

ORDINANCE NO. 3787

An ordinance concerning the construction of improvements to the sewage works of the City of New Castle, the issuance of revenue bonds to provide the cost thereof, the collection, segregation and distribution of the revenues of said works, the safeguarding of the interests of the owners of said revenue bonds, other matters connected therewith, including the issuance of notes in anticipation of bonds, and repealing ordinances inconsistent herewith

WHEREAS, the City of New Castle, Indiana ("City") has heretofore established, constructed and financed its sewage works, and now owns and operates said sewage works pursuant to IC 36-9-23, as in effect on the issue date of the bonds authorized herein ("Act"); and

WHEREAS, the areas known as the White Estates Subdivision, Walnut Acres Addition and South Walnut Acres Addition (hereafter, collectively referred to as "White Estates Subdivision") are residential developments with approximately two hundred twenty-nine (229) residential lots and thirteen (13) unimproved lots located in an unincorporated area of Henry County, Indiana ("County") near the City's corporate limits;

WHEREAS, on June 9, 2017, the Indiana Department of Environmental Management ("Department") issued a Notice of Violation to the County alleging that the County was responsible for prohibited discharges of sewage in the White Estates Subdivision;

WHEREAS, pursuant to IC 36-9-23-36, the City has jurisdiction to provide sewer service to the White Estates Subdivision, and on May 10, 2018, the City and the County, entered into an Interlocal Cooperation Agreement ("Interlocal Agreement"), attached hereto as Exhibit B, to allow the property owners of the White Estates Subdivision to connect to the sewage works of the City;

WHEREAS, the City and the County have initiated a process to engineer, design and finance a capital project that will allow the property owners of the White Estates Subdivision to

connect to the sewage works of the City, and the Common Council of the City finds that plans, specifications and estimates have been prepared and filed by the engineers employed by the City for the construction of said additions, improvements and extensions (as more fully set forth in Exhibit A hereto and made a part hereof) ("Project"); which plans, specifications and estimates have been or will be submitted to all governmental authorities having jurisdiction, particularly the Department, and have been or will be approved by the aforesaid governmental authorities and are incorporated herein by reference and open for inspection at the office of the Clerk-Treasurer as required by law; and

WHEREAS, the City is willing to finance the Project provided that its existing ratepayers do not subsidize the cost of the Project;

WHEREAS, the City will advertise for and receive bids for the construction of the Project; said bids will be subject to the City's determination to construct the Project and subject to the City obtaining funds to pay for the Project; that on the basis of the engineer's estimates, the cost of the Project, as defined in IC 36-9-1-8, including estimated incidental expenses, is an estimated amount not to exceed Seven Million Seventy-five Thousand Dollars (\$7,075,000); and

WHEREAS, the Project costs shall be financed by the issuance of sewage works revenue bonds, in one or more series, and, if necessary, bond anticipation notes ("BANs") in an aggregate principal amount not to exceed \$7,075,000; and

WHEREAS, the City desires to authorize the issuance of BANs hereunder, if necessary, in one or more series, and to authorize the refunding of the BANs, if issued; and

WHEREAS, the City may enter into one or more Financial Assistance Agreement, Financial Aid Agreement and/or Funding Agreement with the Indiana Finance Authority ("Authority") as part of one or more of its revolving loan program established and existing

pursuant to IC 5-1.2-1 through IC 5-1.2-4, IC 5-1.2-10 and/or IC 5-1.2-11 (each an "IFA Program"), pertaining to the Project and the financing of the Project (each an "IFA Agreement") if the bonds authorized herein are sold to the IFA Program; and

WHEREAS, the City may accept other forms of financial assistance, as and if available from the IFA Program; and

WHEREAS, the City has heretofore issued certain: (i) "Sewage Works Revenue Bonds of 2006" ("2006 Bonds"), originally issued in the amount of \$2,020,000, now outstanding in the amount of \$1,130,000, and maturing annually over a period ending August 1, 2026, which 2006 Bonds constitute a first charge upon the Net Revenues (as hereinafter defined) of the sewage works; (ii) "Sewage Works Revenue Bonds, Series 2014A" ("2014A Bonds"), originally issued in the amount of \$7,275,000 and now outstanding in the amount of \$7,230,000, and maturing annually over a period ending August 1, 2031, which 2014A Bonds constitute a first charge upon the Net Revenues of the sewage works, on a parity with the 2006 Bonds; (iii) "Sewage Works Refunding Revenue Bonds, Series 2014B" ("2014B Bonds"), originally issued in the amount of \$3,295,000 and now outstanding in the amount of \$1,950,000, and maturing annually over a period ending August 1, 2021, which 2014B Bonds constitute a first charge upon the Net Revenues of the sewage works, on a parity with the 2006 Bonds and the 2014A Bonds; (iv) "Sewage Works Revenue Bonds of 2017, Series A" ("2017A Bonds"), originally issued and now outstanding in the amount of \$5,885,000, and maturing annually over a period ending August 1, 2027, which 2017A Bonds constitute a first charge upon the Net Revenues of the sewage works, on a parity with the 2006 Bonds, the 2014A Bonds and the 2014B Bonds; and (v) "Sewage Works Revenue Bonds of 2017, Series B" ("2017B Bonds"), originally issued and now outstanding in the amount of \$17,920,000, and maturing annually over a period ending August 1,

2038, which 2017B Bonds constitute a first charge upon the Net Revenues of the sewage works, on a parity with the 2006 Bonds, the 2014A Bonds, the 2014B Bonds and the 2017A Bonds; and

WHEREAS, the 2006 Bonds, the 2014A Bonds, the 2014B Bonds, the 2017A Bonds and the 2017B Bonds are hereinafter collectively referred to as the "Outstanding Net Revenue Bonds;" and

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

WHEREAS, the Common Council will adopt a rate ordinance pursuant to which Debt Service Surcharges shall be payable by the owners of each developed parcel in the White Estates Subdivision, which Debt Service Surcharges are to be sufficient to produce revenues that are at least one hundred twenty-five percent (125%) of the amount necessary to pay annual debt service on the bonds authorized herein ("Surcharge Ordinance"); and

WHEREAS, revenues from Debt Service Surcharges are considered part of the Net Revenues heretofore pledged to secure and provide for the payment of the Outstanding Net Revenue Bonds; therefore, the bonds authorized herein shall constitute a charge against only the Net Revenues accumulated by the Debt Service Surcharges, subject to the prior payment of the Outstanding Net Revenue Bonds; and

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

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF NEW CASTLE, INDIANA, THAT:

Section 1. Authorization of Project. The City proceed with the construction of the Project in accordance with the plans, specifications and cost estimates heretofore prepared and filed by consulting engineers employed by the City, which plans, specifications and cost estimates are now on file or will be subsequently placed on file in the office of the Clerk-Treasurer of the City, and are hereby adopted and approved, and by reference made a part of this ordinance as fully as if the same were attached hereto and incorporated herein. Two copies of any additional final plans, specifications and the cost estimates will be placed on file in the office of the Clerk-Treasurer of the City and be open for public inspection pursuant to IC 36-1-5-4. The estimated cost of the Project is expected not to exceed \$7,075,000, plus investment earnings on the BAN proceeds and proceeds of the bonds authorized herein. The terms "sewage works," "sewage works system," "works," "system," and words of like import where used in this ordinance shall be construed to mean the Treatment Works, as defined in the IFA Agreement and includes the existing sewage works system of the City and all real estate and equipment used in connection therewith and appurtenances thereto, and all extensions, additions, and improvements thereto and replacements thereof now or at any time hereafter constructed or acquired in accordance with the Act, as well as other structures and property of the City's sewage utility, including items defined at IC 36-9-1-8. The Project shall be constructed in accordance with the plans and specifications heretofore mentioned, which Project is hereby approved. The Project shall be constructed and the BANs and the bonds authorized herein shall be issued pursuant to and in accordance with the Act.

Section 2. Issuance of BANs and Bonds; Registrar and Paying Agent; Book-Entry Provisions. (a) The City shall issue, if necessary, its BANs for the purpose of procuring interim financing to apply on the cost of the Project. The City may issue its BANs, in one or more series, in an aggregate principal amount not to exceed Seven Million Seventy-five Thousand Dollars (\$7,075,000) to be designated "[Taxable] Sewage Works Bond Anticipation Notes of ____" (to be completed with the year in which issued and the appropriate series designation, if any). The BANs shall be sold at not less than 99% of their par value, shall be numbered consecutively from 1 upward, shall be in any multiples of One Thousand Dollars (\$1,000) as set forth in the hereinafter defined Note Purchase Agreement for the BANs or in denominations of One Dollar (\$1) each or integral multiples thereof, if sold to the Authority as part of its IFA Program, shall be dated as of the date of delivery thereof, and shall bear interest at a rate not to exceed 4% per annum (the exact rate or rates to be determined through negotiation with the purchaser of the BANs) payable upon maturity or redemption. The 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 4.0% 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 years from the date of delivery of the initial BANs. The BANs shall be registered in the name of the purchasers thereof.

The BANs shall be issued pursuant to IC 5-1.2-1 through IC 5-1.2-4, IC 5-1.2-10 and/or IC 5-1.2-11 if sold to the Authority, IC 5-1.5-8-6.1 if sold to the Indiana Bond Bank or pursuant to IC 5-1-14-5 if sold to a financial institution or any other purchaser. The City shall pledge to the payment of the principal of and interest on the BANs the proceeds from the issuance of the revenue bonds authorized herein pursuant to and in the manner prescribed by the Act. The bonds

authorized herein will be payable solely out of and constitute a charge against the Net Revenues accumulated by the Debt Service Surcharges (herein defined as the monthly surcharges imposed by the Surcharge Ordinance to be paid by and as received from the owners of each developed parcel in the White Estates Subdivision, which are to be sufficient to produce revenues that are at least one hundred twenty-five percent (125%) of the amount necessary to pay annual debt service on the bonds authorized herein) of the sewage works of the City, whether now or hereafter constructed or acquired, subject, however, to the prior payment of the Outstanding Net Revenue Bonds.

The Outstanding Net Revenue Bonds are payable solely out of and constitute a first charge against the Net Revenues (herein defined as gross revenues after deduction only for the payment of the reasonable expenses of operation, repair and maintenance, excluding transfers for payment in lieu of property taxes ("PILOTS")) of the sewage works of the City and all additions and improvements thereto and replacements thereof subsequently constructed or acquired. None of the bonds or BANs authorized herein shall be paid from the Net Revenues of the sewage works pledged to pay the Outstanding Net Revenue Bonds except for the Debt Service Surcharges available for deposit in the hereinafter defined 2018 Bond and Interest Account.

(b) The City shall issue the sewage works revenue bonds authorized herein, in one or more series, in the aggregate principal amount not to exceed \$7,075,000 to be designated "[Taxable] Sewage Works Revenue Bonds of _____," to be completed with the year in which issued and series designation, if any ("Bonds"), for the purpose of procuring funds to apply on the cost of the Project, refunding the BANs, if issued, and issuance costs.

The Bonds shall be issued and sold at a price not less than their par value if sold to the Authority as part of its IFA Program or not less than 99% of their par value if sold to any other

purchaser, shall be issued in fully registered form in denominations of One Dollar (\$1) each or integral multiples thereof, if sold to the Authority as part of its IFA Program and in denominations of \$5,000 each or integral multiples thereof if sold to any other purchaser, numbered consecutively from 1 up, originally dated as of the date of delivery and shall bear interest at a rate or rates not exceeding 4.0% per annum (the exact rate or rates to be determined through negotiation with the Authority, through its IFA Program or as determined by bidding). Interest on the Bonds is payable semiannually on February 1 and August 1 in each year, commencing on the first February 1 or the first August 1 after the date of issuance of the Bonds, as determined by the Clerk-Treasurer, with the advice of the City's financial advisor. Principal shall be payable in lawful money of the United States of America, at the principal office of the Paying Agent (as hereinafter defined) and such Bonds shall mature annually on August 1 or be subject to mandatory sinking fund redemption on August 1 through and including August 1, 2031, and semiannually thereafter on February 1 and August 1, over a period ending no later than August 1, 2056, and in such amounts that will either (i) produce as level annual debt service as practicable taking into account the annual debt service on all series of the Bonds issued hereunder, or (ii) if the Bonds are sold to the Authority as part of its IFA Program, allow the City to meet the coverage and/or amortization requirements of the IFA Program. If the Bonds are sold to the Authority as part of its IFA Program, such debt service schedule shall be finalized and set forth in the IFA Agreement.

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, on August 1 through and including August 1, 2031, and semiannually thereafter on February 1 or August 1, in

the years or on the dates as determined by the purchaser thereof, but in no event later than the final serial maturity date of the Bonds as determined in accordance with the above 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 hereinafter determined in accordance with the above paragraph.

Each series of the Bonds issued hereunder shall rank on a parity with each other, including the pledge of the Net Revenues accumulated by the Debt Service Surcharges under this ordinance.

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

Notwithstanding anything in this ordinance to the contrary, the BANs and Bonds issued hereunder may bear interest that is taxable and included in the gross income of the owners thereof. If any BANs or Bonds are issued on a taxable basis, the designated name shall include the term "Taxable" as the first word in the designated name.

Notwithstanding anything contained herein, the City may accept any other forms of financial assistance, as and if available, from the IFA Program (including without limitation any forgivable loans, grants or other assistance) whether available as an alternative to any Bond or BAN related provision otherwise provided for herein or as a supplement or addition thereto. If required by the IFA Program to be eligible for such financial assistance, one or more of the series of the Bonds issued hereunder may be issued on a basis such that the payment of the principal of or interest on (or both) such series of the Bonds is junior and subordinate to the payment of the principal of and interest on other series of the Bonds issued hereunder (and/or any other revenue

bonds secured by a pledge of Debt Service Surcharges, whether now outstanding or hereafter issued), all as provided by the terms of such series of the Bonds as modified pursuant to this authorization. Such financial assistance, if any, shall be provided in the IFA Agreement and the Bonds of each series of the Bonds issued hereunder (including any modification made pursuant to the authorization in this paragraph to the form of the Bonds otherwise contained herein).

(c) The Clerk-Treasurer is hereby authorized to contract with 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 ("Registrar" or "Paying Agent"). The Clerk-Treasurer is hereby authorized to enter into such agreements or understandings with such institution as will enable the institution to perform the services required of a Registrar and Paying Agent. The Clerk-Treasurer is further authorized to pay such fees as the institution may charge for the services it provides as Registrar and Paying Agent, and such fees may be paid from the 2018 Bond and Interest Account of the Sewage Works Sinking Fund created hereunder to pay the principal of and interest on the Bonds and fiscal agency charges.

As to the BANs and as to the Bonds, if sold to the Authority as part of its IFA Program or any other 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 duties of a Registrar and Paying Agent.

If the Bonds or BANs are sold to the Authority as part of its IFA Program, the principal of and interest thereon shall be paid by wire transfer to such financial institution if and as directed by the Authority on the due date of such payment or, if such due date is a day when financial institutions are not open for business, on the business day immediately after such due

date. So long as the Authority as part of its IFA Program is the owner of the Bonds or BANs, such Bonds and BANs shall be presented for payment as directed by the Authority.

If such Bonds and BANs are not sold to the Authority as part of its IFA Program or if wire transfer payment is not required, the principal and interest on the BANs and 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 each payment ("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.

Each Bond shall be transferable or exchangeable only upon the books of the City kept for that purpose at the principal office of the Registrar, by the registered owner thereof in person, or by its attorney duly authorized in writing, upon surrender of such 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 costs of such transfer or exchange shall be borne by the City. The City and the 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 Registrar and Paying Agent may at any time resign as Registrar and Paying Agent upon giving 30 days' notice in writing to the City 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 City. Any such notice to the City 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 City, in which event the City may appoint a successor registrar and paying agent. The City 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 City, 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 2018 Bond and Interest Account of the Sewage Works Sinking Fund created in Section 13 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.

Interest on Bonds sold to the Authority as part of its IFA Program shall be paid from the date or dates of payments made by the Authority as part of its purchase of the Bonds pursuant to the IFA Agreement. 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.

(d) The City has determined that it may be beneficial to the City to have the Bonds held by a central depository system pursuant to an agreement between the City 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"). 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 City 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.

No person other than the Depository Trust Company shall receive an authenticated Bond evidencing an obligation of the City to make payments of the principal of and premium, if any, and interest on the Bonds pursuant to this ordinance. The City 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 of or by 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 City'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 City 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, respectively, to the Depository Trust Company as provided in a representation letter from the City to the Depository Trust Company.

Upon receipt by the City of written notice from the Depository Trust Company to the effect that the Depository Trust Company is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of the Depository Trust Company hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, then the Bonds shall no longer be restricted to being registered in the register of the City 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 City determines that it is in the best interest of the bondholders that they be able to obtain certificates for the fully registered Bonds, the City 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 City and the Registrar to do so, the Registrar and the City 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 City 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 City or the Registrar with respect to any consent or other action to be taken by bondholders, the City 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 City 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 and the Depository Trust Company, 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 City 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 3. Redemption of BANs and Bonds. (a) The BANs are prepayable by the City, in whole or in part, on any date, upon 20 days' notice to the owner of the BANs, without any premium.

(b) For any Bonds sold to the Authority as part of its IFA Program, such Bonds are subject to mandatory prepayment as provided in the Interlocal Agreement. Every twelve months on the last day of June, to the extent there are Debt Service Surcharges remaining after making a debt service payment on the Bonds, such excess shall be applied first to any deficiency in the required 2018 Reserve Requirement (as hereinafter defined) balance held in the hereinafter defined 2018 Reserve Account, and second, to the prepayment of Bonds, in inverse order of maturity. The City shall not be required to provide notice of this prepayment, but shall cause its balance in the hereinafter defined 2018 Bond and Interest Account to be reported to the Authority on June 30 of each year so that the City and the Authority can determine if any Debt Service Surcharges are available for prepayment.

For any Bonds sold to the Authority as part of its IFA Program, such Bonds are redeemable at the option of the City, but no sooner than ten (10) years after their date of delivery, and thereafter on any date, on sixty (60) days' notice, in whole or in part, in inverse order of maturity, and by lot within a maturity, at face value together with a premium no greater than 2%, plus accrued interest to the date fixed for redemption; provided however if the Bonds are sold to the IFA Program and registered in the name of the Authority, the Bonds shall not be redeemable at the option of the City unless and until consented to by the Authority. The exact redemption dates and premiums shall be established by the Clerk-Treasurer, with the advice of the City's financial advisor, prior to the sale of the Bonds.

For any Bonds not sold to the Authority as part of its IFA Program, the Bonds are redeemable at the option of the City on any date no sooner than eight (8) years after their date of delivery, on thirty (30) days' notice, in whole or in part, in the order of maturity as determined by the City and by lot within a maturity, at face value, together with a premium no greater than 2%, plus in each case accrued interest to the date fixed for redemption. The exact redemption features shall be determined by the Clerk-Treasurer, with the advice of the City's financial 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 City, 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 canceled 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 authorized denomination 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 for redemption shall be selected by lot by the Registrar. If some Bonds are to be redeemed by optional redemption and mandatory sinking fund redemption on the same date, the Registrar shall select by lot the Bonds for optional redemption before selecting the Bonds by lot for the mandatory sinking fund redemption.

(d) Notice of redemption shall be given not less than sixty (60) days, if the Bonds are sold to the Authority as part of its IFA Program, and thirty (30) days, if the Bonds are sold to another purchaser, 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 City as of the date which is sixty-five (65) days if the Bonds are sold to the Authority as part of its IFA Program, and forty-five (45) days if the Bonds are sold to another purchaser, 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 City. 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 4. Execution of Bonds and BANs; Pledge of Debt Service Surcharges to Bonds. The BANs and Bonds shall be signed in the name of the City by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of its Clerk-Treasurer, who shall affix the seal of the City to each of the BANs and Bonds manually or shall have the seal imprinted or impressed thereon by facsimile. These officials, by the signing of a Signature and No Litigation Certificate, shall adopt as and for their own proper signatures their facsimile signatures appearing on the BANs and Bonds. The Bonds must be authenticated by an authorized officer of the Registrar.

The Bonds, and any bonds ranking on a parity therewith, as to both principal and interest, shall be payable from and secured solely by an irrevocable pledge of and shall constitute a charge upon the Net Revenues accumulated from the Debt Service Surcharges of the sewage works of the City, subject to the prior payment of the Outstanding Net Revenue Bonds. The City shall not be obligated to pay the Bonds or the interest thereon except from the Debt Service Surcharges of said works, and the Bonds shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana.

Section 5. Form of Bonds. The form and tenor 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 thereof:

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

NO. _____

UNITED STATES OF AMERICA
STATE OF INDIANA COUNTY OF HENRY
CITY OF NEW CASTLE
[TAXABLE] SEWAGE WORKS REVENUE BOND OF _____ [, SERIES ____]

| | | | | |
|--------------------|--------------------|------------------|------------------------|---------|
| [INTEREST RATE] | [MATURITY DATE] | ORIGINAL DATE | AUTHENTICATION DATE | [CUSIP] |
|--------------------|--------------------|------------------|------------------------|---------|

REGISTERED OWNER:

PRINCIPAL SUM:

The City of New Castle ("City"), in Henry County, State of Indiana, 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[, or so much thereof as may be advanced from time to time and be outstanding as evidenced by the records of the registered owner making payment for this Bond, or its assigns,] on [the Maturity Date set forth above] **OR** [February 1 and August 1 on the dates and in the amounts as set forth on Exhibit A attached hereto] (unless this Bond be subject to and shall have been duly called for redemption and payment as provided for herein), and to pay interest hereon until the Principal Sum shall be fully paid at the rate per annum [specified above] **OR** [as set forth on Exhibit A attached hereto] from [the dates of payment made on this Bond] **OR** [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 in which case it shall bear interest from such interest payment date, or unless this Bond is authenticated on or before ____ 15, ____, in which case it shall bear interest from the Original Date,] which interest is payable semiannually on February 1 and August 1 of 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 office of _____ ("Registrar" or "Paying Agent"), in the _____ of _____, _____.] All payments of [principal and] interest on this Bond shall be paid by [check mailed one business day prior to the interest payment date] **OR** [wire transfer for deposit to a financial institution as directed by the Indiana Finance Authority ("Authority") on the due date or, if such due date is a day when financial institutions are not open for business, on the business day immediately after such due date] to the registered owner hereof, as of the fifteenth day of the month preceding such payment, at the address as it appears on the registration books kept by [_____] ("Registrar" or "Paying Agent") in the _____ of _____, _____.] **OR** [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 the 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 shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana, and the City shall not be obligated to pay this Bond or the interest hereon except from the special fund provided from the Debt Service Surcharges (as hereinafter defined).

This Bond is [the only] one of an authorized issue of Bonds of the City, [[to be] [issued in series] of like date, tenor and effect, [except as to rates of interest[, series designation,] and dates of maturity]], in the total amount of _____ Dollars (\$_____) ("Bonds"), numbered from 1 up, issued for the purpose of providing funds to be applied on the cost of the construction of improvements to the sewage works of the City[, to refund interim notes issued in anticipation of the Bonds] and to pay issuance expenses, as authorized by an Ordinance adopted by the Common Council of the City on the ____ day of _____, 2018, entitled "An ordinance concerning the construction of improvements to the sewage works of the City of New Castle, the issuance of revenue bonds to provide the cost thereof, the collection, segregation and distribution of the revenues of said works, the safeguarding of the interests of the owners of said revenue bonds, other matters connected therewith, including the issuance of notes in anticipation of bonds, and repealing ordinances inconsistent herewith" ("Ordinance"), and in strict compliance with the provisions of IC 36-9-23, as in effect on the issue date of the Bonds ("Act").

[Reference is hereby made to the IFA Agreement ("IFA Agreement") between the City and the Indiana Finance Authority ("Authority") concerning certain terms and covenants pertaining to the sewage works project and the purchase of this Bond as part of a revolving loan program established and existing pursuant to IC 5-1.2-1 through IC 5-1.2-4, IC 5-1.2-10 and/or IC 5-1.2-11.]

Pursuant to the provisions of the Act and the Ordinance, the principal and interest of this Bond and all other Bonds of said issue[, including the [Taxable] Sewage Works Revenue Bonds

of _____, Series ____ ("Series ____ Bonds") and any bonds hereafter issued on a parity therewith, are payable solely from the 2018 Bond and Interest Account of the Sewage Works Sinking Fund (created by the Ordinance) to be provided from the Debt Service Surcharges (defined as the monthly surcharges to be paid and as received from the owners of each developed parcel in the White Estates Subdivision (as defined in the Ordinance) sufficient to produce revenues that are at least one hundred twenty-five percent (125%) of the amount necessary to pay annual debt service on the Bonds) of the sewage works of the City, whether now or hereafter constructed or acquired[, and shall rank on a parity with the Series ____ Bonds]. The pledge of the Debt Service Surcharges to the payment of the Bonds is subject to the prior payment of the Outstanding Net Revenue Bonds (as defined in the Ordinance).

The City irrevocably pledges the entire Debt Service Surcharges of said sewage works 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], subject to the prior payment of the Outstanding Net Revenue 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 service rendered by said works as are sufficient in each year for the payment of the proper and reasonable expenses of [Operation and Maintenance (as defined in the IFA Agreement)] **OR** [operation, repair and maintenance] of said works and for the payment of the sums required to be paid into the Sinking Fund under the provisions of the Act and the Ordinance. If the City or the proper officers of the City shall fail or refuse to so fix, maintain and collect such rates or charges, or if there be a default in the payment of the interest on or principal of this Bond, the owner of this Bond shall have all of the rights and remedies provided for in the Act, including the right to have a receiver appointed to administer the works and to charge and collect the Debt Service Surcharges sufficient to provide for the payment of this Bond and the interest hereon.

[The City 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.]

[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 City and The Depository Trust Company, or any substitute agreement, effecting such Book Entry System.]

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

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

[The Bonds of this issue are subject to mandatory prepayment in inverse order of maturity as provided in the Ordinance, which prepayment shall be paid from excess Debt Service Surcharges, if any.]

| <u>Term Bond</u> | |
|------------------|--------|
| Date | Amount |

*Final Maturity]

[Notice of redemption shall be mailed to the address of the registered owner as shown on the registration record of the City, as of the date which is [sixty-five (65)] **OR** [forty-five (45)] days prior to such redemption date, not less than [sixty (60)] **OR** [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 City. 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 City 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 City shall have no further obligation or liability in respect thereto.

This Bond is transferable or exchangeable only upon the books of the City kept for that purpose at [the] **OR** [a principal corporate trust] office of the Registrar, by the registered owner hereof in person, 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 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 to the registered owner, as the case may be, in exchange therefor. The City, 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.

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 [\$1] **OR** [\$5,000] or any integral multiple thereof not exceeding the aggregate principal amount of the Bonds maturing in such year.

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the preparation and complete 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 City of New Castle, in Henry County, Indiana, has caused this Bond to be executed in its corporate name by the manual or facsimile signature of its Mayor, its corporate seal to be hereunto affixed, imprinted or impressed by any means and attested manually or by facsimile by its Clerk-Treasurer.

CITY OF NEW CASTLE, INDIANA

[SEAL]

By: _____
Mayor

Attest:

Clerk-Treasurer

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

It is hereby certified that this Bond is one of the Bonds described in the Ordinance.

_____,
as Registrar

By: _____
Authorized Representative

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____, the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to transfer the within Bond in 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.

[EXHIBIT A

[To be completed on a separate page]]

[End of Bond Form]

Section 6. Preparation and Sale of BANs and Bonds; Official Statement; Continuing Disclosure. (a) The Clerk-Treasurer is hereby authorized and directed to have the BANs and Bonds prepared, and the Mayor and Clerk-Treasurer are hereby authorized and directed to execute the BANs and Bonds in the form and manner herein provided. The Clerk-Treasurer is

hereby authorized and directed to deliver the BANs and Bonds to the respective purchasers thereof after sale made in accordance with the provisions of this ordinance, provided that at the time of the delivery 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 par value of the BANs, not less than the par value of the Bonds if sold to the Authority as part of its IFA Program and not less than 99% of the par value of the Bonds if sold to any other purchaser. The City may receive payment for the Bonds and 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 City, payable out of the Net Revenues accumulated by the Debt Service Surcharges of the City's sewage works to be set aside into the 2018 Bond and Interest Account of the Sewage Works Sinking Fund as herein provided. The proceeds derived from the sale of the Bonds shall be and are hereby set aside for application on 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 the Bonds. The proper officers of the City are hereby directed to draw all proper and necessary warrants, and to do whatever acts and things which may be necessary to carry out the provisions of this ordinance.

(b) Distribution of an Official Statement (preliminary and final) for the Bonds, prepared by H.J. Umbaugh & Associates, Certified Public Accountants, LLP, on behalf of the City, is hereby authorized and approved and the Mayor and the Clerk-Treasurer are authorized and directed to execute the Official Statement on behalf of the City in a form consistent with the ordinance. The Mayor or Clerk-Treasurer is hereby 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").

If an Official Statement is not required upon delivery of the Bonds, the City shall obtain an investment letter from the purchaser of the Bonds which satisfies federal and state securities laws applicable to the Bonds.

(c) If the Bonds are subject to the Rule, a continuing disclosure undertaking ("Undertaking") for the Bonds is hereby authorized and approved by the Common Council, and the Mayor and Clerk-Treasurer are hereby authorized and directed to complete, execute and attest the same on behalf of the City. Notwithstanding any other provisions of this ordinance, failure of the City to comply with the Undertaking shall not be considered an event of default under the Bonds or this ordinance.

Section 7. Sale of Bonds; Award of Bonds. If any series of the Bonds are sold at a competitive sale, prior to the sale of any series of the Bonds, the Clerk-Treasurer shall cause to be published either: (i) a notice of bond sale in the newspaper or newspapers which meet the requirements of IC 5-3-1, 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 newspaper or newspapers which meet the requirements of IC 5-3-1 and the *Court & Commercial Record*, all in accordance with IC 5-1-11 and IC 5-3-1. A notice of sale may also be published one time in the *Court & Commercial Record*, and a notice or summary notice may also be published in *The Bond Buyer* in New York, New York. The notice shall state the character and amount of the Bonds, the maximum rate of interest thereon, the terms and conditions upon which bids will be received and the sale made, and such other information as the Clerk-Treasurer and the attorneys employed by the City shall deem advisable and any summary notice may contain any information deemed so advisable. The notice will also state that the winning bidder will agree to

assist the City in establishing the issue price of the Bonds under Treas. Reg. Section 1.148-1(f) ("Issue Price Regulation"). The criteria for establishing the issue price under the Issue Price Regulation shall be set forth in the preliminary official statement and/or the bid form. The notice may provide, among other things, that electronic bidding will be permitted and that the successful bidder shall be required to submit a certified or cashier's check in an amount equal to 1% of the principal amount of the Bonds described in the notice within twenty-four hours of the sale and that in the event the successful bidder shall fail or refuse to accept delivery of the Bonds and pay for the same as soon as the Bonds are ready for delivery, or at the time fixed in the notice of sale, then said check and the proceeds thereof shall be the property of the City and shall be considered as its liquidated damages on account of such default; that bidders for the Bonds will be required to name the rate or rates of interest which the Bonds are to bear, not exceeding the maximum rate hereinbefore fixed, and that such interest rate or rates shall be in multiples of one-eighth ($1/8$) or one-hundredth ($1/100$) of one percent (1%). The notice may provide that the rate bid on a maturity shall be equal to or greater than the rate bid on the immediately preceding maturity. No conditional bid or bid for less than 99% of the face amount of the Bonds will be considered. The opinion of Ice Miller LLP, bond counsel of Indianapolis, Indiana, approving the legality of the Bonds, will be furnished to the purchaser at the expense of the City.

The Bonds shall be awarded by the Clerk-Treasurer to the best bidder who has submitted his bid in accordance with the terms of this ordinance, IC 5-1-11 and the notice. The best bidder will be the one who offers the lowest net interest cost to the City, to be determined by computing the total interest on all of the Bonds to their maturities, adding thereto the discount bid, if any, and deducting the premium bid, if any. The right to reject any and all bids shall be reserved. If an acceptable bid is not received on the date of sale, the sale may be continued from day to day

thereafter without further advertisement for a period of thirty (30) days, during which time no bid which provides a higher net interest cost to the City than the best bid received at the time of the advertised sale will be considered.

As an alternative to public sale, the Clerk-Treasurer may negotiate the sale of the Bonds to the Authority as part of its IFA Program. The Mayor and the Clerk-Treasurer are hereby authorized to (i) submit an application to the Authority as part of its IFA Program, (ii) execute a IFA Agreement with the Authority with terms conforming to this ordinance and (iii) sell such Bonds upon such terms as are acceptable to the Mayor and the Clerk-Treasurer consistent with the terms of this ordinance. The substantially final forms of IFA Agreements attached hereto and incorporated herein by reference are hereby approved by the Common Council, and the Mayor and Clerk-Treasurer are hereby authorized to execute and deliver the same, and to approve any changes in form or substance to a IFA Agreement, such approval to be conclusively evidenced by its execution.

Section 8. Financial Records and Accounts. (a) The City 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 said sewage works and all disbursements made therefrom and all transactions relating to said sewage works. Copies of all such statements and reports, including audits prepared by the State Board of Accounts, shall be kept on file in the office of the Clerk-Treasurer.

(b) If the BANs or the Bonds are sold to the Authority as part of its IFA Program, the City shall establish and maintain the books and other financial records of the Project (including the establishment of a separate account or subaccount for the Project) and the sewage works in

accordance with (i) generally accepted governmental accounting standards for utilities, on a cash basis, and (ii) the rules, regulations and guidance of the State Board of Accounts.

Section 9. Use of Proceeds. At the time of the delivery of the Bonds, any premium shall be deposited in the 2018 Bond and Interest Account of the Sewage Works Sinking Fund created in Section 13. The remaining proceeds from the sale of the Bonds, to the extent not used to refund the BANs, and BAN proceeds shall be deposited in a bank or banks which are legally designated depositories for the funds of the City, in a special account or accounts to be designated as "City of New Castle, Sewage Works Construction Account" ("Construction Account"). All funds deposited to the credit of the Sewage Works Sinking Fund or Construction Account shall be deposited, held, secured or invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds, including particularly IC 5-13, as amended and supplemented, and as applicable, pursuant to IC 5-1.2-1 through IC 5-1.2-4, IC 5-1.2-10 and/or IC 5-1.2-11. 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 or BANs. The cost of obtaining the services of Ice Miller LLP, the City Attorney and H.J. Umbaugh & Associates, Certified Public Accountants, LLP, shall be considered as a part of the cost of the Project on account of which the BANs and Bonds 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 2018 Bond and Interest Account of the Sewage Works Sinking Fund and used solely for the purposes of the such 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.

With respect to any Bonds sold to the Authority as part of its IFA Program, to the extent that (a) the total principal amount of the Bonds is not paid by the purchaser or drawn down by the City, or (b) proceeds remain in the Construction Account and are not applied to the Project (or any modifications or additions thereto approved by the Department and the Authority), the City shall reduce the principal amounts of the Bond maturities to effect such reduction in a manner that will still achieve the annual debt service as described in Section 2(b) subject to and upon the terms set forth in the IFA Agreement.

Section 10. Pledge of Debt Service Surcharges. The interest on and the principal of the Bonds issued pursuant to the provisions of this ordinance, and any future bonds hereafter issued on a parity with the Bonds authorized herein ("DS Surcharge Parity Bonds"), shall constitute a charge on the Net Revenues accumulated by the Debt Service Surcharges, and such Debt Service Surcharges are hereby irrevocably pledged to the payment of the interest on and principal of such Bonds, to the extent necessary for that purpose, subject to the prior payment of the Outstanding Net Revenue Bonds.

Section 11. Sewage Works Revenue Fund. There is hereby continued a fund known as the Sewage Works Revenue Fund ("Revenue Fund"), created pursuant to the ordinances authorizing the issuance of the Outstanding Net Revenue Bonds ("Outstanding Net Revenue Ordinances") into which all income and revenues of the sewage works, including the Debt Service Surcharges, shall be deposited upon receipt. This fund shall be maintained separate and apart from all other funds and accounts of the City. Out of the Revenue Fund the proper and reasonable expenses of operation, repair and maintenance of the works shall be paid, the

requirements of the Sewage Works Sinking Fund shall be met, and the cost of replacements, extensions, additions and improvements to the works and any PILOTs shall be paid. All moneys deposited in the Revenue Fund may be invested in accordance with IC 5-13-9 and other applicable laws.

Section 12. Operation and Maintenance Fund. The Operation and Maintenance Fund ("O&M Fund"), created by the Outstanding Net Revenue Ordinances, is hereby continued. There shall be credited on the last day of each calendar month a sufficient amount of the revenues of the sewage works so that the balance in the O&M Fund shall be sufficient to pay the expenses of operation, repair and maintenance of the works for the then next succeeding two (2) calendar months. The moneys credited to the O&M Fund shall be used for the payment of the reasonable and proper operation, repair and maintenance expenses of the sewage works on a day-to-day basis, but none of the moneys in this Fund shall be used for PILOTs, depreciation, improvements, replacements, extensions or additions. Any moneys in the O&M Fund may be transferred to the Sewage Works Sinking Fund if necessary to prevent a default in the payment of principal of or interest on the outstanding bonds of the sewage works.

Section 13. Sewage Works Sinking Fund. (a) There is hereby continued a sinking fund for the payment of the principal of and interest on revenue bonds which by their terms are payable from the Net Revenues of the sewage works, including for the payment of the principal of and interest on revenue bonds which by their terms are payable from Net Revenues accumulated by the Debt Service Surcharges of the sewage works and the payment of any fiscal agency charges in connection with the payment of such bonds, which fund shall be designated the Sewage Works Sinking Fund ("Sinking Fund").

There shall be set aside and deposited in the Bond and Interest Account of the Sinking Fund and in the Debt Service Reserve Account created by the Outstanding Net Revenue Ordinances and hereby continued, a sufficient amount of the Net Revenues of the sewage works to meet the requirements of the Bond and Interest Account and the Debt Service Reserve Account as set forth in the Outstanding Net Revenue Ordinances. The funds in the Bond and Interest Account and Debt Service Reserve Account (as created by the Outstanding Net Revenue Ordinances) shall be used solely for the payment of the Outstanding Net Revenue Bonds and any future bonds issued on a parity therewith ("Net Revenue Parity Bonds") and shall not be used for payment of the Bonds authorized herein. Net Revenues accumulated by the Debt Service Surcharges of the sewage works shall not be deposited into either the Bond and Interest Account or the Debt Service Reserve Account (as created by the Outstanding Net Revenue Ordinances) so long as the Net Revenues, excluding the Debt Service Surcharges, are sufficient to meet the requirements of the Outstanding Net Revenue Ordinances.

There shall be set aside and deposited in the Sinking Fund, as available, and as hereinafter provided, a sufficient amount of the Debt Service Surcharges of the sewage works to meet the requirements of the 2018 Bond and Interest Account and the 2018 Debt Service Reserve Account hereby created in the Sinking Fund. The Debt Service Surcharges shall be deemed available under this ordinance if the balances in the Bond and Interest Account and the Debt Service Reserve Account (as created by the Outstanding Net Revenue Ordinances) are in compliance with the requirements of the Outstanding Net Revenue Ordinances. Such payments of Debt Service Surcharges shall continue until the balances in the 2018 Bond and Interest Account and the 2018 Debt Service Reserve Account equal the principal of and interest on all of the then outstanding Bonds as authorized by this ordinance and any DS Surcharge Parity Bonds

of the sewage works to the final maturity and provide for payment of all fiscal agency charges for such Bonds and DS Surcharge Parity Bonds.

(b) 2018 Bond and Interest Account. There is hereby created within the Sinking Fund a 2018 Bond and Interest Account ("2018 Bond and Interest Account") to be used solely for the payment of debt service on the Bonds and any future DS Surcharge Parity Bonds. There shall be credited on the last day of each calendar month from the Revenue Fund to the 2018 Bond and Interest Account an amount of Debt Service Surcharges equal to (i) at least one-sixth ($1/6$) of the interest on all outstanding Bonds payable on the then next succeeding interest payment date and (ii) at least one-twelfth ($1/12$) of the principal on all then outstanding Bonds payable on the then next succeeding principal payment date through and including August 1, 2031 and thereafter at least one-sixth ($1/6$) of the principal on all then outstanding Bonds payable on the then next succeeding principal payment dates, until the amount of interest and principal payable on the then next succeeding interest and principal payment dates shall have been so credited. There shall similarly be credited to the account any amount necessary to pay the bank fiscal agency charges for paying principal and interest on the outstanding Bonds as the same become payable. The City shall, from the sums of the Debt Service Surcharges deposited in the Sinking Fund and credited to the 2018 Bond and Interest Account, remit promptly to the registered owner or to the bank fiscal agency sufficient moneys to pay the interest and principal on the due dates thereof together with the amount of bank fiscal agency charges.

To the extent there are Debt Service Surcharges remaining after making debt service payments on the Bonds, such excess shall be applied first to any deficiency in the required balance held in the hereinafter defined 2018 Reserve Account, and second to the prepayment of the Bonds, in inverse order of maturity, as provided in Section 3(b) herein. Such transfers to the

2018 Reserve Account and any prepayments on the Bonds from the excess Debt Service Surcharges shall be affected every twelve months on the last day of June.

(c) 2018 Debt Service Reserve Account. There is hereby created within the Sinking Fund a 2018 Debt Service Reserve Account ("2018 Reserve Account") to be used solely for the payment of debt service on the Bonds and any additional DS Surcharge Parity Bonds. The 2018 Reserve Account shall only be used to pay debt service on the Bonds if the amounts on deposit in the 2018 Bond and Interest Account are not sufficient. The 2018 Reserve Account shall have two required balance measurements. The first measurement for the 2018 Reserve Account shall equal the maximum annual debt service on the Bonds and any additional DS Surcharge Parity Bonds ("2018 Reserve Requirement"). After the 2018 Reserve Requirement is attained, the second measurement for the 2018 Reserve Account shall equal \$180,000 ("Additional 2018 Reserve Requirement"). The 2018 Reserve Account, including the 2018 Reserve Requirement and the Additional 2018 Reserve Requirement, shall be funded by making fifteen (15) equal annual payments of \$12,000 per year commencing on last day of January 2019 and ending on last day of January 2033 with moneys provided by the County as set forth in the Interlocal Agreement attached hereto ("County Reserve Contribution"). The 2018 Reserve Account may also receive additional deposits of Debt Service Surcharges and the Additional County Funding (as defined and further described in the Interlocal Agreement) if the funding described above does not allow the balance in the 2018 Reserve Account to equal the 2018 Reserve Requirement within five (5) years following the date of delivery of the Bonds or if the balance in the 2018 Reserve Account shall not equal the 2018 Reserve Requirement due to withdrawals and is not able to be replenished from the funding described above.

The 2018 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 DS Surcharge Parity Bonds and the moneys in the 2018 Reserve Account shall be used to pay current principal and interest on the Bonds and any additional DS Surcharge Parity Bonds to the extent that moneys in the 2018 Bond and Interest Account are insufficient for that purpose. Any deficiency in the 2018 Reserve Requirement to be maintained in the 2018 Reserve Account shall be made up from the next available Debt Service Surcharges remaining after credits into the 2018 Bond and Interest Account, the County Reserve Contribution, the Additional County Funding, or a combination thereof. In the event moneys in the 2018 Reserve Account are transferred to the 2018 Bond and Interest Account to pay principal and interest on the Bonds or any DS Surcharge Parity Bonds and such transfer results in a deficiency in the 2018 Reserve Requirement balance, then such depletion of the balance in the 2018 Reserve Account shall be made up from the next available Debt Service Surcharges after the credits to the 2018 Bond and Interest Account, the County Reserve Contribution, the Additional County Funding, or a combination thereof. To the extent a deficiency in the balance maintained in the 2018 Reserve Account is projected, the City agrees to notify the County by July 1 of the deficiency and its projected amount. The County has agreed in the Interlocal Agreement to include in its budget for the calendar year in which a deficiency is projected the Additional County Funding as set forth in the Interlocal Agreement. If any Additional County Funding is used to pay the Bonds or fund the 2018 Reserve Account, the City agrees to deposit, from the next available Debt Service Surcharges remaining after credits into the 2018 Bond and Interest Account, the remainder of the Debt Service Surcharges until (i) there is no deficiency in the 2018 Reserve Account and (ii) such deposits equal the Additional County Funding; such deposits of Debt Service Surcharges by the City shall also be held in the 2018

Reserve Account and shall be referred to as "Additional Net Revenue Reserve Deposits". The following amounts in the 2018 Reserve Account, if available, shall be released to the County in accordance with the Interlocal Agreement: (1) in June of 2033 any Additional Net Revenue Reserve Deposits then held in the 2018 Reserve Account in excess of the 2018 Reserve Requirement shall be paid to the County by the last day of June, 2033 (provided that no such payment to the County shall be in an amount that causes the balance held in the 2018 Reserve Account to be less than the 2018 Reserve Requirement); and (2) at the final maturity of the Bonds, or upon redemption of all the Bonds, the balance in the 2018 Reserve Account which is in excess of the County Reserve Contribution shall be paid to the County. Any funds remaining in the 2018 Reserve Account, after accounting for payments to the County, shall be used for the final payment of the Bonds or the DS Surcharge Parity Bonds at maturity or upon redemption.

(d) Accounts to be held in Trust. The Sinking Fund, containing the 2018 Bond and Interest Account and the 2018 Reserve Account, and the Construction Account, may be held by a financial institution acceptable to the Authority as part of its IFA Program, pursuant to terms acceptable to the Authority. If the Sinking Fund and the accounts therein are held in trust, the City shall transfer the monthly required amounts of Debt Service Surcharges to the 2018 Bond and Interest Account and the 2018 Reserve Account in accordance with this Section 13, and the financial institution holding such funds in trust shall be instructed to pay the required payments in accordance with the payment schedules for the City's Bonds. The financial institution selected to serve in this role may also serve as the Registrar and the Paying Agent for the Bonds. If the Construction Account is so held in trust, the City shall deposit the proceeds of the Bonds therein until such proceeds are applied consistent with this ordinance and the IFA Agreement. The Mayor and the Clerk-Treasurer are hereby authorized to execute and deliver an agreement with a

financial institution to reflect this trust arrangement for all or a part of the Sinking Fund and the Construction Account in the form of trust agreement as approved by the Mayor and the Clerk-Treasurer, consistent with the terms and provisions of this ordinance.

Section 14. Sewage Works Improvement Fund. There is hereby continued the Sewage Works Improvement Fund ("Improvement Fund"). After meeting the requirements of the O&M Fund and the Sinking Fund, any excess revenues may be transferred or credited to the Improvement Fund, and said Fund shall be used for improvements, replacements, additions and extensions of the sewage works and to make payments representing PILOTs. The City reserves the right to transfer PILOTs from the Improvement Fund no more frequently than semiannually, in accordance with the Act, and only if all required transfers have been made to the O&M Fund and the Sinking Fund and the Accounts of the Sinking Fund contain the required balances as of the date the PILOTs are paid. Moneys in the Improvement Fund shall be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal and interest on the Outstanding Net Revenue Bonds and bonds issued on a parity with the Outstanding Net Revenue Bonds, or, if necessary, to eliminate any deficiencies in credits to or minimum balance in the Debt Service Reserve Account of the Sinking Fund or may be transferred to the O&M Fund to meet unforeseen contingencies in the operation, repair and maintenance of the sewage works. In no event shall any PILOTs be treated as an expense of operation and maintenance, nor in any case shall it be payable from the O&M Fund or the Sinking Fund.

Section 15. Maintenance of Accounts; Investments. The Sinking Fund shall be deposited in and maintained as a separate banking account or accounts from all other accounts of the City. The O&M Fund and the Improvement Fund may be maintained in a single banking account, or accounts, but such account, or accounts, shall likewise be maintained separate and

apart from all other accounts of the City and apart from the Sinking Fund account or accounts. All moneys 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 moneys therein may be invested in obligations in accordance with the applicable laws, including particularly IC 5-13, as amended or supplemented and as applicable, pursuant to IC 5-1.2-1 through IC 5-1.2-4, IC 5-1.2-10 and/or IC 5-1.2-11, and in the event of such investment the income therefrom shall become a part of the funds invested and shall be used only as provided in this ordinance. Nothing in this Section or elsewhere in this ordinance shall be construed to require that separate bank accounts be established and maintained for the Funds and Accounts continued and created by this ordinance except that (a) the Sinking Fund and Construction Account shall be maintained as a separate bank account from the other Funds and Accounts of the sewage works and (b) the other Funds and Accounts of the sewage works shall be maintained as a separate bank account from the other funds and accounts of the City.

Section 16. Rate Covenant. (a) The City covenants and agrees that it will establish and maintain just and equitable rates or charges for the use of and the service rendered by said works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected or to be connected with and uses said sewage works by or through any part of the sewage system of the City, or that in any way uses or is served by such works; at a level adequate to produce and maintain sufficient revenue (including user and other charges, fees, income or revenues available to the City) to provide for the proper and reasonable expenses of operation, repair and maintenance of the works, to comply with and satisfy all covenants contained in this ordinance, and to pay all obligations of the sewage works and of the City with respect to the sewage works. Such rates or charges shall, if necessary, be changed and readjusted

from time to time so that the revenues therefrom shall always be sufficient to meet the expenses of operation, repair and maintenance of the sewage works and the requirements of the Sinking Fund. The rates or charges so established shall apply to any and all use of such works by and service rendered to the City and all departments thereof, and shall be paid by the City or the various departments thereof as the charges accrue.

(b) The City further covenants and agrees that it will establish and maintain the monthly Debt Service Surcharges to be paid by the owners of each developed parcel in the White Estates Subdivision at a level adequate to produce and maintain sufficient revenues that are at least one hundred twenty-five percent (125%) of the amount necessary to pay annual debt service on the Bonds issued pursuant to this ordinance.

Section 17. Defeasance of Bonds. If, when any of the Bonds issued hereunder shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the Bonds or any portion thereof for redemption shall have been given, and the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the Bonds or any portion thereof and coupons then outstanding shall be paid; or (i) sufficient moneys, 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 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 the Debt Service Surcharges of the City's sewage works.

Section 18. Additional Bond Provisions. The City reserves the right to authorize and issue additional BANs at any time ranking on a parity with the BANs. The City reserves the right to authorize and issue additional Net Revenue Parity Bonds in accordance with its Outstanding Net Revenue Ordinances. The City reserves the right to authorize and issue additional DS Surcharge Parity Bonds, payable out of the Debt Service Surcharges of its sewage works, ranking on a parity with the Bonds, for the purpose of financing the cost of future additions, extensions and improvements to the sewage works, or to refund obligations, subject to the following conditions:

(a) All required payments into the Sinking Fund shall have been made in accordance with the provisions of this ordinance, and the interest on and principal of all bonds payable from the Debt Service Surcharges of the sewage works shall have been paid to date in accordance with their terms. The 2018 Reserve Requirement and the Additional 2018 Reserve Requirement shall be satisfied for the additional DS Surcharge Parity Bonds either at the time of delivery of the additional DS Surcharge Parity Bonds or over a five year or shorter period, in a manner which is commensurate with the requirements established in Section 13(c) of this ordinance.

(b) The Debt Service Surcharges of the sewage works in the fiscal year immediately preceding the issuance of any additional DS Surcharges Parity Bonds ranking on a parity with the 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 authorized by this ordinance and the additional DS Surcharge Parity Bonds proposed to be issued; or, prior to the issuance of the additional DS Surcharge Parity Bonds, the Debt Service Surcharges shall be increased sufficiently so that said increased charges applied to the previous year's operations would have produced Debt Service Surcharges for said year equal to not less than one hundred twenty-five

percent (125%) of the maximum annual interest and principal requirements of the then outstanding Bonds authorized hereunder and the additional DS Surcharge Parity Bonds proposed to be issued. For purposes of this subsection, the records of the sewage works shall be analyzed and all showings shall be prepared by a certified public accountant or nationally recognized financial consultant or consulting engineer employed by the City for that purpose.

(c) The interest on the additional DS Surcharge Parity Bonds shall be payable semiannually on the first days of February and August and the principal on, or mandatory sinking fund redemptions for, the additional Parity Bonds shall be payable annually on August 1 through and including August 1, 2031 and semiannually on February 1 and August 1 thereafter.

(d) If the Authority purchases the Bonds as part of its IFA Program, so long as the Bonds are outstanding and owned by the Authority, (i) the City obtains the consent of the Authority, (ii) the City has faithfully performed and is in compliance with each of its obligations, agreements and covenants contained in the IFA Agreement and this ordinance, and (iii) the City is in compliance with its National Pollutant Discharge Elimination System permits, except for non-compliance for which purpose the Parity Bonds are issued, including refunding bonds issued prior to, but part of the overall plan to eliminate such non-compliance.

Section 19. Further Covenants of the City; Maintenance, Insurance, Pledge Not to Encumber, Subordinate Indebtedness, and Contract with Bondholders. For the purpose of further safeguarding the interests of the holders of the BANs and Bonds, it is specifically provided as follows:

(a) All contracts let by the City in connection with the construction of the Project shall be let after due advertisement as required by the laws of the State of Indiana, and all contractors shall be required to furnish surety bonds in an amount equal to one hundred

percent (100%) of the amount of such contracts, to insure the completion of said contracts in accordance with their terms, and such contractors shall also be required to carry such employer's liability and public liability insurance as are 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 the supervision and subject to the approval of such competent engineer as shall be designated by the City. All estimates for work done or material furnished shall first be checked by the engineer and approved by the City.

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

(d) So long as any of the BANs or Bonds are outstanding, the City shall maintain insurance on the insurable parts of said works, of a kind and in an amount as would normally be carried by private companies engaged in a similar type of business. If the Authority purchases the Bonds as part of its IFA Program, so long as the Bonds are outstanding and owned by the Authority, such insurance shall be acceptable to the Authority. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the State of Indiana. Insurance proceeds and condemnation awards shall be used either in replacing or repairing the property destroyed or damaged; provided, however, if the Authority owns the Bonds, the Authority consents to a different use of such proceeds or awards. damaged, or shall be deposited in the Sinking Fund.

(e) So long as any of the BANs or Bonds are outstanding, the City shall not mortgage, pledge or otherwise encumber such works, or any part thereof, nor shall it sell, lease

or otherwise dispose of any part of the same, excepting only such machinery, equipment or other property as may be replaced or shall no longer be necessary for use in connection with said utility, provided that the City shall obtain the prior written consent of the Authority if the Bonds or BANS are sold to the Authority as part of its IFA Program and provided the action involves the Project.

(f) If the BANs or Bonds are sold to the Authority through its IFA Program and the Bonds are outstanding and owned by the Authority, the City shall not without the prior written consent of the Authority (i) enter into any lease, contract or agreement or incur any other liabilities in connection with the sewage works other than for normal operating expenditures, or (ii) borrow any money (including without limitation any loan from other utilities operated by the City) in connection with the sewage works.

(g) Except as hereinbefore provided in Section 18 hereof, so long as any of the Bonds herein authorized are outstanding, no additional bonds or other obligations pledging any portion of the revenues of said sewage works shall be authorized, executed, or issued by the City except such as shall be made subordinate and junior in all respects to the Bonds herein authorized, unless all of the Bonds herein authorized are redeemed, retired or defeased pursuant to Section 17 hereof coincidentally with the delivery of such additional bonds or other obligations.

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

(i) The provisions of this ordinance shall constitute a contract by and between the City and the owners of the Bonds and BANs herein authorized, and after the issuance of the Bonds or BANs, this ordinance shall not be repealed or amended in any respect which will adversely affect the rights of the owners of the Bonds or BANs nor shall the Common Council adopt any law, ordinance or resolution which in any way adversely affects the rights of such owners so long as any of the Bonds, BANs or the interest thereon remain unpaid. Except for the changes set forth in Section 22(a)-(g), this ordinance may be amended, however, without the consent of BAN or Bond owners, if the Common Council determines, in its sole discretion, that such amendment would not adversely affect the owners of the BANs or Bonds; provided, however, that if the Bonds or BANs are sold to the Authority as part of its IFA Program, the City shall obtain the prior written consent of the Authority.

(j) 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 of the governing Act. The provisions of this ordinance shall also be construed to create a trust in the portion of the Net Revenues accumulated from the Debt Service Surcharges herein directed to be set apart and paid into the Sinking Fund for the uses and purposes of said fund as in this ordinance set forth. The owners of the Bonds shall have all of the rights, remedies and privileges set forth in the provisions of the governing Act hereinbefore referred to, including the right to have a receiver appointed to administer said sewage works, in the event the City shall fail or refuse to fix and collect sufficient rates and charges for those purposes, or shall fail or refuse to operate and maintain said system and to apply properly the revenues derived from the operation thereof, in

the event of default in the payment of the principal of or interest on any of the Bonds herein authorized or in the event of default in respect to any of the provisions of this ordinance or the governing Act.

(k) For purpose this Section 19, the term "lease" shall include any lease, contract, or other instrument conferring a right upon the City to use property in exchange for a periodic payments made from the revenues of the sewage works, whether the City desires to cause such to be, or by its terms (or its intended effects) is to be, (i) payable as rent, (ii) booked as an expense or an expenditure, or (iii) classified for accounting or other purposes as a capital lease, financing lease, operating lease, non-appropriation leases, installment purchase agreement or lease, or otherwise (including any combination thereof).

(l) The City has entered into the Interlocal Agreement with the County, which agreement constitutes a valid, binding and enforceable obligation of each of the parties thereto and the City agrees to cause the Interlocal Agreement to be enforced and complied with for the benefit of the holders of the Bonds issued pursuant to this ordinance.

Section 20. Investment of Funds. (a) The Clerk-Treasurer is hereby authorized to invest money pursuant to IC 5-1-14-3 and the provisions of this ordinance (subject to applicable requirements of federal law to insure such yield is the 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 moneys held in the funds and accounts referenced herein. In order to comply with the provisions of the ordinance, the Clerk-Treasurer is hereby authorized and directed to employ consultants or attorneys from time to time to advise the City as to requirements of federal

law to preserve the tax exclusion. The Clerk-Treasurer may pay any fees as operation expenses of the sewage works.

Section 21. Tax Covenants. In order to preserve the exclusion of interest on any tax-exempt Bonds and BANs authorized herein 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 or BANs, as the case may be ("Code") and as an inducement to purchasers of the Bonds and BANs, the City represents, covenants and agrees that:

(a) The sewage works 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 City 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 City 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 Bonds or BANs, as the case may be. The City has entered into a management contract for the sewage works. The terms of the contract comply with IRS Revenue Procedure 2017-13 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 or 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 City) 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 City 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 (a) and private security or payments described in (b) attributable to unrelated or disproportionate private business use. For this purpose, the private business use test is applied by taking into account only use that is not related to any government use of proceeds of the issue (Unrelated Use) and use that is related but disproportionate to any governmental use of those proceeds (Disproportionate Use).

(f) The City will not take any action nor fail to take any action with respect to the Bonds or BANs that would result in the loss of the exclusion from gross income for federal tax purposes on the Bonds or BANs pursuant to Section 103 of the Code, nor will the City act in any

other manner which would adversely affect such exclusion. The City 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 be not 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) 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.

(i) The City represents that it will rebate any arbitrage profits to the United States in accordance with the Code.

(j) The City represents that:

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

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

(3) The reasonably anticipated amount of qualified tax-exempt obligations (including qualified 501(c)(3) obligations and tax-exempt leases but excluding other private activity bonds) which will be issued by the City, and all entities subordinate to the City during 2018 does not exceed \$10,000,000; and

(4) The City will not designate more than \$10,000,000 of qualified tax-exempt obligations during 2018.

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

Section 22. Amendments with Consent of Bondholders. Subject to the terms and provisions contained in this Section and Section 19(i), 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, anything contained in this ordinance to the contrary notwithstanding, to consent to and approve the adoption by the City of such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this ordinance, or in any supplemental ordinance; provided, however, that if the Bonds or BANs are sold to the Authority as part of its IFA Program, the City shall obtain the prior written consent of the Authority; and provided, further, that nothing herein contained shall permit or be construed as permitting:

- (a) An extension of the maturity of the principal of or interest on any Bond issued pursuant to this ordinance; or
- (b) A reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon; or
- (c) The creation of a lien upon or a pledge of the Net Revenues accumulated from the Debt Service Surcharges 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 2018 Reserve Requirement; or

(g) 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 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 of the City, 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 City or its officers 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 City and all owners of Bonds issued pursuant to the provisions of this ordinance then outstanding, shall thereafter be determined exercised and enforced in accordance with this ordinance, subject in all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this ordinance, the rights and obligations of the City and of the owners of the Bonds authorized by this ordinance, and the terms and provisions of the Bonds and this ordinance, or any supplemental ordinance, may be modified or altered in any respect with the consent of the City and the consent of the owners of all the Bonds issued pursuant to this ordinance then outstanding.

Section 23. Issuance of BANs. (a) The City, having satisfied all the statutory requirements for the issuance of its Bonds, may elect to issue its BAN or BANs pursuant to a Bond Anticipation Note Purchase Agreement ("Note Purchase Agreement") to be entered into between the City and the purchaser of the BAN or BANs. If the BANs are sold to the Authority as part of its IFA Program, the IFA Agreement shall serve as the Note Purchase Agreement. The Common Council hereby authorizes the issuance and execution of the BAN or BANs in lieu of initially issuing Bonds to provide interim financing for the Project until permanent financing becomes available. It shall not be necessary for the City 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 Mayor and the Clerk-Treasurer are hereby authorized and directed to execute a Note Purchase Agreement or IFA 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 Mayor 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 24. Rates and Charges. The estimates of the rates and charges, including the Debt Service Surcharges of the sewage works, are set forth in Ordinance No. _____ anticipated to be adopted on _____, 2018 ("Surcharge Ordinance"), which ordinance is incorporated herein by reference.

Section 25. Tax Exemption. 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 BANs and Bonds from gross income under federal law ("Tax Exemption") need not be complied with if the City receives an opinion of nationally recognized bond counsel that any Tax Sections are unnecessary to preserve the Tax Exemption.

Section 26. Ordinance Constitutes Resolution under IC 36-9-23. For purposes of Sections 10 and 12 of IC 36-9-23, this ordinance shall constitute and be deemed as the "resolution" as such term is used under Sections 10 and 12 of IC 36-9-23.

Section 27. Conflicting Ordinances. All ordinances and parts of ordinances in conflict herewith are hereby repealed; provided that the adoption of this ordinance shall not be construed as amending or repealing the Outstanding Net Revenue Ordinances or as adversely affecting the rights of the holders of the Outstanding Net Revenue Bonds.

Section 28. Effective Date. This ordinance shall be in full force and effect from and after its passage and approval by the Mayor.

Passed and adopted by the Common Council of the City of New Castle, Indiana on the ____ day of _____, 2018.

COMMON COUNCIL OF THE CITY OF NEW
CASTLE, INDIANA

Presiding Officer

ATTEST:

Clerk-Treasurer

Presented by me to the Mayor of the City of New Castle, Indiana on the ____ day of _____, 2018, at the hour of __:__ .m.

Clerk-Treasurer

This ordinance approved and signed by me, the Mayor of the City of New Castle, Indiana, on the ____ day of _____, 2018, at the hour of __:__ .m.

Mayor

EXHIBIT A

Project Description

The Project consists of the design and construction of a new lower pressure sanitary sewer system consisting of approximately 19,500 linear feet in the White Estates Subdivision, Walnut Acres Addition and South Walnut Acres Addition that will allow the property owners therein to connect to the sewage works of the City.

EXHIBIT B

Interlocal Cooperation Agreement

(See attached)