, additions and extensions of the waterworks. All or any portion of the funds accumulated and reserved in the Improvement Fund shall be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal of or interest on the outstanding bonds or, if necessary, to eliminate any deficiencies in credits to or minimum balance in the Reserve Account of the Sinking Fund or may be transferred to the O&M Fund to meet unforeseen contingencies in the operation, repair and maintenance of the waterworks. The Town reserves the right to transfer payments in lieu of taxes (PILOTs) from this Improvement Fund, in accordance with the Act, and only if all required transfers have been made to the Sinking Fund and the accounts of the Sinking Fund contain the required balances as of the date the PILOTs are paid.

Section 16. Maintenance of Funds. The Sinking Fund shall be deposited in and maintained as a separate account or accounts from all other accounts of the Town. The O&M Fund and the Improvement Fund may be maintained in a single account, or accounts, but such account, or accounts, shall likewise be maintained separate and apart from all other accounts of the Town and apart from the Sinking Fund account or accounts. All monies deposited in the accounts shall be deposited, held and secured as public funds in accordance with the public depository laws of the State of Indiana; provided that monies therein may be invested in obligations in accordance with the applicable laws, including particularly IC 5-13, as amended 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.

Section 17. Defeasance of the Bonds. If, when the Bonds or a portion thereof shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the Bonds or a portion thereof for redemption shall have been given, and the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the Bonds or a portion thereof then outstanding shall be paid; or (i) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in (ii) below), or (ii) 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 provide sufficient monies for such purpose, shall be held in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case the Bonds or any designated portion

thereof issued hereunder shall no longer be deemed outstanding or entitled to the pledge of the Net Revenues.

Section 18. Rate Covenant. The Town shall by ordinance establish, maintain and collect just and equitable rates and charges for facilities and services afforded and rendered by said waterworks which shall, to the extent permitted by law, produce sufficient revenues at all times to pay all the legal and other necessary expenses incident to the operation of such waterworks, including maintenance costs, operating charges, upkeep, repairs, depreciation, interest charges, to provide for payment of the sums to provide a sinking fund for the liquidation of bonds or other obligations and to provide a debt service reserve for bonds or other obligations, including leases, to provide the proper operation and maintenance of the waterworks, to comply with and satisfy all covenants contained in this Ordinance, to provide adequate funds to be used as working capital, as well as funds for making extensions, additions, and replacements, and also, for the payment of any taxes that may be assessed against such waterworks, it being the intent and purpose hereof that such charges shall produce an income sufficient to maintain such waterworks property in a sound physical and financial condition to render adequate and efficient service. So long as any of the Bonds are outstanding, none of the facilities or services afforded or rendered by said system shall be furnished without a reasonable and just charge being made therefor. The Town shall pay like charges for any and all services rendered by said waterworks to the Town, and all such payments shall be deemed to be revenues of the waterworks. Such rates or charges shall, if necessary, be changed and readjusted from time to time so that the revenues therefrom shall always be sufficient to meet the expenses of operation and maintenance and said requirements of the Sinking Fund.

Section 19. Additional BAN and Bond Provisions. The Town reserves the right to authorize and issue additional BANs at any time ranking on parity with the BANs. The Town also reserves the right to authorize and issue additional Parity Bonds payable out of the Net Revenues of its waterworks ranking on parity with the Bonds for the purpose of financing the cost of future additions, extensions and improvements to its waterworks, or to refund obligations, subject to the following conditions:

(a) The interest on and principal of all bonds and other obligations payable from the Net Revenues of the waterworks shall have been paid to date in accordance with the terms thereof, and all credits required to be made to the Sinking Fund and the accounts thereof shall have been made to date. The Reserve Requirement shall be satisfied for the additional Parity Bonds either at the time of delivery of the additional Parity Bonds or over a five-year or shorter period, in a manner which is commensurate with the requirements as established in Section 14(c) of this Ordinance.

(b) The amount of Net Revenues of the waterworks in the fiscal year immediately preceding (or the fiscal year prior to the immediately preceding fiscal year if the additional Parity Bonds close within 90 days of the end of the calendar year) the issuance of any such Parity Bonds shall be not less than one hundred twenty-five percent (125%) of the maximum annual interest and principal requirements of the then outstanding bonds and the Parity Bonds proposed to be issued; or, prior to the issuance of the Parity Bonds, the water rates and charges shall be increased sufficiently so that said increased rates and charges applied to the previous year's operations (or the fiscal year prior to the immediately preceding fiscal year if the additional Parity Bonds close within 90 days of the end of the calendar year), would have produced Net Revenues for said year equal to not less than one hundred twenty-five percent (125%) of the maximum annual interest

and principal requirements of all bonds payable from the revenues of the waterworks, including the additional Parity Bonds proposed to be issued. For purposes of this subsection, the records of the waterworks shall be analyzed and all showings prepared by a certified public accountant employed by the Town for that purpose.

(c) The interest on the additional Parity Bonds shall be payable semiannually on the first days of January and July and the principal on, or mandatory sinking fund redemption dates for, the additional Parity Bonds shall be payable semiannually on January 1 and July 1.

The Town may issue obligations payable from Net Revenues on a junior and subordinate basis to the pledge thereof to the Bonds and any Parity Bonds then outstanding. However, the interest and principal of any such junior obligations shall be payable semiannually on the first days of January and July and the principal on, or mandatory sinking fund redemption dates for, shall be payable semiannually on January 1 and July 1.

Section 20. Further Covenants of the Town; Maintenance, Insurance, Pledge Not To Encumber, Subordinate Indebtedness, and Contract with Bondholders. For the purpose of further safeguarding the interests of the owners of the Bonds and BANs, it is hereby 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 of Indiana, and all contractors shall be required to furnish surety bonds in an amount equal to 100% of the amount of such contracts, to insure the completion of said contracts in accordance with their terms, and such contractors shall also be required to carry such employers' liability and public liability insurance as is required under the laws of the State of Indiana in the case of public contracts, and shall be governed in all respects by the laws of the State of Indiana relating to public contracts.

(b) The Project shall be constructed under plans and specifications approved by a competent engineer designated by the Town. 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 Bonds or BANs are outstanding, the Town shall at all times maintain the waterworks in good condition and operate the same in an efficient manner and at a reasonable cost.

(d) So long as any of the Bonds or BANs are outstanding, the Town shall acquire and maintain insurance on the insurable parts of the Waterworks of a kind and in an amount such as is customarily carried by private companies engaged in a similar type of business. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the State of Indiana. As an alternative to maintaining such insurance, the Town may maintain a self-insurance program with catastrophic or similar coverage so long as such program meets the requirements of any applicable laws or regulations and is maintained in a manner consistent with programs maintained by similarly situated municipalities.

All self-insurance and insurance proceeds shall be used in replacing the property destroyed or damaged, or if not used for that purpose shall be treated and applied as Net Revenues.

(e) So long as any of the Bonds or BANs are outstanding, the Town shall not mortgage, pledge or otherwise encumber the property and plant of its waterworks system, or any part thereof, and shall not sell, lease or otherwise dispose of any part of the same, excepting only such machinery, equipment or property which as may become worn out, obsolete or no longer suitable for use in the waterworks.

(f) Except as otherwise specifically provided in Section 19 of this Ordinance, so long as any of the Bonds are outstanding, no additional bonds or other obligations pledging any portion of the revenues of the waterworks shall be authorized, issued or executed by the Town, except such as shall be made junior and subordinate in all respects to the Bonds, unless all of the Bonds have been duly called for redemption and sufficient funds to effect the redemption and retirement have been deposited at the place of redemption on the date fixed for redemption in accordance with the terms and conditions of the Bonds and this Ordinance.

(g) The provisions of this Ordinance shall constitute a contract by and between the Town and the owners of the Bonds and BANs herein authorized, all the terms of which shall be enforceable by any Bond or BAN holder by any and all appropriate proceedings at law or in equity. After the issuance of the Bonds or BANs, 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 Bonds or BANs, nor shall the Town Council or any other body of the Town adopt any law, ordinance or resolution in any way adversely affecting the rights of such owners so long as any of the Bonds, the BANs, or the interest thereon, remains outstanding or unpaid. Except in the case of changes described in Section 21(a)-(f), this Ordinance may be amended, however, without the consent of the owners of the Bonds or BANs, if the Town Council determines, in its sole discretion, that such amendment would not adversely affect the owners of the Bonds and BANs.

(h) The provisions of this Ordinance shall be construed to create a trust in the proceeds of the sale of the Bonds and BANs herein authorized for the uses and purposes herein set forth, and the owners of the Bonds and BANs shall retain a lien on such proceeds until the same are applied in accordance with the provisions of this Ordinance and the governing Act. The provisions of this Ordinance shall also be construed to create a trust in the Net Revenues herein directed to be set apart and paid into the Sinking Fund for the uses and purposes of that Fund as set forth in this Ordinance. The owners of the Bonds shall have all of the rights, remedies and privileges set forth under Indiana law in the event the Town shall fail or refuse to fix and collect sufficient rates and charges for said purposes, or shall fail or refuse to operate and maintain said system and to apply properly the revenues derived from the operation thereof, or if there be a default in the payment of the principal of or interest on any of the Bonds.

Section 21. Amendments with Consent of Bondholders. Subject to the terms and provisions contained in this Section and Section 22, 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 issued pursuant to this Ordinance and then outstanding shall have the right from time to time 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 for the purpose of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained in this Ordinance, or in any supplemental ordinance; provided, however, that nothing herein contained shall permit or be construed as permitting:

- (a) An extension of the maturity or any mandatory sinking fund redemption date of the principal of or interest on any Bond issued pursuant to this Ordinance; or
- (b) A reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon; or
- (c) The creation of a lien upon or a pledge of the revenues or Net Revenues of the waterworks ranking prior to the pledge thereof created by this Ordinance; or
- (d) A preference or priority of any Bond or Bonds issued pursuant to this Ordinance over any other Bond or Bonds issued pursuant to the provisions of this Ordinance; or
- (e) A reduction in the aggregate principal amount of the Bonds required for consent to such supplemental ordinance; or
- (f) A reduction in the Reserve Requirement.

If the owners of not less than 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 issued pursuant to this Ordinance shall have any right to object to the adoption of such supplemental ordinance or to object to any of the terms and provisions 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 of the owners of the Bonds authorized by this Ordinance, and the terms and provisions of the Bonds and this Ordinance, or any supplemental or amendatory ordinance, may be modified or altered in any respect with the consent of the Town and the consent of the owners of all the Bonds then outstanding.

Section 22. Amendments without Consent of Bondholders. The Town may, from time to time and at any time, and without notice to or consent of the owners of the Bonds, adopt such ordinances supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental ordinances shall thereafter form a part hereof):

- (a) To cure any ambiguity or formal defect or omission in this Ordinance or in any supplemental ordinance;
- (b) To grant to or confer upon the owners of the Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the owners of the Bonds;

(c) To procure a rating on the Bonds from a nationally recognized securities rating agency designated in such supplemental ordinance, if such supplemental ordinance will not adversely affect the owners of the Bonds;

(d) To obtain or maintain bond insurance with respect to the Bonds;

(e) To provide for the refunding or advance refunding of the Bonds;

(f) To provide for the issuance of additional bonds as provided in Section 19 hereof;

(g) To provide for the sale of Bonds to the Indiana Finance Authority as described in Section 27 hereof; or

(h) To make any other change which, in the determination of the Town in its sole discretion, does not adversely affect the interests of the owners of the Bonds.

Section 23. Investment of Funds. (a) The Clerk-Treasurer is hereby authorized to invest monies pursuant to the provisions of this Ordinance and IC 5-1-14-3 (subject to applicable requirements of federal law to ensure such yield is then current market rate) to the extent necessary or advisable to preserve the exclusion from gross income of interest on the Bonds and BANs under federal law.

(b) The Clerk-Treasurer shall keep full and accurate records of investment earnings and income from monies held in the funds and accounts referenced herein. In order to comply with the provisions of this 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. The Clerk-Treasurer may pay any fees as operation expenses of the waterworks.

Section 24. Tax Covenants. This section only applies to any series of Bonds or BANs issued on a tax-exempt basis for federal income tax purposes. In order to preserve the exclusion of interest on the Bonds and BANs from gross income for federal tax purposes under Section 103 of the Internal Revenue Code of 1986 as existing on the date of issuance of the Bonds or BANs, as the case may be (the "Code"), and as an inducement to purchasers of the Bonds and BANs, the Town represents, covenants and agrees that:

(a) The waterworks will be available for use by members of the general public. Use by a member of the general public means use by natural persons not engaged in a trade or business. No person or entity other than the Town or another state or local governmental unit will use more than 10% of the proceeds of the Bonds or BANs or property financed by the Bond or BAN proceeds other than as a member of the general public. No person or entity other than the Town or another state or local governmental unit will own property financed by Bond or BAN proceeds or will have any actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract, arrangements such as take-or-pay or output contracts or any other type of arrangement that conveys other special legal entitlements and differentiates that person's or entity's use of such property from use by the general public, unless such uses in the aggregate relate to no more than 10% of the proceeds of the BANs or the Bonds, as the case may be. If the Town enters into a management contract for the waterworks, the terms of the contract will comply

with IRS Revenue Procedure 2017-13, as it may be amended, supplemented or superseded from time to time, so that the contract will not give rise to private business use under the Code and the Regulations, unless such use in aggregate relates to no more than 10% of the proceeds of the Bonds or BANs, as the case may be.

(b) No more than 10% of the principal of or interest on the Bonds or BANs is (under the terms of the Bonds, BANs, this Ordinance or any underlying arrangement), directly or indirectly, secured by an interest in property used or to be used for any private business use or payments in respect of any 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 such property or borrowed money used or to be used for a private business use.

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

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

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

(f) The Town will not take any action or fail to take any action with respect to the Bonds or BANs that would result in the loss of the exclusion from gross income for federal tax purposes on the Bonds or BANs pursuant to Section 103 of the Code, nor will the Town act in any other manner which would adversely affect such exclusion. The Town covenants and agrees not to enter into any contracts or arrangements which would cause the Bonds or BANs to be treated as private activity bonds under Section 141 of the Code.

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

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

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

(j) The Town Council hereby authorizes the Town Council President and the Clerk-Treasurer to determine whether any series of Bonds and BANs qualify for the exception in the Code from the disallowance of 100% of the deduction by financial institutions of interest expense allocable to newly acquired tax-exempt obligations. Such designation, if made, will be set forth in the arbitrage certificate delivered by the Town in connection with the BANs and the Bonds, as the case may be.

Section 25. Noncompliance with Tax Covenants. Notwithstanding any other provisions of this Ordinance, the covenants and authorizations contained in this Ordinance (“Tax Sections”) which are designed to preserve the exclusion of interest on the Bonds and BANs from gross income under federal law (“Tax Exemption”) need not be complied with if the Town receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption.

Section 26. Issuance of BANs. (a) The Town, having satisfied all the statutory requirements for the issuance of its Bonds, may elect to issue its BAN or BANs pursuant to one or more term sheets, purchase agreements or other similar instruments (each, a “BAN Purchase Agreement”) to be entered into between the Town and the purchaser of the BAN or BANs. 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. It shall not be necessary for the Town to repeat the procedures for the issuance of its Bonds, as the procedures followed before the issuance of the BAN or BANs are for all purposes sufficient to authorize the issuance of the Bonds and the use of the proceeds to repay the BAN or BANs.

(b) The Town Council President and the Clerk-Treasurer are hereby authorized and directed to execute a BAN Purchase Agreement (and any amendments made from time to time) in such form or substance as they shall approve acting upon the advice of counsel. The Town Council President and the Clerk-Treasurer may also take such other actions or deliver such other certificates as are necessary or desirable in connection with the issuance of the BANs or the Bonds and the other documents needed for the financing as they deem necessary or desirable in connection therewith.

Section 27. Indiana Finance Authority. The Town Council President and the Clerk-Treasurer are hereby authorized to: (i) submit an application to the Indiana Finance Authority (the “Authority”) as part of its drinking water loan program established and existing pursuant to IC 5-1.2-1 through IC 5-1.2-4 and IC 5-1.2-10 (the “SRF Program”); (ii) execute a Financial Assistance Agreement with the Authority with terms conforming to this Ordinance; and (iii) sell such Bonds upon such terms as are acceptable to the Town Council President and the Clerk-Treasurer consistent with the terms of this Ordinance. If required by the SRF Program to be eligible for such financial assistance, this Ordinance shall be amended and supplemented to the extent necessary to permit the sale of Bonds of a series to the Authority as part of its SRF Program.

Section 28. Conflicting Ordinances. All ordinances and parts of ordinances in conflict herewith are hereby repealed.

Section 29. Headings. The headings or titles of the several sections shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Ordinance.

Section 30. Effective Date. This Ordinance shall take effect, and be in full force and effect from and upon compliance with the procedures, if any, required by applicable law.

ORDAINED AND ADOPTED by the Town Council of the Town of Munster, Lake County, Indiana, this ____ day of April, 2024, by a vote of ____ in favor, ____ opposed, and ____ abstaining.

TOWN COUNCIL OF THE TOWN OF
MUNSTER, INDIANA

David B. Nellans, President

ATTEST:

Wendy Mis, Clerk-Treasurer

EXHIBIT A

Description of Project

The Project consists of the design, acquisition, construction, installation and equipping of various improvements to the Town's waterworks, including without limitation the following and related improvements: (i) various water main improvements and replacements throughout the Town, including water mains along Fran Lin Parkway, Chestnut Lane, Holly Lane, Camellia Drive and White Oak Avenue, and related paving replacements and improvements, (ii) rehabilitation of and improvements to full-service water tanks throughout the Town, (iii) acquisition of related equipment, including without limitation an emergency valve insertion machine and generators, (iv) acquisition of vehicles to serve the Town's waterworks, including a tandem dump truck, 1-ton dump truck(s), pickup truck, multi-use command vehicle, large utility van, and pickup truck with utility box and (v) various other miscellaneous and related improvements to the Town's waterworks, including meter acquisition and dead end main looping.