

ORDINANCE NO. 3-4-2015 (A)

An Ordinance concerning the current refunding by the Lake Santee Regional Waste and Water District of its Waterworks Revenue Bonds of 2005 and the advance refunding of its Waterworks Revenue Bonds of 2005, Series B; authorizing the issuance of waterworks refunding revenue bonds for such purpose; providing for the collection, segregation and distribution of the revenues of the waterworks and the safeguarding of the interests of the owners of the waterworks refunding revenue bonds authorized herein; other matters connected therewith; and repealing ordinances inconsistent herewith

WHEREAS, the Lake Santee Regional Waste and Water District ("District") now owns and operates an unencumbered waterworks in accordance with the provisions of Title 13, Article 26 of the Indiana Code, as in effect on the date of delivery of the bonds herein authorized, furnishing the public water supply to the District and its inhabitants; and

WHEREAS, the Board of Trustees of the District ("Board of Trustees") finds that certain hereinafter described outstanding bonds of the waterworks should be refunded to obtain a reduction in interest payments to effect a savings to the District; that the refunding of those outstanding bonds, together with accrued interest thereon and including all costs related to the refunding cannot be provided for out of funds of the waterworks now on hand and the refunding should be accomplished by the use of certain funds on hand and the issuance of revenue bonds of the waterworks; and

WHEREAS, the Board of Trustees finds that there are now outstanding certain bonds of the waterworks designated: (i) "Waterworks Revenue Bonds of 2005," dated December 28, 2005 ("2005 Bonds"), originally issued in the amount of \$2,505,000, now outstanding in the amount of \$2,248,000 and maturing annually over a period ending January 1, 2045, which 2005 Bonds constitute a first charge upon the Net Revenues (as hereinafter defined) of the waterworks; and (ii) "Waterworks Revenue Bonds of 2005, Series B," dated December 9, 2005 ("2005B Bonds"), originally issued in the amount of \$235,000, now outstanding in the amount of \$175,000 and

maturing annually over a period ending January 1, 2025, which 2005B Bonds constitute a first charge upon the Net Revenues of the waterworks, on a parity with the 2005 Bonds; and

WHEREAS, the District finds that the 2005 Bonds and the 2005B Bonds (hereinafter, collectively, "Refunded Bonds") should be refunded pursuant to the provisions of IC 5-1-5 to enable the District to obtain a reduction in interest payments and effect a savings to the District; and

WHEREAS, the District finds that it is advisable to issue its refunding revenue bonds in an amount not to exceed \$2,450,000 and to use the proceeds to refund the Refunded Bonds, together with funds on hand, and to pay for all costs related to the refunding and the issuance of the bonds hereunder; and

WHEREAS, the bonds to be issued pursuant to this ordinance will constitute a first charge against the Net Revenues of the waterworks and are to be issued subject to the provisions of IC 5-1-5 and IC 13-26, each as in effect on the date of delivery of the bonds authorized herein (collectively, "Act"), and the terms and restrictions of this ordinance; and

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

NOW THEREFORE, BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE LAKE SANTEE REGIONAL WASTE AND WATER DISTRICT, THAT:

Section 1. Issuance of Refunding Bonds; Refunding of Refunded Bonds. (a) The District being the owner of and engaged in operating a waterworks furnishing the public water supply to the District and its inhabitants, now finds it necessary to provide funds for refunding the Refunded Bonds thereby reducing its interest payments and effecting a savings, as reported

by the District's financial advisor, O.W. Krohn & Associates, LLP. The terms "waterworks," "waterworks system," "works," "system," and words of like import where used in this ordinance shall be construed to mean the existing waterworks 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.

(b) The District shall issue its "Waterworks Refunding Revenue Bonds of 2015" ("Refunding Bonds") in the maximum aggregate principal amount not to exceed \$2,450,000 for the purpose of procuring funds to be applied to the refunding of the Refunded Bonds, the payment of costs of issuance and all other costs related to the refunding. The District shall apply moneys currently held for the payment of debt service on the Refunded Bonds to the refunding as provided in Section 7.

The Refunding Bonds shall be issued in denominations of One Hundred Thousand Dollars (\$100,000) and integral multiples of \$0.01 thereafter, numbered consecutively from 1 upward, dated as of the date of delivery of the Refunding Bonds and interest shall be payable semiannually on January 1 and July 1 in each year, commencing July 1, 2015. The Refunding Bonds shall be sold at a price of not less than 99% of the par value thereof. The Refunding Bonds shall be payable in lawful money of the United States of America, at the principal office of the Paying Agent (as hereinafter defined). Such Refunding Bonds shall bear interest at a rate or rates not exceeding 3.80% per annum (to be determined by negotiation) and shall mature semiannually, or be subject to mandatory sinking fund redemption if term bonds are issued, on January 1 and July 1 over a period ending no later than January 1, 2040 and in such amounts that will produce as level annual savings as practicable or maximize savings. Interest on the

Refunding Bonds shall be calculated according to a 360-day calendar year containing twelve 30-day months.

All or a portion of the Refunding Bonds may be issued as one or more term bonds, upon election of the Purchaser (as hereinafter defined). Such term bonds shall have a stated maturity or maturities of January 1 or July 1, on the dates as determined by the Purchaser of the Refunding Bonds, but in no event later than the last serial maturity date of the Refunding 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.

Section 2. Registrar and Paying Agent; Book-Entry Provisions. The Treasurer is hereby authorized to contract with a qualified financial institution to serve as Registrar and Paying Agent for the Refunding Bonds ("Registrar" or "Paying Agent"). The Registrar is hereby charged with the responsibility of authenticating the Refunding Bonds. The Treasurer is hereby authorized to enter into such agreements or understandings with the Registrar as will enable the institution to perform the services required of a registrar and paying agent. The Treasurer is further authorized to pay such fees as the Registrar may charge for the services it provides as Registrar and Paying Agent and such fees may be paid from the Sinking Fund established to pay the principal of and interest on the Refunding Bonds as fiscal agency charges. Alternatively, upon agreement between the District and the Purchaser of the Refunding Bonds, the Treasurer is authorized to act as Registrar and Paying Agent and undertake all responsibilities of Registrar and Paying Agent under this ordinance.

The principal of and the interest on the Refunding Bonds are payable either at the office of the Registrar and Paying Agent, or such payments may be made to the registered owner of the Refunding Bonds electronically. No presentation of the Refunding Bonds is required for such payments made to the registered owner, except that upon final payment, the Refunding Bonds shall be returned to the Paying Agent for destruction. All payments on the Refunding Bonds shall be made in any coin or currency of the United States of America, which on the date of such payment, shall be legal tender for the payment of public and private debts.

Each Refunding Bond shall be transferable or exchangeable only upon the books of the District kept for that purpose at the office of the Registrar by the registered owner in person, or by its attorney duly authorized in writing, upon surrender of such Refunding 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 Refunding Bond or Refunding Bonds in an authorized aggregate principal amount and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. The costs of such transfer or exchange shall be borne by the District except for any tax or governmental charge required to be paid with respect to the transfer or exchange, which taxes or governmental charges are payable by the person requesting such transfer or exchange. The District, Registrar and Paying Agent for the Refunding Bonds may treat and consider the person in whose name such Refunding 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 District and by first class mail to each registered

owner of the Refunding 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 District. Any such notice to the District 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 District, in which event the District may appoint a successor registrar and paying agent. The District shall notify each registered owner of the Refunding Bonds then outstanding by first class mail of the removal of the Registrar and Paying Agent. Notices to the registered owners of the Refunding 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 District, the 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 Treasurer is further authorized to pay such fees as the successor registrar and paying agent may charge for the services it provides as registrar and paying agent and such fees may be paid from the Waterworks Sinking Fund created in Section 12 hereof. Any predecessor registrar and paying agent shall deliver all of the Refunding 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 the Refunding Bonds shall be payable from the interest payment date to which interest has been paid next preceding the authentication date of the Refunding Bonds unless the Refunding Bonds are authenticated after the fifteenth day of the month preceding an interest payment date and on or before such interest payment date in which case they shall bear interest

from such interest payment date, or unless the Refunding Bonds are authenticated on or before the fifteenth day of the month preceding the first interest payment date, in which case they shall bear interest from the original date until the principal shall be fully paid.

The District has determined that it may be beneficial to the District to have the Refunding Bonds held by a central depository system pursuant to an agreement between the District and The Depository Trust Company, New York, New York ("Depository Trust Company") and have transfers of the Refunding Bonds effected by book-entry on the books of the central depository system ("Book Entry System"). If the Refunding Bonds are to be held by a central depository, they may be initially issued in the form of a separate single authenticated fully registered Refunding Bond for the aggregate principal amount of each separate maturity of the Refunding Bonds. In such case, upon initial issuance, the ownership of such Refunding 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 Refunding Bonds registered in the register kept by the Registrar in the name of CEDE & CO., as nominee of the Depository Trust Company, the District and the Paying Agent shall have no responsibility or obligation to any other holders or owners (including any beneficial owner ("Beneficial Owner")) of the Refunding 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 Refunding 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 Refunding Bonds except as otherwise provided herein.

No person other than the Depository Trust Company shall receive an authenticated Refunding Bond evidencing an obligation of the District to make payments of the principal of and premium, if any, and interest on the Refunding Bonds pursuant to this ordinance. The District 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 Refunding Bonds for the purpose of (i) payment of the principal of and premium, if any, and interest on such Refunding Bonds; (ii) giving notices of redemption and other notices permitted to be given to bondholders with respect to such Refunding Bonds; (iii) registering transfers with respect to such Refunding 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 Refunding 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 District's and the Paying Agent's obligations with respect to principal of and premium, if any, and interest on the Refunding Bonds to the extent of the sum or sums so paid. Upon delivery by the Depository Trust Company to the District 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 Refunding 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 Refunding



Bonds and all notices with respect to such Refunding Bonds shall be made and given, respectively, to the Depository Trust Company as provided in a representation letter from the District to the Depository Trust Company.

Upon receipt by the District 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 Refunding Bonds shall no longer be restricted to being registered in the register of the District 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 Refunding Bonds shall designate, in accordance with the provisions of this ordinance.

If the District determines that it is in the best interest of the bondholders that they be able to obtain certificates for the fully registered Refunding Bonds, the District 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 Refunding Bonds. In such event, the Registrar shall prepare, authenticate, transfer and exchange certificates for the Refunding Bonds as requested by the Depository Trust Company and any Beneficial Owners in appropriate amounts, and whenever the Depository Trust Company requests the District and the Registrar to do so, the Registrar and the District 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 Refunding 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 Refunding Bonds.

If the Refunding Bonds shall no longer be restricted to being registered in the name of a Depository Trust Company, the Registrar shall cause the Refunding 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 Refunding Bonds printed until it shall have received from the District 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 District or the Registrar with respect to any consent or other action to be taken by bondholders, the District 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 Refunding Bonds are registered in the name of the Depository Trust Company or CEDE & CO. or any substitute nominee, the District 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 Refunding Bonds or from the Depository Trust Company on behalf of such Beneficial Owners stating the amount of their respective beneficial ownership interests in the Refunding 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 District 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 Refunding Bonds, together with the dollar amount of each Beneficial Owner's interest in the Refunding Bonds and the current addresses of such Beneficial Owners.

Section 3. The Refunding Bonds maturing on and after January 1, 2021, are redeemable at the option of the District on July 1, 2020, and thereafter on any date, on thirty (30) days' notice, in whole or in part, in the order of maturity as determined by the District and by lot within a maturity, at face value, with no premium plus in each case accrued interest to the date fixed for redemption.

If any Refunding Bond is issued as a term bond, the Paying Agent shall credit against the mandatory sinking fund requirement for the Refunding Bonds maturing as term bonds, and corresponding mandatory redemption obligation, in the order determined by the District, any Refunding 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 Refunding Bond maturing as a term bond so delivered or cancelled shall be credited by the Paying Agent at 100% of the principal amount thereof against the mandatory sinking fund obligation on such mandatory sinking fund date, and any excess of such amount shall be credited on future redemption obligations, and the principal amount of the Refunding 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 Refunding Bonds maturing as term bonds to the extent received on or before forty-five (45) days preceding the applicable mandatory redemption date.

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

Notice of optional redemption shall be given at least thirty (30) days prior to the date fixed for redemption by mail unless the notice is waived by the registered owner of a Refunding Bond. Such notice shall be mailed to the address of the registered owners as shown on the registration records of the District as of the date which is forty-five (45) days prior to such redemption date. The notice shall specify the date and place of redemption and sufficient identification of the Refunding Bonds called for redemption. The place of redemption shall be determined by the District. Interest on the Refunding Bonds so called for redemption shall cease on the redemption date fixed in such notice if sufficient funds are available at the principal office of the Paying Agent to pay the redemption price on the date so named. Coincidentally with the payment of the redemption price, the Refunding Bonds so called for redemption shall be surrendered for cancellation.

Section 4. Execution and Negotiability. Each of the Refunding Bonds shall be executed in the name of the District by the manual or facsimile signature of the President of the Board of Trustees and attested by the manual or facsimile signature of its Secretary, and the seal of the District, if any, shall be affixed, imprinted or impressed to or on each of the Refunding Bonds manually, by facsimile or any other means; and these officials, by the execution of a Signature and No Litigation Certificate, shall adopt as and for their own proper signatures the

facsimile signatures appearing on the Refunding Bonds. In case any officer whose signature or facsimile signature appears on the Refunding Bonds shall cease to be such officer before the delivery of the Refunding Bonds, the signature of such officer shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

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

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

Section 5. Form of Bonds. The form and tenor of the Refunding Bonds shall be substantially as follows, all blanks to be filled in properly prior to delivery;

[Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Lake Santee Regional Waste and Water District 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.]

UNITED STATES OF AMERICA

STATE OF INDIANA

COUNTY OF DECATUR

LAKE SANTEE REGIONAL WASTE AND WATER DISTRICT  
WATERWORKS REFUNDING REVENUE BOND OF 2015

<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Original</u> <u>Date</u>	<u>Authentication</u> <u>Date</u>	<u>[CUSIP]</u>
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3.80%            January 1, 2040    March 10, 2015    March 10, 2015

REGISTERED OWNER:

PRINCIPAL SUM:            TWO MILLION FOUR HUNDRED FIFTY THOUSAND  
DOLLARS (\$2,450,000)

The Lake Santee Regional Waste and Water District ("District"), in Decatur 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 on the Maturity Date set forth above (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 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 in which case it shall bear interest from such interest payment date, or unless this bond is authenticated on or before June 15, 2015, in which case it shall bear interest from the Original Date, which interest is payable semiannually on January 1 and July 1 of each year, beginning on July 1, 2015. Interest shall be calculated according to a 360-day calendar year containing twelve 30-day months.

The principal of and the interest on this bond are payable either at the office of the Treasurer of the District ("Registrar" or "Paying Agent"), in the City of Greensburg, Indiana, or such payments may be made to the registered owner of this bond electronically. No presentation of this bond is required for such payments made to the registered owner, except that upon final payment, this bond shall be returned to the Paying Agent for destruction. 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.

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

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

This bond is the only one of an authorized issue of bonds of the District, aggregating Two Million Four Hundred Fifty Thousand Dollars (\$2,450,000); numbered consecutively from 1 up; issued for the purpose of refunding the Refunded Bonds (as defined in the hereinafter defined Ordinance). This bond is issued pursuant to an ordinance adopted by the Board of Trustees of the District on the 4th day of March, 2015, entitled "An Ordinance concerning the current

refunding by the Lake Santee Regional Waste and Water District of its Waterworks Revenue Bonds of 2005 and the advance refunding of its Waterworks Revenue Bonds of 2005, Series B, authorizing the issuance of waterworks refunding revenue bonds for such purpose; providing for the collection, segregation and distribution of the revenues of the waterworks and the safeguarding of the interests of the owners of the waterworks refunding revenue bonds authorized herein; other matters connected therewith; and repealing ordinances inconsistent herewith" ("Ordinance"), and in accordance with the provisions of Indiana law, including without limitation Indiana Code 5-1-5 and Indiana Code 13-26, each as in effect on the date of delivery of the bonds (collectively, "Act"), the proceeds of which bonds are to be applied solely to the refunding and legal defeasance of the Refunded Bonds, including the incidental expenses incurred in connection therewith.

Pursuant to the provisions of the Act and the Ordinance, the principal of and interest on this bond and all other bonds of said issue and any bonds hereafter issued on a parity therewith are payable solely from the Waterworks Sinking Fund created by the Ordinance ("Sinking Fund") to be provided from the Net Revenues (defined as the gross revenues after deduction only for the payment of the reasonable expenses of operation, repair and maintenance) of the waterworks of the District. This bond and the issue of which it is a part constitute a first charge upon the Net Revenues in accordance with the terms thereof.

Pursuant to the Ordinance and the Escrow Agreement defined therein, the District has set aside securities (purchased from proceeds of the bonds of this issue and funds on hand of the District ) and certain cash in a Trust Account to provide payment of principal of and interest the 2005B Bonds (as defined in the Ordinance).

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

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

The bonds of this issue maturing on and after January 1, 2021, are redeemable at the option of the District on July 1, 2020, or any date thereafter, on thirty (30) days' notice, in whole or in part, in the order of maturity as determined by the District and by lot within a maturity, at face value, with no premium, plus accrued interest to the date fixed for redemption.

The bonds maturing on January 1, 2040 are subject to mandatory sinking fund redemption prior to maturity, at a redemption price equal to the principal amount thereof plus accrued interest, on the dates and in the amounts set forth below:

<u>2040 Term Bond</u>			
<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
07/01/15	\$47,085.45	01/01/28	47,343.97
01/01/16	30,135.91	07/01/28	48,243.50
07/01/16	30,708.49	01/01/29	49,160.13
01/01/17	31,291.95	07/01/29	50,094.17
07/01/17	31,886.50	01/01/30	51,045.96
01/01/18	32,492.34	07/01/30	52,015.83
07/01/18	33,109.69	01/01/31	53,004.14
01/01/19	33,738.78	07/01/31	54,011.21
07/01/19	34,379.81	01/01/32	55,037.43
01/01/20	35,033.03	07/01/32	56,083.14
07/01/20	35,698.66	01/01/33	57,148.72
01/01/21	36,376.93	07/01/33	58,234.54
07/01/21	37,068.09	01/01/34	59,341.00
01/01/22	37,772.39	07/01/34	60,468.48
07/01/22	38,490.06	01/01/35	61,617.38
01/01/23	39,221.37	07/01/35	62,788.11
07/01/23	39,966.58	01/01/36	63,981.08
01/01/24	40,725.95	07/01/36	65,196.72
07/01/24	41,499.74	01/01/37	66,435.46
01/01/25	42,288.23	07/01/37	67,697.74
07/01/25	43,091.71	01/01/38	68,983.99
01/01/26	43,910.45	07/01/38	70,294.69
07/01/26	44,744.75	01/01/39	71,630.29
01/01/27	45,594.90	07/01/39	72,991.26
07/01/27	46,461.20	01/01/40*	74,378.10

\*Final Maturity

Each principal payment amount shall be considered a separate bond for purposes of optional and mandatory redemption. If less than an entire maturity is called for redemption, the bonds to be called shall be selected by lot by the Registrar. If some bonds are to be redeemed by optional redemption and mandatory sinking fund redemption on the same date, the Registrar shall select by lot the bonds for optional redemption before selecting the bonds by lot for the mandatory sinking fund redemption.



Notice of optional redemption shall be mailed to the address of the registered owner as shown on the registration records 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 unless the notice is waived by the registered owner of this bond. 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.

If this bond shall not be presented for payment or redemption on the date fixed therefor, the District 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 District shall have no further obligation or liability in 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 his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner, or his attorney duly authorized in writing, and thereupon a new fully registered bond or bonds in an authorized aggregate principal amount and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or to the registered owner, as the case may be, in exchange therefor. This bond may be transferred without cost to the registered owner except for any tax or governmental charge required to be paid with respect to the transfer. The District, the Registrar, the Paying Agent and any other registrar or paying agent for this bond may treat and consider the person in whose name this bond is registered as the absolute owner hereof for all purposes including for the purpose of receiving payment of, or on account of, the principal hereof and interest due hereon.

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

The bonds have been designated as qualified tax-exempt obligations to qualify the bonds 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 maturing in any one year are issuable only in fully registered form in the denomination of \$100,000 or any integral multiple of \$0.1 thereafter. The sale or transfer of this bond in principal amounts of less than \$100,000 is prohibited other than through a primary offering.

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

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

IN WITNESS WHEREOF, the Lake Santee Regional Waste and Water District, in Decatur County, Indiana, has caused this bond to be executed in its corporate name by the manual or facsimile signature of the President of the Board of Trustees, **[its corporate seal to be hereunto affixed, imprinted or impressed by any means]** and attested manually or by facsimile by its Secretary.

LAKE SANTEE REGIONAL WASTE AND  
WATER DISTRICT

By: *Scott Bick*  
President

[SEAL]

Attest:

*Paul E. Gosnell*  
Secretary

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

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

TREASURER, LAKE SANTEE REGIONAL  
WASTE AND WATER DISTRICT, as Registrar

By: *Kentel A. Tazewell*  
Treasurer

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto this bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney, to transfer the within bond 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.

Section 6. Authorization for Preparation and Sale of the Refunding Bonds. (a) The Secretary is hereby authorized and directed to have the Refunding Bonds prepared, and the President and Secretary are hereby authorized and directed to execute and attest the Refunding Bonds in the form and manner provided herein. The Treasurer is hereby authorized to negotiate the sale of the Refunding Bonds to a purchaser ("Purchaser") with the advice of the District's financial advisor. Such sale may be negotiated by the solicitation of bids by the District's financial advisor. The President and the Treasurer are hereby authorized to execute a Purchase Contract or Bond Placement Agreement ("Purchase Contract") and deliver the Refunding Bonds to the Purchaser so long as their terms are consistent with this ordinance. Such Purchase Contract shall establish a final principal amount, purchase price, interest rates, maturity schedule, optional redemption features, and term bond mandatory redemptions, if any.

(b) To the extent required, the Treasurer is hereby authorized to appoint a financial institution to serve as escrow trustee ("Escrow Trustee") for the 2005B Bonds in accordance with the terms of the Escrow Agreement between the District and the Escrow Trustee ("Escrow Agreement"). The President and the Secretary are hereby authorized to complete, execute and attest the same on behalf of the District so long as its provisions are consistent with this ordinance and the Purchase Contract.

(c) The execution, by either the President, the Secretary, the Purchaser, the placement agent, or the District's financial advisor, of a subscription for United States Treasury Obligations

-- State and Local Government Series for investments of proceeds of the Refunding Bonds to be held under the Escrow Agreement in a manner consistent with this ordinance is hereby approved.

(d) Upon delivery of the Refunding Bonds, the District shall obtain an investment letter which satisfies federal and state securities laws applicable to the Refunding Bonds. In that case, the Refunding Bonds shall be issued in minimum denominations of \$100,000 and thereafter in \$0.01 increments, and restrictions shall be placed on transferring the Refunding Bonds in denominations of less than \$100,000.

(e) The Refunding Bonds, when fully paid for and delivered to the Purchaser, shall be the binding special revenue obligations of the District, payable out of the Net Revenues (herein defined as gross revenues after deduction only for the payment of the reasonable expenses of operation, repair and maintenance) of the waterworks of the District, to be set aside into the Waterworks Sinking Fund created in Section 12. The proper officers of the District are hereby directed to sell the Refunding Bonds to the Purchaser, 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. Refunding of the Refunded Bonds and Costs of Issuance. (a) Concurrently with the delivery of the Refunding Bonds, the Secretary shall use a sufficient amount of the proceeds of the Refunding Bonds and cash on hand to refund and legally defease the 2005 Bonds. Such amount shall be sufficient to provide moneys for the payment of principal of and interest on the 2005 Bonds to legally defease the 2005 Bonds.

Concurrently with the delivery of the Refunding Bonds, the Clerk-Treasurer shall acquire, with a portion of the proceeds of the Refunding Bonds and cash on hand, direct obligations of or obligations the principal and interest on which are unconditionally guaranteed

by, the United States of America ("Government Obligations") to be used, together with certain cash from the proceeds of the Refunding Bonds and cash on hand as set forth in the Escrow Agreement, to refund and legally defease the 2005B Bonds all as set forth in the Escrow Agreement. In order to refund the 2005B Bonds, the Clerk-Treasurer shall deposit Government Obligations and certain cash with the Escrow Trustee under the Escrow Agreement in an amount sufficient to provide money for payment of the principal of and interest and on the 2005B Bonds until the earliest date upon which the 2005B Bonds may be called for redemption.

(b) The Secretary shall obtain a verification of an accountant as to the sufficiency of the funds deposited and used to accomplish said refunding and legal defeasance of the Refunded Bonds.

(c) Costs of issuance of the Refunding Bonds not otherwise paid shall be paid from the remaining proceeds by the Treasurer. When all the costs of issuance of the Refunding Bonds have been paid, the Treasurer shall then transfer any amount then remaining from the proceeds of the Refunding Bonds to the Sinking Fund herein created.

Section 8. Financial Records and Accounts; Continuing Disclosure. (a) The District shall keep proper records and books of account, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues received on account of the operation of the waterworks and all disbursements made therefrom and all transactions relating to the works. The audited financial statements of the District prepared by the State Board of Accounts and all copies of financial statements and reports shall be kept on file in the office of the Secretary.

(b) If necessary to comply with the Rule, the President or the Secretary are hereby authorized and directed to complete, execute and attest a Continuing Disclosure Undertaking

("Disclosure Undertaking") on behalf of the District, consistent with the terms of this ordinance. Notwithstanding any other provisions of this ordinance, failure of the District to comply with the Disclosure Undertaking shall not be considered an event of default under the Refunding Bonds or this ordinance.

Section 9. Pledge of Net Revenues. The interest on and the principal of the Refunding Bonds issued pursuant to the provisions of this ordinance, and any bonds hereafter issued on a parity therewith, shall constitute a first charge on all the Net Revenues, and such Net Revenues are hereby irrevocably pledged to the payment of the interest on and principal of such Refunding Bonds, to the extent necessary for that purpose.

Section 10. Revenue Fund. All revenues derived from the operation of the waterworks and from the collection of water rates and charges shall be deposited in the Waterworks Revenue Fund ("Revenue Fund"), hereby created, and segregated and deposited as set forth in this ordinance. Of these revenues, the proper and reasonable expenses of operation, repair and maintenance of the works shall be paid, the requirements of the Sinking Fund shall be met, and the costs of replacements, extensions, additions and improvements shall be paid.

Section 11. Operation and Maintenance Fund. Moneys heretofore accumulated pursuant to the ordinances authorizing the Refunded Bonds in an amount equal to the expenses of operation, repair and maintenance of the waterworks for a two-month period, as calculated by the Treasurer, with the advice of the District's financial advisor, shall be credited and to become a part of the Operation and Maintenance Fund ("O&M Fund") hereby created as of the date of the refunding of the Refunded Bonds. On the last day of each calendar month, revenues of the waterworks shall be transferred from the Revenue Fund to the O&M Fund so that the balance maintained in this Fund shall be sufficient to pay the expenses of operation, repair and

maintenance for the then next succeeding two calendar months. The moneys credited to this Fund shall be used for the payment of the reasonable and proper operation, repair and maintenance expenses of the waterworks on a day-to-day basis. Any monies in said Fund may be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal of or interest on the outstanding bonds of the waterworks.

Section 12. Waterworks Sinking Fund. (a) There is hereby created 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 waterworks, and the payment of any fiscal agency charges in connection with the payment of bonds, which fund shall be designated the Waterworks Sinking Fund ("Sinking Fund"). 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 waterworks to meet the requirements of the Bond and Interest Account and of the Debt Service Reserve Account hereby created in the Sinking Fund. Such payments shall continue until the balances in the Bond and Interest Account and the Debt Service Reserve Account, equal the principal of and interest on all of the then outstanding bonds of the waterworks to the final maturity thereof.

(b) Bond and Interest Account. There is hereby created, within the Sinking Fund, the Bond and Interest Account. Any moneys heretofore accumulated to pay principal and interest on the Refunded Bonds shall be credited to and become a part of the funds used to refund and legally defease the Refunded Bonds on the date the Refunding Bonds are issued. There shall be credited on the last day of each calendar month from the Revenue Fund to the Bond and Interest Account, an amount of the Net Revenues equal to at least one-sixth (1/6) of the principal of and at least one-sixth (1/6) of the interest on all then outstanding bonds payable on the then next succeeding principal and interest payment date until the amount so credited shall equal the

principal payable during the next succeeding six (6) calendar months, and the interest payable during the next succeeding six (6) calendar months. There shall similarly be credited to the account any amount necessary to pay the bank fiscal agency charges for paying interest on outstanding bonds as the same become 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 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.

(c) Debt Service Reserve Account. There is hereby created, within the Sinking Fund, the Debt Service Reserve Account ("Reserve Account"). On the date of delivery of the Refunding Bonds, funds on hand of the waterworks, Refunding Bond proceeds or a combination thereof may be deposited into the Reserve Account. The initial balance or the balance to be accumulated in the Reserve Account shall equal but not exceed one-half of the maximum annual debt service of the Refunding Bonds and any bonds issued in the future by the District which are payable from Net Revenues of the waterworks and which rank on a parity with the Refunding Bonds ("Reserve Requirement"). The Reserve Requirement is hereby determined to be reasonable. If the initial deposit does not cause the balance therein to equal the Reserve Requirement or if no initial deposit is made, the District shall deposit a sum of Net Revenues into the Reserve Account on the last day of each calendar month until the balance in the Reserve Account equals but does not exceed the Reserve Requirement. The monthly deposits of Net Revenues shall be equal in amount and sufficient to accumulate the Reserve Requirement within five (5) years of the date of delivery of the Refunding Bonds.

The Reserve Account shall constitute the margin of safety and a protection against default in the payment of principal and interest on the Refunding Bonds and any additional parity



bonds. Moneys in the Reserve Account shall be used to pay current principal and interest on the Refunding Bonds and any additional parity bonds 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 credits into the Bond and Interest Account. Any moneys in the Reserve Account in excess of the Reserve Requirement shall be transferred to the Waterworks Improvement Fund.

Section 13. Waterworks Improvement Fund. Any excess revenues may be transferred or credited from the Revenue Fund to the Waterworks Improvement Fund ("Improvement Fund"), hereby created, and said Fund shall be used for improvements, replacements, additions and extensions of the waterworks. As of the date of the delivery of the Refunding Bonds, any other moneys of the waterworks not otherwise deposited pursuant to the terms of this ordinance shall be transferred to the Improvement Fund and used for waterworks capital improvements or for any other lawful purpose. 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 then outstanding bonds or, if necessary, to eliminate any deficiencies in credits to or minimum balance in the Reserve Account of the Sinking Fund, or may be transferred to the O&M Fund to meet unforeseen contingencies in the operation, repair and maintenance of the waterworks.

Section 14. Investment of Funds. The Sinking Fund shall be deposited in and maintained as a separate account or accounts from all other accounts of the District. The O&M Fund and the Improvement Fund may be maintained in a single account, or accounts, but such account, or accounts, shall likewise be maintained separate and apart from all other accounts of the District 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 Indiana Code, Title 5, Article 13, as amended or supplemented, and in the event of such investment the income therefrom shall become a part of the funds invested and shall be used only as provided in this ordinance.

Section 15. Defeasance of the Refunding Bonds. If, when the Refunding Bonds or a portion thereof shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the Refunding Bonds or a portion thereof for redemption shall have been given, and the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the Refunding Bonds or a portion thereof then outstanding shall be paid; or (i) sufficient moneys, or (ii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, the principal of and the interest on which when due will provide sufficient moneys for such purpose, shall be held in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case the Refunding Bonds or any designated portion thereof issued hereunder shall no longer be deemed outstanding or entitled to the pledge of the Net Revenues of the waterworks of the District.

Section 16. Rate Covenant. The District covenants and agrees that it will establish, maintain and collect reasonable and just rates and charges payable by the owner of each lot, parcel of land or building that is connected with and uses the works, which shall to the extent permitted by law produce sufficient revenues at all times to pay all legal and other necessary expenses incident to the operation of the works including maintenance costs, operating charges, upkeep, repairs, and interest charges on bonds or other obligations; to provide the sinking fund

for the liquidation of bonds or other evidence of indebtedness and reserves against default in the payment of interest and principal of bonds; and to provide adequate funds to be used as working capital, as well as funds for making improvements, additions, extensions, and replacements, it being the intent and purpose hereof that such charges shall produce an income sufficient to maintain such utility property in a sound physical and financial condition to render adequate and efficient service. So long as any of the Bonds herein authorized are outstanding, none of the facilities or services rendered by said utility shall be furnished without a reasonable and just charge being made therefor. The District shall pay like charges for any and all services rendered by said utility to the District, and all such payments shall be deemed to be revenues of the utility. Such rates or charges shall, if necessary, be changed and readjusted from time to time so that the revenues therefrom shall always be sufficient to meet the expenses of operation and maintenance, and the requirements of the Sinking Fund.

Section 17. Additional Bond Provisions. The District reserves the right to authorize and issue additional parity bonds payable out of the Net Revenues of its waterworks, ranking on a parity with the Bonds, for the purpose of financing the cost of future additions, extensions and improvements to the waterworks, or to refund obligations, subject to the following conditions:

(a) The interest on and principal of all bonds payable from the revenues of the waterworks shall have been paid to date in accordance with the terms thereof and the amounts required to be paid into the Sinking Fund and the accounts thereof shall have been paid. The Reserve Requirement shall be satisfied for the additional parity bonds either at the time of delivery of the additional parity bonds or over a five year or shorter period, in a manner which is commensurate with the requirements established in Section 12(c) of this ordinance.

(b) The projected Net Revenues of the waterworks for the fiscal year immediately following the issuance of any additional parity bonds shall be not less than one hundred twenty percent (120%) of the average annual interest and principal requirements of the then outstanding bonds and the Parity Bonds. For purposes of this subsection, the records of the waterworks shall be analyzed and all showings shall be prepared by a certified public accountant employed by the District for that purpose.

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

Section 18. Further Covenants of the District; Maintenance, Insurance, Pledge Not To Encumber, Subordinate Indebtedness, and Contract with Bondholders. For the purpose of further safeguarding the interests of the owners of the Refunding Bonds, it is hereby specifically provided as follows:

(a) The District shall at all times maintain its waterworks in good condition, and operate the same in an efficient manner and at a reasonable cost.

(b) So long as the Refunding Bonds remain outstanding, the District shall acquire and maintain insurance, including fidelity bonds, to protect the waterworks and its operations. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the State of Indiana. All insurance proceeds shall be used either in replacing or restoring the property destroyed or damaged or deposited into the Sinking Fund.

(c) So long as any of the Refunding Bonds are outstanding, the District shall not mortgage, pledge or otherwise encumber such works, or any part thereof, and shall not sell, lease

or otherwise dispose of any portion thereof except replace equipment which may become worn out or obsolete.

(d) Except as hereinbefore provided in Section 17 hereof, so long as any of the Refunding Bonds herein authorized are outstanding, no additional bonds or other obligations pledging any portion of the revenues of said waterworks shall be authorized, executed, or issued by the District except such as shall be made subordinate and junior in all respects to the Refunding Bonds herein authorized, unless all of the Refunding Bonds herein authorized are redeemed, retired or defeased pursuant to Section 15 hereof coincidentally with the delivery of such additional bonds or other obligations.

(e) The provisions of this ordinance shall constitute a contract by and between the District and the owners of the Refunding Bonds herein authorized, and after the issuance of the Refunding Bonds, this ordinance shall not be repealed or amended in any respect which will adversely affect the rights of the owners of the Refunding Bonds nor shall the Board of Trustees adopt any law, ordinance or resolution which in any way adversely affects the rights of such owners so long as any of the Refunding Bonds or the interest thereon remain unpaid. Except for the changes set forth in Section 19(a)-(f), this ordinance may be amended, however, without the consent of Refunding Bond owners, if the Board of Trustees determines, in its sole discretion, that such amendment would not adversely affect the owners of the Refunding Bonds.

(f) The provisions of this ordinance shall be construed to create a trust in the proceeds of the sale of the Refunding Bonds herein authorized for the uses and purposes herein set forth, and the owners of the Refunding Bonds 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 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 Refunding 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 waterworks, in the event the District 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 the revenues derived from the operation thereof, or if there be a default in the payment of the principal of or interest on any of the Refunding Bonds.

Section 19. Amendments with Consent of Bondholders. Subject to the terms and provisions contained in this section, and not otherwise, the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Refunding 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 Board of Trustees of the District of such ordinance or ordinances supplemental hereto or amendatory hereof, as shall be deemed necessary or desirable by the District 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 nothing herein contained shall permit or be construed as permitting:

(a) An extension of the maturity of the principal of, or any mandatory sinking fund redemption date, or interest on any Refunding Bond issued pursuant to this ordinance; or

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

(c) The creation of a lien upon or a pledge of the revenues or Net Revenues of the waterworks ranking prior to the pledge thereof created by this ordinance; or

(d) A preference or priority of any Refunding Bond or Refunding Bonds issued pursuant to this ordinance over any other Refunding Bond or Refunding Bonds issued pursuant to the provisions of this ordinance; or

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

(f) A reduction in the Reserve Requirement.

If the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Refunding 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 Secretary of the District, no owner of any Refunding 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 Board of Trustees of the District 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 Refunding 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 of the owners of the

Refunding Bonds authorized by this ordinance, and the terms and provisions of the Refunding Bonds and this ordinance, or any supplemental or amendatory ordinance, may be modified or altered in any respect with the consent of the District and the consent of the owners of all the Refunding Bonds then outstanding.

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

(a) Since the date of issuance of the Refunded Bonds and until the earlier of the last date of the reasonably expected economic life of the projects constructed with funds from the Refunded Bonds or the latest maturity date of the Refunding Bonds ("Combined Measurement Period"), the waterworks will be available for use by members of the general public. Use by a member of the general public means use by natural persons not engaged in a trade or business. During the Combined Measurement Period, no person or entity other than the District or another state or local governmental unit will use more than 10% of the proceeds of the Refunding Bonds or property financed by the Refunded Bond proceeds other than as a member of the general public. During the Combined Measurement Period, no person or entity other than the District or another state or local governmental unit will own property financed by Refunded Bond 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 Refunding Bonds. If the District enters into a management contract for the waterworks, the terms of the contract will comply with IRS Revenue Procedure 97-13, as it may be amended, supplemented or superseded from time to time, so that the contract does 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 Refunding Bonds.

(b) During the Combined Measurement Period, no more than 10% of the principal of or interest on the Refunding Bonds is (under the terms of the Refunding Bonds, 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 District) 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 Refunding Bond proceeds will be loaned to any person or entity other than another state or local governmental unit. No more than 5% of the Refunding Bond proceeds will be transferred, directly or indirectly, or deemed transferred to a nongovernmental person in any manner that would in substance constitute a loan of the Refunding Bond proceeds.

(d) The District reasonably expects, as of the date hereof, that the Refunding Bonds 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 for the Combined Measurement Period.

(e) During the Combined Measurement Period, no more than 5% of the proceeds of the Refunding Bonds 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 District will not take any action nor fail to take any action with respect to the Refunding Bonds that would result in the loss of the exclusion from gross income for federal tax purposes on the Refunding Bonds pursuant to Section 103 of the Code, nor will the District act in any other manner which would adversely affect such exclusion. The District covenants and agrees not to enter into any contracts or arrangements which would cause the Refunding Bonds 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 Refunding Bond is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not currently in effect and in existence on the date of issuance of the Refunding Bonds.

(h) The District represents that it will rebate any arbitrage profits to the United States in accordance with Section 148(4) of the Code with respect to the Refunding Bonds.

(i) The District represents that:

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

(ii) The District hereby designates the Refunding Bonds as qualified tax-exempt obligations for purposes of Section 265(b) of the Code;

(iii) 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 District and all entities subordinate to the District during 2015 does not exceed \$10,000,000; and

(iv) The District has not and will not designate more than \$10,000,000 of qualified tax-exempt obligations during 2015.

Therefore, the Refunding Bonds 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.

(j) These covenants are based solely on current law in effect and in existence on the date of delivery of the Refunding Bonds.

Section 21. Noncompliance with Tax Covenants. Notwithstanding any other provisions of this ordinance, the covenants and authorizations contained in this ordinance ("Tax Sections") which are designed to preserve the exclusion of interest on the Refunding Bonds from gross income under federal law ("Tax Exemption") need not be complied with if the District receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption.

Section 22. Conflicting Ordinances. All ordinances and parts of ordinances in conflict herewith are hereby repealed; provided, however, that this ordinance shall not be construed as adversely affecting the rights of the holders of the aforementioned Refunded Bonds.

Section 23. Headings. The headings or titles of the several sections shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this ordinance.

Section 24. Effective Date. This ordinance shall be in full force and effect from and after its passage.

Passed and adopted by the Lake Santee Regional Waste and Water District, this 4<sup>th</sup> day of March, 2015.

BOARD OF TRUSTEES

*Scott Pills*  
President

*Kathleen A. Tarzwell*

*Paul E. Gornell*

*[Signature]*

 

 

ATTEST:

*Paul E. Gornell*  
Secretary