ORDINANCE NO. 2024-02

AN ORDINANCE AUTHORIZING THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF CERTAIN IMPROVEMENTS FOR THE SEWAGE WORKS SYSTEM OF HARRISON COUNTY REGIONAL SEWER DISTRICT, THE ISSUANCE OF REVENUE BONDS TO PROVIDE THE COST THEREOF, THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SUCH SYSTEM, THE SAFEGUARDING OF THE INTERESTS OF THE OWNERS OF SUCH REVENUE BONDS AND OTHER MATTERS CONNECTED THEREWITH, INCLUDING THE ISSUANCE OF NOTES IN ANTICIPATION OF SUCH BONDS, AND REPEALING ORDINANCES INCONSISTENT HEREWITH.

WHEREAS, Harrison County Regional Sewer District (the "District") has heretofore established, constructed and financed a municipal sewage works system for the purpose of providing for the collection and treatment of wastewater (the "System") and now owns and operates the System pursuant to Ind. Code 13-26, as in effect on the issue date of the bond anticipation notes or the bonds, as applicable, which are authorized herein (the "Act"); and

WHEREAS, the Board of Trustees of the District (the "Board") now finds: (i) that the acquisition, construction and installation of certain improvements for the System, as set forth in Exhibit A (the "Project"), are necessary; (ii) that plans, specifications and cost estimates for the Project (the "Engineering Report") have been or will be prepared by Heritage Engineering, LLC, Jeffersonville, Indiana (the "Engineer"), employed by the District for the acquisition, construction and installation of the Project, and (iii) that the Engineering Report has been or will be submitted to all government authorities having jurisdiction, particularly the Indiana Department of Environmental Management ("IDEM"), if and to the extent IDEM approval is required under Indiana law, and has been or will be approved by the aforesaid government authorities; and

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

WHEREAS, on the basis of the Engineer's estimates, the cost of the Project, including incidental expenses, is in an amount not to exceed $3,800,000; and

WHEREAS, the District has received or will receive a Letter of Conditions from USDA Rural Development ("Rural Development") which will provide for a low interest loan from Rural Development to finance the Project as well as a grant of Rural Development (the "RD Grant"); and

WHEREAS, the Board finds that the District does not have sufficient funds available to pay the cost of the Project, and that the cost of the Project is to be financed by certain available funds on hand, the funds received from the RD Grant and the proceeds of tax-exempt sewage works revenue bonds, to be issued by the District in one or more series, in a principal amount not

to exceed $1,500,000 (the "Bonds") and, if necessary, its bond anticipation notes (the "BANs"); and

WHEREAS, the District will submit the required documents to Rural Development, pertaining to the Project and the financing thereof; and

WHEREAS, the District desires to authorize the issuance of the BANs (as hereinafter defined) hereunder, to be issued if necessary, payable from the proceeds of the Bonds or the Net Revenues of the System; and

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

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

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE HARRISON COUNTY REGIONAL SEWER DISTRICT, THAT:

Section 1. Authorization of Project. The District shall proceed with the completion of the Project in accordance with the Engineering Report. The aggregate cost of the Project shall not exceed the sum of $3,800,000, plus investment earnings on the proceeds of the BANs and the Bonds, without further authorization from the Board. The term "System," "works," "utility" and other like terms where used in this Ordinance shall be construed to mean the District's existing sewage works system and all real estate and equipment used in connection therewith and appurtenances thereto, and all extensions, additions and improvements thereto and replacements thereof now or at any time hereafter constructed or acquired. The Project is hereby approved and shall be constructed and the BANs and the Bonds shall be issued pursuant to and in accordance with the Act.

Section 2. Issuance of BANs and Bonds.

(a) The District shall issue, if necessary, the BANs for the purpose of procuring interim financing to pay the cost of the Project and, if deemed appropriate, the costs of issuance of the BANs. The District may issue the BANs in one or more series, in an aggregate amount not to exceed $1,500,000 to be designated "Sewage Works Bond Anticipation Notes, Series 202_," to be completed with the appropriate year of issuance and an alphabetical designation, if necessary. The BANs shall be lettered and numbered consecutively from R-1 and upward, and shall be in authorized denominations of One Dollar ($1.00) or integral multiple thereof. The BANs shall be dated as of the date of delivery thereof and shall bear interest at a rate not to exceed five percent (5.0%) per annum (the exact rate or rates to be determined through negotiations with the purchasers of the BANs) payable either upon maturity or as designated by the Treasurer, with the

advice of the registered municipal advisor to the District (the "Municipal Advisor"). Each series of BANs will mature no later than two (2) years after their date of delivery, unless determined otherwise by the Treasurer, with the advice of the Municipal Advisor and Barnes & Thornburg LLP, bond counsel to the District ("Bond Counsel"). The BANs are subject to renewal or extension at an interest rate or rates not to exceed five percent (5.0%) per annum (the exact rate or rates to be negotiated with the purchaser of the BANs). The term of any renewal BANs may not exceed five (5) years from the date of delivery of the initial BANs. The BANs shall be registered in the name of the purchasers thereof.

(b) The BANs shall be issued pursuant to Ind. Code § 5-1-14-5, as amended, if sold to a financial institution or any other purchaser. The BANs shall be sold at a price not less than ninety-eight percent (98%) of the principal amount thereof if sold to any purchaser. The District shall pledge to the payment of the principal of and interest on the BANs the proceeds from the issuance of the Bonds and proceeds from the receipt of a grant, if any, pursuant to and in the manner prescribed by the Act and other applicable law. The interest on the BANs may also be payable from the Net Revenues of the System.

(c) The District shall issue the Bonds, in one or more series, in an aggregate principal amount not to exceed $1,500,000 to be designated "Sewage Works Revenue Bonds, Series 202_," to be completed with the year in which the Bonds are issued and an alphabetical designation, if necessary, for the purpose of procuring funds to pay the cost of the Project, the refunding of the BANs, if issued, and the issuance costs of the Bonds or the BANs, if issued, as determined by the Treasurer, with the advice of the Municipal Advisor.

The Bonds shall be issued and sold at a price not less than the par amount thereof if sold to Rural Development or at a price not less than ninety-eight percent (98.0%) of the principal amount thereof if sold otherwise to any other purchaser. The Bonds shall be sold by the Treasurer pursuant to Ind. Code 5-1-11, as amended. The Bonds shall be issued in fully registered form in authorized denominations of $1.00 or any integral multiple thereof if sold to Rural Development or in authorized denominations of $1,000 if sold to any other purchaser. The Bonds shall be lettered and numbered consecutively from R-1 and upward, originally dated the date of delivery, and shall bear interest at a rate or rates not exceeding five percent (5.0%) per annum (the exact rate or rates to be determined by bidding or through negotiation with Rural Development). Interest is payable annually on January 1 and July 1 in each year, commencing no earlier than January 1, 2024, or as determined by the Treasurer, with the advice of the Municipal Advisor, and set forth in the bond sale notice if the Bonds are sold competitively pursuant to Ind. Code 5-1-11, as amended. The Bonds: (i) if sold to Rural Development shall mature January 1 and July 1 of each year commencing not later than January 1, 2024, or as determined by the Treasurer, with the advice of the Municipal Advisor over a period ending no later than forty (40) years, and in such amounts that will produce annual debt service that is as level as practicable; or (ii) if sold otherwise to any other purchaser, mature or be subject to mandatory sinking fund redemption on January 1 and July 1 of each year, over a period ending and in such amounts as is deemed appropriate by the

Treasurer, with the advice of the Municipal Advisor. The Bonds will be payable solely out of the Net Revenues of the System.

(d) Interest on the BANs and the Bonds shall be calculated according to a three hundred sixty (360) day calendar year containing twelve (12) thirty (30) day months. If sold to Rural Development, interest on the BANs and the Bonds shall be calculated according to a three hundred sixty-five (365) day calendar year.

(e) The Treasurer is authorized to serve as or to appoint a qualified financial institution to serve as the Registrar and the Paying Agent for the BANs and the Bonds (together with any successor, the "Registrar" or the "Paying Agent"), the Registrar is hereby charged with the responsibility of authenticating the BANs and the Bonds. The Treasurer is hereby authorized to enter into such agreements or understandings with such institution as will enable the institution to perform the services required of the Registrar and the Paying Agent. The Treasurer is further authorized to pay such fees as the institution may charge for the services it provides as the Registrar and the Paying Agent, and such fees may be paid from the Sinking Fund (as hereinafter defined). If the BANs or the Bonds are registered in the name of Rural Development or any other purchaser that does not object to such designation, the Treasurer shall serve as the Registrar and the Paying Agent and is hereby charged with the duties of the Registrar and the Paying Agent.

(f) If the BANs or the Bonds are registered in the name of Rural Development, the principal thereof and interest thereon shall be paid by wire transfer to such financial institution if and as directed by Rural Development as agreed under the Preauthorized Debt Payment Process on the due date of such payment. So long as Rural Development is the owner of the BANs or the Bonds, the BANs or the Bonds shall be presented for payment as directed by Rural Development. If the BANs or the Bonds are not sold to Rural Development or if wire transfer payment is not required, the principal of and interest on the BANs (if interest thereon is payable only at maturity) or the principal of the BANs (if interest thereon is not payable only at maturity) and the principal of the Bonds shall be payable at the principal office of the Paying Agent, and all payments of interest on the BANs (if interest thereon is not payable only at maturity) and the Bonds shall be paid by check mailed one business day prior to the interest payment date to the registered owners thereof, as of the fifteenth day of the month preceding each interest payment date ("Record Date"), at the addresses of the registered owners as they appear on the registration books kept by the Registrar. If payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. All payments on the BANs and the Bonds shall be made in any coin or currency of the United States of America, which on the date of such payment, shall be legal tender for the payment of public and private debts.

(g) Each BAN or Bond shall be transferable or exchangeable only upon the books of the District kept for that purpose at the principal office of the Registrar, by the registered owner thereof in person, or by its attorney duly authorized in writing, upon

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

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

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

(j) If the Bonds are sold to Rural Development, there shall be no balloon payments for such Bonds.

Section 3. Redemption of BANs and Bonds.

(a) If deemed appropriate by the Treasurer, with the advice of the Municipal Advisor, the BANs shall be prepayable by the District, in whole or in part, on or after the date determined to be most appropriate by the Treasurer, with the advice of the Municipal Advisor, upon twenty (20) days' notice to the owner of the BANs, without any premium, but with accrued interest to the date of prepayment.

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

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

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

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

determined by the District. Interest on the Bonds so called for redemption shall cease on the redemption date fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price on the date so named.

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

(g) If the Bonds are purchased by Rural Development/Rural Utilities Service, the District will, upon request by Rural Development/Rural Utilities Service, apply for and accept refinancing loan at reasonable rates and terms for similar purposes and periods of time, sufficient to repay the Rural Development/Rural Utilities Service loan in its entirety.

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

Section 5. Form of Bonds. The form and tenor of the Bonds shall be substantially as set forth in Exhibit B, with all blanks to be filled in properly and all necessary additions and deletions to be made prior to delivery thereof.

Section 6. Preparation and Sale of BANs and Bonds. The Treasurer is hereby authorized and directed to have the BANs and the Bonds prepared, and the President and the Secretary are hereby authorized and directed to execute the BANs and the Bonds in the form and

manner herein provided. The Treasurer is hereby authorized and directed to deliver the BANs and the Bonds to the purchasers thereof after the sale made in accordance with the provisions of this Ordinance, provided that at the time of such delivery, the Treasurer shall collect the full amount which the purchasers have agreed to pay therefore, which amount shall not be less than the applicable minimum percentage of the par value of the BANs or the Bonds set forth in Section 2 of this Ordinance. The District may receive payment for the BANs and the Bonds in installments. The Bonds, as and to the extent paid for and delivered to the purchaser, shall be the binding special revenue obligations of the District, payable out of the Net Revenues of the System to be set aside into the Sinking Fund as provided herein. The proceeds derived from the sale of the BANs and the Bonds shall be and are hereby set aside to pay the costs of the Project, the payment of the BANs, if applicable, and the expenses necessarily incurred in connection with the issuance of the BANs and the Bonds. The proper officers of the District are hereby directed to draw all proper and necessary warrants, and to do whatever acts and things which may be necessary to carry out the provisions of this Ordinance.

Section 7. Bond Sale Notice; Official Statement.

(a) If the Bonds are to be sold at a competitive sale, the Treasurer shall cause to be published a notice of such sale in accordance with Ind. Code 5-1-11, as amended, and Ind. Code 5-3-1, as amended. The notice shall state the character, the amount and the authorized denominations of the Bonds, the maximum rate or rates of interest thereon, the terms and conditions upon which bids will be received and the sale made, and such other information as the Treasurer and the attorneys employed by the District shall deem advisable. Any summary notice may contain any information deemed so advisable. The notice may provide, among other things, that each bid shall be accompanied by a certified or cashier's check or a financial surety bond in an amount equal to one percent (1%) of the principal amount of the Bonds described in the notice. If a financial surety bond is used, it must be from an insurance company licensed to issue such bond in the State, and such bond must be submitted to the District prior to the opening of the bids. The financial surety bond must identify each bidder whose good faith deposit is guaranteed by such financial surety bond. If the Bonds are awarded to a bidder utilizing a financial surety bond, then the purchaser is required to submit to the District a certified or cashier's check (or wire transfer such amount as instructed by the District) not later than 3:30 p.m. (local time) on the next business day following the award. In the event the successful bidder shall fail or refuse to accept delivery of the Bonds and pay for the same as soon as the Bonds are ready for delivery, or at the time fixed in the notice of sale, then such good faith deposit and the proceeds thereof shall be the property of the District and shall be considered as its liquidated damages on account of such default. Bidders for the Bonds will be required to name the rate or rates of interest which the Bonds are to bear, not exceeding the maximum rate hereinbefore fixed, and that such interest rate or rates shall be in multiples of one-eighth (1/8) of one percent (1%) or one-one hundredth (1/100) of one percent (1%). The rate bid on a maturity shall be equal to or greater than the rate bid on the immediately preceding maturity. No conditional bid or bid for less than the applicable minimum percentage of the par value of the Bonds set forth in Section 2 of this Ordinance will be considered. The opinion of Bond Counsel approving the legality of the Bonds will be furnished to the purchaser at the expense of the District.

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

(c) As an alternative to public sale, the District may negotiate the sale of the Bonds to Rural Development. The President and the Treasurer are hereby authorized to (i) submit an application to Rural Development, (ii) execute and fulfill those obligations related to the Letter of Intent to Meet Conditions, the Letter of Conditions and any subsequent amendments, a Loan Resolution and a Grant Agreement with Rural Development and (iii) sell the Bonds upon such terms as are acceptable to the President and the Treasurer consistent with the terms of this Ordinance.

(d) If the Bonds are purchased by Rural Development, all documents required by Rural Development, including but not limited to the Letter of Conditions and Loan Resolution, are hereby incorporated by reference. In addition, the District shall provide to Rural Development the annual audit as required by the Letter of Conditions. If the Bonds are purchase by Rural Development, the District shall notify Rural Development before the incurrence of additional debt.

(e) If necessary in connection with the sale of the BANs or the Bonds, the distribution of an Official Statement (preliminary and final) when and if prepared by the Municipal Advisor, on behalf of the District, is hereby authorized and approved and the President is authorized and directed to execute the Official Statement on behalf of the District in a form consistent with this Ordinance. The President and the Treasurer are authorized to deem the Preliminary Official Statement as "final" for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Section 8. Use of Proceeds. The accrued interest and the premium, if any, received at the time of the delivery of the Bonds shall be deposited in the Bond and Interest Account (the "Bond and Interest Account") of the Sinking Fund. The remaining proceeds from the sale of the Bonds, to the extent not used to refund BANs issued pursuant to this Ordinance, shall be deposited in a bank or banks which are legally designated depositories for the funds of the District, in a special account or accounts to be designated as "Harrison County Regional Sewer District Sewage Works Construction Fund" (the "Construction Fund"). All funds deposited to the credit of the Construction Fund shall be deposited, held, secured or invested in accordance with the laws of the State relating to the depositing, holding, securing or investing of public funds, including particularly Ind. Code 5-13, and the acts amendatory thereof and supplemental thereto. The funds in the Construction Fund shall be expended only for the purpose of paying the costs of issuance of the BANs or the Bonds, the cost of the Project, all or a portion of the BANs,

if issued, or as otherwise required by the Act. The cost of obtaining the legal services of Bond Counsel shall be considered a part of the costs of issuance of the BANs and the Bonds.

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

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

Section 9. Revenues. All income and revenues of the System shall be deposited upon receipt in the Revenue Fund (the "Revenue Fund"). The Revenue Fund shall be maintained separate and apart from all other accounts of the District. All moneys deposited in the Revenue Fund may be invested in accordance with Ind. Code 5-13-9, as amended, and other applicable laws.

Section 10. Operation and Maintenance Fund. There shall be transferred from the Revenue Fund and credited to the Operation and Maintenance Fund (the "Operation and Maintenance Fund"), on or before the last day of each calendar month a sufficient amount of the revenues of the System so that the balance in the Operation and Maintenance Fund shall be sufficient to pay the expenses of operation, repair and maintenance of the System for the then next succeeding two (2) calendar months. The moneys credited to the Operation and Maintenance Fund shall be used for the payment of the reasonable and proper operation, repair and maintenance expenses of the System on a day-to-day basis. Any monies in the Operation and Maintenance Fund in excess of the expected expenses of operation, repair and maintenance for the next succeeding month may be transferred to the Sinking Fund if necessary to prevent a default in the payment of the principal of or interest on all bonds.

Section 11. Sinking Fund.

(a) General. The Sinking Fund of the System is hereby created (the "Sinking Fund") for the payment of the principal of, the premium, if any, and the interest on the Bonds and any bonds hereafter issued on a parity therewith, or any other bonds subordinate thereto, and the payment of any fiscal agency charges in connection with the payment of the principal thereof, the premium, if any, and the interest thereon. After meeting the requirements of the Operation and Maintenance Fund set forth above, there shall be set aside and deposited in the Sinking Fund, as available, and as provided below, a sufficient amount of the Net Revenues of the System to meet the requirements of the Bond and Interest Account and the Reserve Account. Such payments shall continue until the balance in the Bond and Interest Account, plus the balance in the Reserve Account, equal the amount necessary to redeem all of the bonds.

(b) Bond and Interest Account. The Bond and Interest Account is hereby created within the Sinking Fund. Beginning as of the date of issuance of the Bonds, there shall be transferred from the Revenue Fund and credited on the first day of each month to the Bond and Interest Account an amount of the Net Revenues equal to at least (i) one-sixth (1/6) of the interest on all the then outstanding bonds payable from the Net Revenues on the next succeeding interest payment date and (ii) one-sixth (1/6) of the principal on all the outstanding bonds payable on the next succeeding principal payment date, until the amount of interest and principal payable on the next succeeding interest and principal payment date shall have been so credited. There should similarly be credited to the account any amount necessary to pay the bank fiscal agency changes on the outstanding Bonds as the same became payable. The District shall, from the sums deposited in the Sinking Fund and credited to the Bond and Interest Account, remit promptly to the registered owner or bank fiscal agent sufficient moneys to pay the principal and interest on the due date thereof together with the amount of bank fiscal agency charges.

In no event shall any part of the Sinking Fund be used in calling bonds for redemption prior to their respective maturities, except to the extent that the amount then in the Sinking Fund exceeds the amount required to pay the bonds which will mature within a period of twelve (12) calendar months next following the date of such redemption, together with all interest on bonds payable in such period. Any such excess of funds above such required level may also be used in purchasing outstanding bonds at a price less than the then-applicable redemption price, with the prior approval of the District. Moneys in the Sinking Fund shall not be used for any other purpose whatsoever except as provided in this Ordinance.

(c) Reserve Account. There is hereby created a Reserve Account within the Sinking Fund (the "Reserve Account").

(1) On the date of delivery of the Bonds, the District may deposit Bond proceeds, funds on hand or a combination thereof, into the Reserve Account. Beginning with the first month after the respective series of Bonds are delivered, the District shall deposit on the last day of each calendar month an amount of Net Revenues into the Reserve Account until the balance therein equals but does not exceed the least of (i) the maximum annual debt service on the Bonds issued hereunder and any parity bonds issued in the future by the District which are payable from the Net Revenues of the System (the "Parity Bonds"), (ii) one hundred twenty-five percent (125%) of average annual debt service on the Bonds and the Parity Bonds or (iii) ten percent (10%) of the proceeds of the Bonds and the Parity Bonds (the "Reserve Requirement"). If the Bonds are sold to Rural Development, the monthly deposits of Net Revenues shall be equal in amount and sufficient to accumulate the Reserve Requirement within ten (10) years after the date of delivery of the Bonds if placed with Rural Development. If the Bonds are sold at a competitive sale, the monthly deposits of Net Revenues shall be equal in amount and sufficient to accumulate the Reserve Requirement within five (5) years after the date of delivery of the Bonds. The balance in the Reserve Account, allocable to the Bonds, shall never exceed the Reserve Requirement.

(2) If the initial deposit into the Reserve Account does not equal the Reserve Requirement or if no deposit is made, then, after meeting the requirements of the Bond and Interest Account set forth above and beginning with the first full calendar month after the date of issuance of the Bonds, the District shall transfer from the Revenue Fund on or before the last day of each calendar month and deposit an amount of Net Revenues in the Reserve Account until the balance therein equals the Reserve Requirement. The monthly deposits of Net Revenues shall be equal in amount and sufficient to accumulate the Reserve Requirement within the time period required by Section 11(c)(1) hereof.

(3) The Reserve Account shall constitute a margin for safety and a protection against default in the payment of the principal of, premium, if any, and interest on outstanding bonds, and the moneys in the Reserve Account shall be used to pay the principal of and interest on outstanding bonds payable from the Net Revenues of the System to the extent that moneys in the Bond and Interest Account are insufficient for that purpose. Any deficiency in the balance maintained in the Reserve Account shall be promptly made up from the next available Net Revenues remaining after the required deposits into the Bond and Interest Account. In the event moneys in the Reserve Account are transferred to the Bond and Interest Account to pay the principal of and interest on outstanding bonds, then that depletion of the balance in the Reserve Account shall be made up from the next available Net Revenues after the required deposits into the Bond and Interest Account. Investments in the Reserve Account shall be valued at least annually at their fair market value and marked to market. If, after such valuation, it is determined that the amount on deposit in the Reserve Account is in excess of the Reserve Requirement, such excess shall either be transferred to the Improvement Fund, which is hereby created (the "Improvement Fund"), or be used for the purchase of outstanding Bonds or installments of principal of outstanding Bonds at a price not exceeding par and accrued interest.

Section 12. Improvement Fund. There is hereby created an improvement fund for improvements, extensions or additions of the System. After meeting the requirements of the Operation and Maintenance Fund and the Sinking Fund, any excess revenues may be transferred or credited to the Improvement Fund and shall be used for improvements, extensions or additions to the System. Moneys in the Improvement Fund shall be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal of and interest on the then outstanding bonds or may be transferred to the Operation and Maintenance Fund to meet unforeseen contingencies in the operation, repair and maintenance of the System.

Section 13. Maintenance of Accounts: Investments. The Sinking Fund shall be maintained as a separate account or accounts from all other accounts of the District. The Operation and Maintenance Fund and the Improvement Fund may be maintained in a single account or separate accounts, but such account or accounts, shall likewise be maintained separate and apart from all other accounts of the District and apart from the Sinking Fund account or accounts. All moneys deposited in the Funds and Accounts created by this Ordinance shall be deposited, held and secured as public funds in accordance with the public depository laws of the State; provided that moneys therein may be invested in obligations in accordance with applicable laws, including Ind. Code 5-13, as amended or supplemented, and in the event of such

investment, the income therefrom shall become a part of the funds invested and shall be used only as provided in this Ordinance. Nothing in this Section or elsewhere in this Ordinance shall be construed to require that separate bank accounts be established and maintained for the Funds and Accounts created by this Ordinance.

Section 14. Maintenance of Books and Records. The District shall keep proper books of records and accounts, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues collected from the System, all disbursements made on account of the System and all other transactions relating to the System. Copies of all such statements and reports shall be kept on file in the office of the Treasurer. The District shall provide Rural Development an annual audit or financial statement as required by Rural Development and such additional information and reports as Rural Development may from time to time require. The District shall also provide Rural Development at all reasonable times access to all books and records relating to the facility and access to the property so that Rural Development may ascertain that the District is complying with all Rural Development provisions.

Section 15. Rate Covenant. The District covenants and agrees that it will establish and maintain nondiscriminatory, reasonable and just rates and charges for the use of and the service rendered by the System, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses the System, or that in any way uses or is served by the System, at a level adequate to produce and maintain sufficient revenue (including user and other charges, fees, income or revenues available to the District) to provide for the proper operation and maintenance of the System, to comply with and satisfy all covenants contained in this Ordinance and to pay all obligations of the System and of the District with respect to the System. Such rates and charges shall, if necessary, be changed and readjusted from time to time so that the revenues therefrom shall always be sufficient to meet the expenses of operation and maintenance of the System and the requirements of the Sinking Fund or interest on any BANs, if applicable. The rates and charges so established shall apply to any and all use of the System by and service rendered to the District and shall be paid by the District as the charges accrue. There shall be no free service.

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

Bonds purchased by Rural Development, may be paid without penalty at any time, however, such Bonds are not subject to advance refunding and defeasance.

Section 17. Additional BANs and Bonds. The District reserves the right to authorize and issue additional BANs at any time ranking on a parity with the BANs. The District reserves the right to authorize and issue Parity Bonds for the purpose of financing the cost of future additions to, extensions of and improvements to the System, or to refund obligations, subject to the following conditions:

(a) The principal of and interest on all bonds payable from the Net Revenues of the System shall have been paid in accordance with the terms thereof, and the amounts required to be paid into the Sinking Fund shall have been made to date in accordance with the provisions of this Ordinance. The Reserve Requirement shall be satisfied for the additional Parity Bonds either at the time of delivery of the additional Parity Bonds or over a ten (10) year or shorter period, in a manner which is commensurate with the requirements established in Section 11(c) of this Ordinance.

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

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

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

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

laws of the State in the case of public contracts and shall be governed in all respects by the laws of the State relating to public contracts.

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

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

(d) So long as any of the BANs or the Bonds are outstanding, the District shall acquire and maintain insurance on the insurable parts of the system, of a kind and in an amount such as is usually carried by private corporations engaged in a similar type of business. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the State. As an alternative to maintaining such insurance, the District may maintain a self-insurance program with catastrophic or similar coverage so long as such program meets the requirements of any applicable laws or regulations and is maintained in a manner consistent with programs maintained by similarly situated municipalities. All insurance or self-insurance proceeds or condemnation proceeds shall be used in replacing or restoring the System or shall be deposited in the Sinking Fund. The District shall also provide such insurance and fidelity bond coverage as required by Rural Development.

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

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

(g) The provisions of this Ordinance shall constitute a contract by and between the District and the owners of the BANs and the Bonds, all the terms of which shall be enforceable by any holder of the BANs or the Bonds by any and all appropriate proceedings in law or in equity. After the issuance of the BANs or the Bonds, this Ordinance shall not be repealed, amended or modified in any respect which will adversely affect the rights or interests of the owners of the BANs or the Bonds, nor shall the Board or any other body of the District adopt any law, ordinance or resolution which in any way adversely affects the rights of such owners so long as any of the BANs or the

Bonds remain outstanding. Except for the changes set forth in Section 20(a)(1)-(7) of this Ordinance, this Ordinance may be amended, however, without the consent of the BAN or the Bond owners, if the Board determines, in its sole discretion, that such amendment would not adversely affect the rights of any of the owners of the BANs or the Bonds.

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

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

(j) The District shall take all actions 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 District shall, insofar as possible, and to the extent permitted by law, cause all such sanitary sewers to be connected with said sewage works.

(k) If the Bonds are sold to Rural Development, the District shall refinance the unpaid balance, in whole or in part, of its Bonds upon the request of Rural Development if at any time it shall appear to Rural Development that the District is able to refinance the Bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by the Rural Development regulations.

Section 19. Investment of Funds.

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

(b) The Treasurer shall keep full and accurate records of investment earnings and income from moneys held in the Funds and Accounts continued by this Ordinance. In order to comply with the provisions of the Ordinance, the Treasurer is hereby authorized and directed to employ consultants or attorneys from time to time to advise the District as to requirements of federal law to preserve the tax exclusion described above. The Treasurer may pay the fees of such consultants or attorneys as operation expenses of the System.

(c) Tax Covenants. (1) In order to preserve the exclusion of interest on the BANs and the Bonds from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as existing on the date of issuance of the BANs or the Bonds, as the case may be (the "Code"), and as an inducement to the purchasers of the BANs and the Bonds, the District represents, covenants and agrees that it will not take any action nor fail to take any action with respect to the BANs or the Bonds that would result in the loss of the exclusion from gross income for federal tax purposes of interest on the BANs or the Bonds pursuant to Section 103 of the Code, nor will the City act in any other manner which would adversely affect such exclusion.

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

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

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

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

Section 20. Amendments with Consent of Bondholders.

(a) Subject to the terms and provisions contained in this Section and Section 18(g) of this Ordinance, and not otherwise, the owners of not less than sixty-six and two-

thirds percent (66 2/3%) in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in this Ordinance to the contrary notwithstanding, to consent to and approve the adoption by the Board of such ordinance or ordinances supplemental hereto or amendatory hereof, as shall be deemed necessary or desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this Ordinance or any supplemental ordinance; provided, however, that nothing herein contained shall permit or be construed as permitting:

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

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

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

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

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

(6) A reduction in the Reserve Requirement; or

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

(b) If the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds outstanding at the time of adoption of such supplemental ordinance shall have consented to and approved the adoption thereof by written instrument to be maintained on file in the office of the Treasurer, no owner of any Bond shall have any right to object to the adoption of such supplemental ordinance or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Board 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 District and all owners of Bonds then outstanding, shall thereafter be determined, exercised and enforced in accordance with this Ordinance, subject in all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this Ordinance, the rights and obligations of the District and the owners of the Bonds, and the terms and provisions of the Bonds and this Ordinance, or any supplemental ordinance, may be modified or altered in any respect with the consent of the District and the owners of all the Bonds then outstanding.

Section 21. Issuance of BANs.

(a) The District, having satisfied all the statutory requirements for the issuance of the Bonds, may elect to issue the BAN or BANs to a financial institution, or any other purchaser (if then authorized by State law), pursuant to a BAN Purchase Agreement, term sheet or other similar instrument (collectively, the "BAN Purchase Agreement") to be entered into between the District and the purchaser of the BAN or BANs, but only if such BAN Purchase Agreement is deemed necessary by Bond Counsel. The Board hereby authorizes the issuance and execution of the BAN or BANs in lieu of initially issuing the Bonds to provide interim financing for the Project until permanent financing becomes available and, if deemed appropriate, to refund such BAN or BANs and to pay the costs of issuance of the BANs. It shall not be necessary for the District to repeat the procedures for the issuance of the Bonds, as the procedures followed before the issuance of the BAN or BANs are for all purposes sufficient to authorize the issuance of the Bonds and the use of the proceeds to repay the BAN or BANs.

(b) The President and the Treasurer are hereby authorized and directed to execute a BAN Purchase Agreement, if any, in such form or substance as they shall approve, acting upon the advice of Bond Counsel. The President and the Treasurer may take such other actions or execute and deliver such certificates as are necessary or desirable in connection with the issuance of the BANs or the Bonds and the other documents needed for the financing as any one of them deem necessary or desirable in connection therewith.

Section 22. Loan Resolution. A Loan Resolution will be adopted by the District (the "Loan Resolution") and incorporated by reference. So long as Rural Development is the owner of any of the Bonds or BANs, the District shall be subject to the separate Loan Resolution executed and entered into by it at closing of the issuance of the Bonds in accordance with the Loan Resolution. The provisions of the Loan Resolution and the provisions of this Ordinance are to be construed wherever possible so that they will not be in conflict. In the event such a construction is not possible, the provisions of the Loan Resolution shall prevail. Notwithstanding anything to the contrary contained within this Ordinance, the District shall not repeal, amend or modify in any respect any of the covenants contained within the Loan Resolution.

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

Section 24. Conflicting Ordinances. All prior ordinances and parts of prior ordinances, insofar as they are in conflict herewith, are hereby repealed.

Section 25. Headings. The headings or titles of the sections in this Ordinance shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Ordinance.

Section 26. Effective Date. This Ordinance shall be in full force and effect from and after its passage.

Passed and adopted by the Board of Trustees of the Harrison County Regional Sewer District on this 20 day of December, 2024, by a vote of 6 in favor and ϕ opposed, with ϕ abstentions.

HARRISON COUNTY REGIONAL SEWER DISTRICT

Tom Tucker
President of the Board of Trustees

Attest:

Secretary

SCHEDULE OF EXHIBITS

EXHIBIT A - Project Description

EXHIBIT B - Form of Bond

EXHIBIT A

PROJECT DESCRIPTION

The Berkshire Wastewater Treatment Plant ("WWTP") Phase II project consist of modifications to the WWTP which replace an existing 60,000 gallons per day and to provide capacity for a new 150,000 gallons per day, which includes, but is not limited to, the following:

1. Installation of a new generator, new control building, and ultraviolet disinfection; and

2. Related improvements thereto.

EXHIBIT B

FORM OF BOND

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

UNITED STATES OF AMERICA

STATE OF INDIANA **COUNTY OF HARRISON**

HARRISON COUNTY REGIONAL SEWER DISTRICT
SEWAGE WORKS REVENUE BOND, SERIES _____

Maturity Date	Interest Rate	Original Issue Date	Authentication Date	CUSIP
[See Exhibit A]	[See Exhibit A]			

Registered Owner:

Principal Sum:

The Harrison County Regional Sewer District (the "District"), State of Indiana, for value received, hereby promises to pay to the Registered Owner specified above or registered assigns, solely out of the special revenue fund hereinafter referred to, the Principal Sum specified above[, or so much thereof as may be advanced from time to time and be outstanding as evidenced by the records of the Registered Owner making payment for this Bond (as defined below), or its assigns,] on [the Maturity Date set forth above] or [_____ and _____ in the years and in the amounts set forth in Appendix A attached hereto] [(unless this Bond is subject to and shall have been duly called for redemption and payment as provided for herein)], and to pay interest hereon until the Principal Sum shall be fully paid at the Interest Rate per annum specified above from the interest payment date to which interest has been paid next preceding the Authentication Date of this Bond, unless this Bond is authenticated after the fifteenth day of the month preceding an interest payment date and on or before such interest payment date, in which case it shall bear interest from such interest payment date, or unless this Bond is authenticated on or before _____ 15, 20__, in which case it shall bear interest from the Original Issue Date, which interest is payable annually on January 1 and July 1 of each year, beginning on _____

1, 20__. Interest shall be calculated according to a three hundred sixty-five (365) day calendar year.

The principal of and premium, if any, on this Bond is payable at the principal office of _____ (the "Registrar" or the "Paying Agent"), in the _____ of _____ Indiana. All payments of [principal of, premium, if any, and] interest on this Bond shall be paid by check mailed one business day prior to the interest payment date to the Registered Owner hereof, as of the fifteenth day of the month preceding such payment, at the address as it appears on the registration books kept by the [Treasurer of the District (the "Registrar" or the "Paying Agent") in the District] [Registrar]. [USDA Rural Development, if the Registered Owner hereof, shall be entitled to receive interest payments by wire transfer by providing wire instructions to the Paying Agent before the Record Payment 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 wire transfer payments so such payments are received at the depository by 2:30 p.m. (New York District time).] All payments on this Bond (the "Bonds"), shall be made in any coin or currency of the United States of America, which on the dates of such payment, shall be legal tender for the payment of public and private debts.

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

This Bond is one of an authorized series of Bonds of like tenor and effect, except as to numbering, interest rates per annum and dates of maturity, in the total amount of _____ Dollars ($ _____) lettered and numbered consecutively from R-1 and upward, issued for the purpose of providing funds to pay the cost of the acquisition of, and the construction and installation of certain improvements to, the System, including, without limitation, the acquisition and installation of necessary equipment therefor and the making of other site improvements related thereto (the "Project"), [to refund interim notes issued in anticipation of the Bonds (the "BANs")] and to pay the costs of issuance of the Bonds [and the BANs], as authorized by an ordinance adopted by the Board on _____, 2024, entitled "An Ordinance authorizing the acquisition, construction and installation of certain improvements for the sewage works system of Harrison County Regional Sewer District, the issuance of revenue bonds to provide the cost thereof, the collection, segregation and distribution of the revenues of such system, the safeguarding of the interests of the owners of such revenue bonds and other matters connected therewith, including the issuance of notes in anticipation of such bonds, and repealing ordinance inconsistent herewith" (the "Ordinance"), and in strict compliance with the provisions of Ind. Code 13-26, as in effect on the issue date of this Bond

(the "Act"). Capitalized terms not otherwise defined herein have the same meanings as ascribed to them in the Ordinance.

Pursuant to the provisions of the Ordinance and the Act, the principal of and interest on this Bond, and any bonds hereafter issued ranking on a parity therewith are payable solely from the Sinking Fund of the System (the "Sinking Fund") created under the Ordinance to be funded from the Net Revenues of the System, except to the extent payable from the proceeds of the Bonds.

The District irrevocably pledges, the entire Net Revenues of the System to the prompt payment of the principal of and interest on the Bonds, as more fully described in the Ordinance.

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

The District further covenants that for as long as the Bonds, and any bonds issued on a parity therewith, remain outstanding, it will set aside and pay into the Sinking Fund a sufficient amount of the Net Revenues to pay: (a) the principal of and interest on all bonds which by their terms are payable from Net Revenues, as such principal and interest shall come due; (b) the necessary fiscal agency charges for paying the principal of and interest on all bonds; and (c) an additional amount to create and maintain the debt service reserve required by the Ordinance. Such required payments shall constitute a first charge upon all the Net Revenues of the System. Reference is made to the Ordinance for a more complete statement of revenues from which and conditions under which this Bond is payable, a statement of the conditions on which obligations may hereafter be issued on parity with this Bond, the manner in which the Ordinance may be amended and the general covenants and provisions pursuant to which this Bond has been issued.

[The Bonds maturing on and after _____, 20__, are redeemable at the option of the District on _____, 20__, or any date thereafter, on sixty (60) days' notice, in whole or in part, in any order of maturity determined by the Treasurer of the District and by lot within a maturity, at face value and without premium, plus in each case accrued interest to the date fixed for redemption.]

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

Year	Amount
*	

*Final Maturity.]

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

Notice of redemption shall be mailed to the address of the Registered Owner as shown on the registration record of the District, as of the date which is forty-five (45) days prior to such redemption date, not less than thirty (30) days prior to the date fixed for redemption. The notice shall specify the date and place of redemption and sufficient identification of the Bonds called for redemption. The place of redemption may be determined by the District. 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.

[The Bonds shall be called for redemption in multiples of $1.00. The Bonds in denominations of more than $1.00 shall be treated as representing the number of Bonds obtained by dividing the denomination of the Bond by $1.00 within a maturity.] The Bonds may be redeemed in part. In the event of the redemption of the Bonds in part, upon surrender of the Bond to be redeemed, a Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond surrendered shall be issued to the Registered Owner.

[This Bond is subject to defeasance prior to payment or redemption as provided in the Ordinance. This Bond may be paid without penalty at any time, however, such Bond may not be advance refunded and defeased by the deposit of monies or direct obligations of the United States for future payments at maturity.]

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

This Bond is transferable or exchangeable only upon the books of the District kept for that purpose at the office of the Registrar, by the Registered Owner hereof in person, or by its

attorney duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the Registered Owner or its attorney duly authorized in writing, and thereupon a fully registered 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 therefore. [Except as otherwise provided in the Disclosure Agreement described below, the] [The] District, the Registrar and the Paying Agent 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, premium, if any, and interest due hereon.

The Bonds maturing in any one year are issuable only in fully registered form in the denomination of $1.00 or any integral multiple thereof not exceeding the aggregate principal amount of the Bonds maturing in such year.

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

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

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

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the preparation and completion of the execution, issuance and delivery of this 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 District has caused this Bond to be executed in its corporate name and on its behalf by the manual or facsimile signature of its President, have its corporate seal affixed hereunto, imprinted or impressed by any means, and be attested manually or by facsimile by its Secretary.

HARRISON COUNTY REGIONAL SEWER DISTRICT

[SEAL]

By:_____
President of the Board of Trustees

Attest:

_____
Secretary

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

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

[_____
_____
_____, as Registrar]

ABBREVIATIONS

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

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

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

ASSIGNMENT

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

_____

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

Dated: _____

REGISTERED OWNER:

_____

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

Signature guaranteed by:

_____

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

APPENDIX A
HARRISON COUNTY REGIONAL SEWER DISTRICT
SEWAGE WORKS REVENUE BONDS, SERIES _____

Maturity Dates	Principal Due

DMS 26411304v1