

BOARD OF DIRECTORS
EAST SHORE CONSERVANCY DISTRICT

BOND RESOLUTION NO. 2021-0526-1

WHEREAS, the Board of Directors of the East Shore Conservancy District (the “Board”) is the governing body of the East Shore Conservancy District (the “District”);

WHEREAS, the District has heretofore been established and operates pursuant to IC 14-33, as in effect on the issue date of the bonds authorized herein (“Act”); and

WHEREAS, the East Shore Corp., an Indiana non-profit corporation (“ESC”) currently owns and operates an existing wastewater collection system (the “Existing Collection System”) that connects to the Town of Culver, Indiana’s (“Town”) wastewater system for treatment of its effluent at the Town’s wastewater treatment plant (the “Culver System”) at a cost, for a duration and in a manner as set out in a certain Sewage Treatment Agreement, dated February 11, 2020 (“Original Agreement”) as amended by the Amendment to Sewage Treatment Agreement dated April 27, 2021 (“First Amendment” and, together with the Original Agreement, the “Treatment Agreement”) existing between ESC and the Town; and

WHEREAS, the Existing Collection System is comprised of certain force mains, laterals and other collection system improvements currently operated by ESC, inclusive of certain new improvements, the construction and installation of which was completed and placed in service during the year 2020, pursuant to a construction project undertaken by ESC in the manner set out in the related drawings, specifications and cost estimates to connect to the Culver System (“2020 Improvement Project”), which 2020 Improvement Project was financed by a certain loan made available to ESC by Star Financial Bank with a maximum available principal loan amount of

\$2,000,000.00, of which an aggregate principal loan amount of \$1,541,720.09 has been drawn down and is currently outstanding (the “Outstanding ESC Loan”); and

WHEREAS, in a manner approved on April 28, 2021 by an Order of the Indiana Utility Regulatory Commission (Cause No. 45484) (the “IURC Order”) and to the extent provided for in that certain Option to Purchase, made and entered into on October 10, 2020 (the “Original Acquisition Agreement”), as amended by that certain Amendment to Option Agreement, made and entered into as of March 9, 2021 (the “First Amendment to the Acquisition Agreement” and, together with the Original Acquisition Agreement, collectively the “Acquisition Agreement”), each by and between ESC and the District related thereto:

(a) ESC will transfer and sell to the District all right, title and interest in the existing property and assets constituting the Existing Collection System (which is inclusive of the 2020 Improvement Project), including assigning ESC’s rights and interests in and to the Treatment Agreement, and the District will accept and purchase such property and assets constituting the Existing Collection System, including the rights and interests in and to the Treatment Agreement (the “Acquisition”), in consideration of its payment of a cash purchase price in an amount to be definitively determined in the manner as provided in the Acquisition Agreement, which price is not to exceed \$1,800,000 (the “Acquisition Price”); and

(b) ESC shall retain any and all of its liabilities and debts and, upon receipt of such Acquisition Price, ESC will immediately cause the Outstanding ESC Loan, together with all accrued and unpaid interest thereon, and any other liabilities and debts of ESC to be immediately paid and discharged from such sale proceeds and other available funds of ESC

and all liens in respect thereto, if any, on the Existing Collection System to be extinguished;
and

WHEREAS, the Acquisition, including the repayment of the Outstanding ESC Loan incurred to finance the 2020 Improvement Project, shall hereinafter also be referred to as the “Project”; and

WHEREAS, the District has determined, with the knowledge, concurrence and understanding of ESC, that the fair market value of the assets acquired through the Acquisition (appraised to be a value of \$2,209,000 by professional, independent appraisals obtained by the District and ESC) exceeds Acquisition Price; and

WHEREAS, the Board finds that the cost of the Project, including estimated incidental expenses, is an amount not to exceed \$1,800,000 with such cost to be definitively determined in the manner provided in the Acquisition Agreement for the establishment of the Acquisition Price; and

WHEREAS, the Board finds that the entire cost of the Project that may need to be funded with the issuance of conservancy district bonds, in one or more series and, if necessary, bond anticipation notes (“BANs”), is not expected to exceed \$1,800,000 in an aggregate principal amount; and

WHEREAS, notwithstanding the foregoing, in order to retain flexibility to permit the District to sell the unimproved portion of the wetlands field included in the Acquisition (which wetlands field constitutes approximately 12.69 acres with an estimated value of approximately \$23,000), in connection with the issuance of the Bonds (as hereinafter defined), the Board may allocate as part of its purchase of such real property any cash it applies towards the payment of the

Acquisition Price and thereby permit a sale after the issuance of the Bonds without being restricted by this Resolution (“Permitted Transfer”); and

WHEREAS, the Board has been advised that the total cost of the Project authorized herein will not exceed the lesser of: (i) \$5,575,690; or (ii) the greater of (a) one percent (1%) of the total gross assessed value of property within the District on the last assessment date (which gross assessed value was \$181,511,100), or (b) \$1,000,000, and, therefore, the Bonds will not be issued to fund a controlled project as defined in IC 6-1.1-20-1.1; and

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

WHEREAS, the Bonds herein authorized will be payable from and secured by (a) special benefits taxes to be levied on all real property within the District (except such property exempted pursuant to IC 14-33-7-4) and (b) exceptional benefits assessments on certain real property within the District to the extent that Board may, at any time hereafter, cause there to be made an assessment of exceptional benefits as provided by the Act that is consistent with this Resolution, which by this Resolution any levy and receipts from such special benefits taxes and/or any exceptional benefits assessments are pledged to the payment of the Bonds issued hereunder; and

WHEREAS, the District may enter into one or more Financial Assistance Agreements, Funding Agreements and/or Financial Aid Agreements with the Indiana Finance Authority (“Authority”) as part of one or more of its environmental programs including its wastewater loan fund program, supplemental drinking water and wastewater assistance program and/or water infrastructure assistance program (collectively, the “IFA Programs”), established and existing pursuant to IC 5-1.2-1 through IC 5-1.2-4, IC 5-1.2-10, IC 5-1.2.11 and/or IC 5-1.2-14, pertaining to the Project and the financing of the Project (hereinafter, each an “IFA Agreement”) if the Bonds

or other obligations are sold to the IFA Programs; and

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

WHEREAS, the Board has heretofore enacted sewer rates and charges which will be applicable to users of the Existing Collection System upon completion of the Acquisition to provide for operation, maintenance and repair of it by the District including as hereafter improved and extended (the "Sewage Works") and desires to (a) continue to cause rates and charges to be maintained at levels adequate to the meet the needs of the Sewage Work and (b) segregate certain operating revenues of the Sewage Works, as provided by this Resolution; and

WHEREAS, in addition to the foregoing findings, the District has caused a special benefits tax to be levied in the aggregate amount of \$180,947 that is in the course of collection during the calendar year 2021, pursuant to which the District's budget anticipates that when and if collected such would provide for some combination of (a) start-up costs related to the establishment of the District, including, but not limited to, engineering, legal, administrative fees and costs related to commencing the District's operation of the Sewage Works ("Initial Operating Funds"), (b) a reserve for costs of the nature proposed to be met by the Improvement Fund herein created ("Initial Replacement Funds") and (c) initial requirements related to the Bonds including interest thereon (or to otherwise meet the Project needs in lieu of issuance of certain of the Bonds) ("Initial Bond/Project Funds"), with the application of such amounts to be determined prior to closing of the Bonds; and

WHEREAS, the Board understands that for the Project to be permitted to be financed under the IFA Programs, the District must (a) agree to own, operate and maintain the Sewage Works (including the Existing Collection System that the District will accept and purchase pursuant to

the Acquisition Agreement) and (b) represent and warrant to the Authority that the District has no intent to sell, transfer or lease the Sewage Works (including the Existing Collection System that the District will accept and purchase pursuant to the Acquisition Agreement) for its useful life; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE EAST SHORE CONSERVANCY DISTRICT, THAT:

Section 1. Authorization of Project. The District shall proceed with the Project in accordance with the Acquisition Agreement, the IURC Order and this Resolution, which Acquisition Agreement and the IURC Order are now on file or will be subsequently placed on file in the office of the District, and are hereby adopted and approved, and by reference made a part of this Resolution as fully as if the same were attached hereto and incorporated herein. The estimated cost of the Project is expected not to exceed \$1,800,000, plus investment earnings on the BAN and Bond proceeds. The District may finance a portion of the Project needs from the Initial Bond/Project Funds in lieu of the Bonds. The Project shall be completed in accordance with the Acquisition Agreement and the IURC Order heretofore mentioned, which Project is hereby approved. The Project shall be completed and the BANs and Bonds herein authorized shall be issued pursuant to and in accordance with the Act.

In the event the Bonds or BANs are purchased by the Authority as part of the IFA Programs, on behalf of the District, the Board hereby (i) agrees to own, operate and maintain the Sewage Works (including the Existing Collection System that the District will accept and purchase pursuant to the Acquisition Agreement) for its useful life and (ii) represents and warrants to the

Authority that the District has no intent to sell, transfer or lease the Sewage Works (including the Existing Collection System that the District will accept and purchase pursuant to the Acquisition Agreement) for its useful life.

Section 2. Issuance of BANs and Bonds; Registrar and Paying Agent; Book-Entry Provisions. (a) The District shall issue, if necessary, its BANs for the purpose of procuring interim financing to apply on the cost of the Project. The District may issue its BANs, in one or more series, in an aggregate principal amount not to exceed \$1,800,000 to be designated “[Taxable] Conservancy District Bond Anticipation Notes of ___” (to be completed with the year in which issued and the appropriate series designation, if any). The BANs shall be sold at not less than 99% of their par value, shall be numbered consecutively from 1 upward, shall be in any multiples of One Thousand Dollars (\$1,000) as set forth in the hereinafter defined Note Purchase Agreement for the BANs or in denominations of One Dollar (\$1) each or integral multiples thereof, if sold to the Authority as part of its IFA Programs, shall be dated as of the date of delivery thereof, and shall bear interest at a rate not to exceed 5% per annum (the exact rate or rates to be determined through negotiation with the purchaser of the BANs) payable upon maturity or redemption. The BANs will mature no later than five (5) years after their date of delivery. The BANs are subject to renewal or extension at an interest rate or rates not to exceed 5% per annum (the exact rate or rates to be negotiated with the purchaser of the BANs). The term of the BANs and all renewal BANs may not exceed five years from the date of delivery of the initial BANs. The BANs shall be registered in the name of the purchasers thereof.

The BANs shall be issued pursuant to IC 5-1.2-1 through IC 5-1.2-4, IC 5-1.2-10, IC 5-1.2-11 and/or IC 5-1.2-14 if sold to the Authority, IC 5-1.5-8-6.1 if sold to the Indiana Bond Bank or pursuant to the Act if sold to a bank or savings association licensed to do business in Indiana.

The District shall pledge to the payment of the principal of and interest on the BANs the proceeds from the issuance of Bonds pursuant to and in the manner prescribed by the Act. The Bonds will be payable out of (i) a special benefits tax to be levied on all real property within the District and (ii) if authorized by the Board and assessed, an exceptional benefits tax.

(b) The District shall issue its conservancy district bonds, in one or more series, in the aggregate principal amount not to exceed \$1,800,000 to be designated “[Taxable] Conservancy District Bonds of _____,” to be completed with the year in which issued and series designation, if any (“Bonds”), for the purpose of procuring funds to apply on the cost of the Project, refunding the BANs, if issued, and issuance costs.

The Bonds shall be issued and sold at a price not less than their par value if sold to the Authority as part of its IFA Programs or not less than 99% of their par value if sold to any other purchaser, shall be issued in fully registered form in denominations of One Dollar (\$1) each or integral multiples thereof, if sold to the Authority as part of its IFA Programs and in denominations of \$5,000 each or integral multiples thereof if sold to any other purchaser, numbered consecutively from 1 up, originally dated as of the date of delivery and shall bear interest at a rate or rates not exceeding 5% per annum (the exact rate or rates to be determined through negotiation with the Authority, through its IFA Programs, or as determined by bidding). Interest on the Bonds is payable semiannually on January 1 and July 1 in each year, commencing on the first January 1 or the first July 1 after the date of issuance of the Bonds, as determined by the Chair, with the advice of the District's financial advisor. Principal shall be payable in lawful money of the United States of America, at the principal office of the Paying Agent (as hereinafter defined) and such Bonds shall mature annually on January 1 or be subject to mandatory sinking fund redemption on January 1 over a period ending no later than twenty (20) years after the date of issuance of the

Bonds, and in such amounts that will either (i) produce as level annual debt service as practicable taking into account the annual debt service on all series of Bonds issued hereunder, or (ii) if the Bonds are sold to the Authority as part of its IFA Programs, allow the District to meet the amortization requirements of the IFA Programs. If the Bonds are sold to the Authority as part of its IFA Programs, such debt service schedule shall be finalized and set forth in the IFA Agreement.

All or a portion of the Bonds may be issued as one or more term bonds, upon election of the purchaser thereof. Such term Bonds shall have a stated maturity or maturities consistent with the maturity schedule determined in accordance with the preceding paragraph, on January 1 on the dates as determined by the purchaser thereof, but in no event later than the final serial maturity date of the Bonds as determined in accordance with the above paragraph. The term Bonds shall be subject to mandatory sinking fund redemption and final payment(s) at maturity at 100% of the principal amount thereof, plus accrued interest to the redemption date, on principal payment dates which are hereinafter determined in accordance with the above paragraph.

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

If any series of Bonds or BANs issued hereunder are not tax-exempt obligations as described in Section 16 of this Resolution, the designated title for such Bonds and BANs shall include the word "Taxable" in such designation.

Notwithstanding anything contained herein, the District may accept any other forms of financial assistance, as and if available, from the IFA Programs (including without limitation any forgivable loans, grants or other assistance) whether available as an alternative to any Bond or BAN related provision otherwise provided for herein or as a supplement or addition thereto. Such financial assistance, if any, shall be provided in the IFA Agreement and the Bonds of each series

of Bonds issued hereunder (including any modification made pursuant to the authorization in this paragraph to the form of Bonds otherwise contained herein).

(c) The Chair and the Financial Clerk of the District are hereby authorized to contract with a qualified financial institution to serve as Registrar and Paying Agent for the Bonds, which Registrar is hereby charged with the responsibility of authenticating the Bonds (“Registrar” or “Paying Agent”). The Financial Clerk is hereby authorized to enter into such agreements or understandings with such institution as will enable the institution to perform the services required of a Registrar and Paying Agent. The Financial Clerk is further authorized to pay such fees as the institution may charge for the services it provides as Registrar and Paying Agent, and such fees may be paid from the fund created hereunder to pay the principal of and interest on the Bonds and fiscal agency charges.

As to the BANs and as to the Bonds, if sold to the Authority as part of its IFA Programs or any other purchaser that does not object to such designation, the Financial Clerk may serve as Registrar and Paying Agent and in that case is hereby charged with the duties of a Registrar and Paying Agent.

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

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

Bonds shall be payable at the principal office of the Paying Agent and all payments of interest on the Bonds shall be paid by check mailed one business day prior to the interest payment date to the registered owners thereof, as of the fifteenth day of the month preceding each payment (“Record Date”), at the addresses as they appear on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by such registered owner on or before such Record Date. If payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall be instructed to wire transfer payments by 1:00 p.m. (New York City time) so such payments are received at the depository by 2:30 p.m. (New York City time).

All payments on the Bonds and BANs shall be made in any coin or currency of the United States of America, which on the date of such payment, shall be legal tender for the payment of public and private debts.

Each Bond shall be transferable or exchangeable only upon the books of the 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 Bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount and of the same maturity shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. The costs of such transfer or exchange shall be borne by the District. The District and the Registrar and Paying Agent for the Bonds may treat and consider the person in

whose name such Bonds are registered as the absolute owner thereof for all purposes including for the purpose of receiving payment of, or on account of, the principal thereof and interest due thereon.

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

Upon the appointment of any successor registrar and paying agent by the District, the Financial Clerk 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 Financial Clerk 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 fund created to pay the principal of and interest on the Bonds. Any predecessor registrar and paying agent shall deliver all of the Bonds and any cash or investments in its possession with respect thereto, together with the registration books, to the successor registrar and paying agent.

Interest on Bonds sold to the Authority as part of its IFA Programs shall be paid from the date or dates of payments made by the Authority as part of its purchase of the Bonds pursuant to the IFA Agreement. Interest on all other Bonds shall be payable from the interest payment date to which interest has been paid next preceding the authentication date of the Bonds unless the Bonds are authenticated after the Record Date and on or before such interest payment date in which case they shall bear interest from such interest payment date, or unless the Bonds are authenticated on or before the Record Date preceding the first interest payment date, in which case they shall bear interest from the original date until the principal shall be fully paid.

(d) The District has determined that it may be beneficial to the District to have the 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 Bonds effected by book-entry on the books of the central depository system (“Book Entry System”). The Bonds may be initially issued in the form of a separate single authenticated fully registered Bond for the aggregate principal amount of each separate maturity of the Bonds. In such case, upon initial issuance, the ownership of such Bonds shall be registered in the register kept by the Registrar in the name of CEDE & CO., as nominee of the Depository Trust Company.

With respect to the Bonds registered in the register kept by the Registrar in the name of CEDE & CO., as nominee of the Depository Trust Company, the 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 Bonds with respect to (i) the accuracy of the records of the Depository Trust Company, CEDE & CO., or any Beneficial Owner with respect to ownership questions, (ii) the delivery to any bondholder (including any Beneficial Owner) or any other person, other than the Depository Trust Company, of any notice with respect to the Bonds

including any notice of redemption, or (iii) the payment to any bondholder (including any Beneficial Owner) or any other person, other than the Depository Trust Company, of any amount with respect to the principal of, or premium, if any, or interest on the Bonds except as otherwise provided herein.

No person other than the Depository Trust Company shall receive an authenticated Bond evidencing an obligation of the District to make payments of the principal of and premium, if any, and interest on the Bonds pursuant to this resolution. 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 Bonds for the purpose of (i) payment of the principal of and premium, if any, and interest on such Bonds; (ii) giving notices of redemption and other notices permitted to be given to bondholders with respect to such Bonds; (iii) registering transfers with respect to such Bonds; (iv) obtaining any consent or other action required or permitted to be taken of or by bondholders; (v) voting; and (vi) for all other purposes whatsoever. The Paying Agent shall pay all principal of and premium, if any, and interest on the Bonds only to or upon the order of the Depository Trust Company, and all such payments shall be valid and effective fully to satisfy and discharge the District's and the Paying Agent's obligations with respect to principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. Upon delivery by the Depository Trust Company to the 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 Resolution shall refer to such new nominee of the Depository Trust Company. Notwithstanding any other provision hereof to the contrary, so long as any Bond is registered in the name of CEDE & CO., as nominee of the Depository Trust Company, all payments with respect to the principal of and

premium, if any, and interest on such Bonds and all notices with respect to such Bonds shall be made and given, respectively, to the Depository Trust Company as provided in a representation letter from the 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 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 Bonds shall designate, in accordance with the provisions of this Resolution.

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 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 Bonds. In such event, the Registrar shall prepare, authenticate, transfer and exchange certificates for the bonds as requested by the Depository Trust Company and any Beneficial Owners in appropriate amounts, and whenever the Depository Trust Company requests the 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 Bonds of any Beneficial Owner's Depository Trust Company account or (ii) to arrange for another securities depository to maintain custody of certificates for and evidencing the Bonds.

If the Bonds shall no longer be restricted to being registered in the name of the Depository Trust Company, the Registrar shall cause the Bonds to be printed in blank in such number as the Registrar shall determine to be necessary or customary; provided, however, that the Registrar shall not be required to have such Bonds printed until it shall have received from the 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 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 Bonds or from the Depository Trust Company on behalf of such Beneficial Owners stating the amount of their respective beneficial ownership interests in the Bonds and setting forth the consent, advice, direction, demand or vote of the Beneficial Owners as of a record date selected by the Registrar and the Depository Trust Company, to the same extent as if such consent, advice, direction, demand or vote were made by the bondholders for purposes of this resolution 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 bonds, together with the dollar amount of each Beneficial Owner's interest in the Bonds and the current addresses of such Beneficial Owners.

Notwithstanding the foregoing, if the Bonds are sold to the Authority as part of its IFA Programs the Bonds shall not be held by a central depository system pursuant to an agreement between the District and the Depository Trust Company with transfers of the Bonds effected by a Book Entry System.

Section 3. Redemption of BANs and Bonds. (a) The BANs are prepayable by the District, in whole or in part, on any date, upon 20 days' notice to the owner of the BANs, without any premium.

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

In addition to optional redemption for any Bonds sold to the Authority as part of its IFA Programs pursuant to the prior paragraph, Bonds sold to the Authority as part of its IFA Programs are also redeemable at the option of the District on any January 1 from any EBA Prepayments (as hereinafter defined) received by the District, on thirty (30) days' notice, in whole or in part, in such an order of maturity that causes any remain outstanding principal maturities after the redemption to produce as level annual debt service as practicable, and by lot within a maturity, at face value, plus accrued interest to the date fixed for redemption.

For any Bonds not sold to the Authority as part of its IFA Programs, the Bonds are redeemable at the option of the District on any date no sooner than five (5) years after their date of delivery, on thirty (30) days' notice, in whole or in part, in the order of maturity as determined by the District and by lot within a maturity, at face value, together with a premium no greater than 2%, plus in each case accrued interest to the date fixed for redemption. The exact redemption features shall be determined by the Chair, with the advice of the District's financial advisor prior to the sale of the Bonds.

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

Each authorized denomination shall be considered a separate bond for purposes of optional and mandatory redemption. If less than an entire maturity is called for redemption, the Bonds to be called for redemption shall be selected by lot by the Registrar. If some Bonds are to be

redeemed by optional redemption and mandatory sinking fund redemption on the same date, the Registrar shall select by lot the Bonds for optional redemption before selecting the Bonds by lot for the mandatory sinking fund redemption.

(d) Notice of redemption shall be given not less than sixty (60) days (or thirty (30) days for a notice of redemption for a redemption occurring on any January 1 from any EBA Prepayments received by the District), if the Bonds are sold to the Authority as part of its IFA Programs, and thirty (30) days, if the Bonds are sold to another purchaser, prior to the date fixed for redemption unless such redemption notice is waived by the owner of the Bond or Bonds redeemed. Such notice shall be mailed to the address of the registered owner as shown on the registration record of the District as of the date which is sixty-five (65) days (or forty-five (45) days for a notice of redemption for a redemption occurring on any January 1 from any EBA Prepayments received by the District) if the Bonds are sold to the Authority as part of its IFA Programs, and forty-five (45) days if the Bonds are sold to another purchaser, prior to such redemption date. The notice shall specify the date and place of redemption and sufficient identification of the Bonds called for redemption. The place of redemption may be determined by the 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.

Section 4. Execution of Bonds and BANs. The BANs and Bonds shall be signed in the name of the District by the manual or facsimile signature of the Chair and attested by the manual or facsimile signature of its Secretary, who shall affix the seal, if any, of the District to each of the BANs and Bonds manually or shall have the seal imprinted or impressed thereon by facsimile. These officials, by the signing of a Signature and No Litigation Certificate, shall adopt

as and for their own proper signatures their facsimile signatures appearing on the BANs and Bonds.

The Bonds must be authenticated by an authorized officer of the Registrar.

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

[Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the East Shore Conservancy 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.]

NO. _____

UNITED STATES OF AMERICA

STATE OF INDIANA

COUNTY OF MARSHALL

EAST SHORE CONSERVANCY DISTRICT

[TAXABLE] CONSERVANCY DISTRICT BOND OF _____ [, SERIES ____]

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

PRINCIPAL SUM:

The East Shore Conservancy District ("District"), in the County of Marshall, State of Indiana, for value received, hereby promises to pay to the Registered Owner (named above) or registered assigns, solely out of the special fund hereinafter referred to, the Principal Sum set forth above[, or so much thereof as may be advanced from time to time and be outstanding as evidenced by the records of the registered owner making payment for this Bond, or its assigns,] on [the Maturity Date set forth above] OR [January 1 on the dates and in the amounts as set forth on Exhibit A attached hereto] (unless this Bond be subject to and shall have been duly called for redemption and payment as provided for herein), and to pay interest hereon until the Principal Sum shall be fully paid at the rate per annum specified above from [the dates of payment made on this Bond] OR [the interest payment date to which interest has been paid next preceding the Authentication Date of this Bond unless this Bond is authenticated after the fifteenth day of the

month preceding an interest payment date and on or before such interest payment in which case it shall bear interest from such interest payment date, or unless this Bond is authenticated on or before ____ 15, ____, in which case it shall bear interest from the Original Date,] which interest is payable semiannually on the first days of January and July of each year, beginning on _____, _____. Interest shall be calculated according to a 360-day calendar year containing twelve 30-day months.

[The principal of this Bond is payable at the principal office of _____ (“Registrar” or “Paying Agent”), in the _____ of _____, _____.] All payments of [principal and] interest on this Bond shall be paid by [check mailed one business day prior to the interest payment date] OR [wire transfer for deposit to a financial institution as directed by the Indiana Finance Authority (“Authority”) on the due date or, if such due date is a day when financial institutions are not open for business, on the business day immediately after such due date] to the registered owner hereof, as of the fifteenth day of the month preceding such payment, at the address as it appears on the registration books kept by [_____] (“Registrar” or “Paying Agent”) in the _____ of _____, _____.] OR [the Registrar] or at such other address as is provided to the Paying Agent in writing by the registered owner. [If payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall wire transfer payments by 1:00 p.m. (New York City time) so such payments are received at the depository by 2:30 p.m. (New York City time).] All payments on the Bond shall be made in any coin or currency of the United States of America, which on the dates of such payment, shall be legal tender for the payment of public and private debts.

This bond is the obligation and indebtedness of the District, as a special taxing district. The District, acting through its Board of Directors, covenants that it will cause a special benefits tax on all real property of the District (except such property exempted pursuant to IC 14-33-7-4) for the payment of the principal of and the interest on this Bond to be levied, collected and applied for that purpose; provided, however, the District may cause there to be made an assessment of exceptional benefits as provided by the Act (as hereinafter defined) in an amount determined by the Act and in such manner sufficient to meet and pay the principal of and interest on the bonds as they become due to the extent is not provided for by a special benefits tax. This bond is negotiable, subject to registration provisions, pursuant to the laws of the State of Indiana.

This Bond is [the only] one of an authorized issue of Bonds of the District, [[to be] [issued in series] of like date, tenor and effect, [except as to rates of interest[, series designation,] and dates of maturity]], in the total amount of _____ Dollars (\$_____) (“Bonds”), numbered from 1 up, issued for the purpose of providing funds to be applied on the cost of the Project (as defined in the hereinafter defined Resolution)[, to refund interim notes issued in anticipation of the Bonds] and to pay issuance expenses, as authorized by a Bond Resolution adopted by the Board of Directors of the District on the ____ day of _____, 2021 (“Resolution”), and in strict compliance with the provisions of IC 14-33, as in effect on the issue date of the Bonds (“Act”).

[Reference is hereby made to the IFA Agreement (“IFA Agreement”) between the District and the Indiana Finance Authority (“Authority”) concerning certain terms and covenants

pertaining to the Project and the purchase of this Bond as part of the wastewater loan program and/or supplemental assistance program established and existing pursuant to IC 5-1.2-1 through IC 5-1.2-4, IC 5-1.2-10 and IC 5-1.2-11.]

Pursuant to the provisions of the Act and the Resolution, the principal of and interest on the Bonds are payable solely from the District's Bond Fund (the "Bond Fund") to be provided from the Pledged Taxes and Assessments (as defined in the Resolution).

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

[The Bonds shall be initially issued in a Book Entry System (as defined in the Resolution). The provisions of this Bond and of the resolution 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 Bonds of this issue maturing on _____ 1, 20____, and thereafter, are redeemable at the option of the District on _____ 1, 20____, or any date thereafter, on [sixty (60)] [thirty (30)] days' notice, in whole or in part, [in the order of maturity as determined by the District] OR [in inverse order of maturity] and by lot within a maturity, at face value together with the following premiums:

____% if redeemed on _____ 1, 20____ or thereafter
on or before _____ 1, 20____;
____% if redeemed on _____ 1, 20____ or thereafter
on or before _____ 1, 20____;
____% if redeemed on _____ 1, 20____, or thereafter
prior to maturity;

plus in each case accrued interest to the date fixed for redemption[]; provided however if the Bonds are registered in the name of the Authority, the Bonds shall not be redeemable at the option of the District unless and until consented to by the Authority].

[In addition, the Bonds are also redeemable at the option of the District on any January 1 from any EBA Prepayments received by the District, on thirty (30) days' notice, in whole or in part, in such an order of maturity that causes any remain outstanding principal maturities after the redemption to produce as level annual debt service as practicable, and by lot within a maturity, at face value, plus accrued interest to the date fixed for redemption.]

[The Bonds maturing on January 1, 20____ are subject to mandatory sinking fund redemption prior to maturity, at a redemption price equal to the principal amount thereof plus accrued interest, on the dates and in the amounts set forth below:

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

*Final Maturity]

Each [One Dollar (\$1)] OR [Five Thousand Dollar (\$5,000)] principal amount shall be considered a separate bond for purposes of optional [and mandatory] redemption. If less than an entire maturity is called for redemption, the Bonds to be called for redemption shall be selected by lot by the Registrar. [If some Bonds are to be redeemed by optional redemption and mandatory sinking fund redemption on the same date, the Registrar shall select by lot the Bonds for optional redemption before selecting the Bonds by lot for the mandatory sinking fund redemption.]

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 [sixty-five (65)] [forty-five (45)] days prior to such redemption date, not less than [sixty (60)] [thirty (30)] days prior to the date fixed for redemption[; provided, however, notice of redemption for a redemption occurring on any January 1 from any EBA Prepayments received by the District 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 January 1 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.

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

This Bond is subject to defeasance prior to redemption or payment as provided in the Resolution referred to herein. THE OWNER OF THIS BOND, BY THE ACCEPTANCE HEREOF, HEREBY AGREES TO ALL THE TERMS AND PROVISIONS CONTAINED IN

THE RESOLUTION. The Resolution may be amended without the consent of the owners of the Bonds as provided in the Resolution.

The Bonds maturing in any one year are issuable only in fully registered form in the denomination of [\$1] [\$5,000] or any integral multiple thereof not exceeding the aggregate principal amount of the Bonds maturing in such year.

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

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

IN WITNESS WHEREOF, the East Shore Conservancy District, in Marshall County, Indiana, has caused this Bond to be executed in its corporate name by the manual or facsimile signature of its Chair, [its corporate seal to be hereunto affixed, imprinted or impressed by any means] and attested manually or by facsimile by its Secretary.

EAST SHORE CONSERVANCY DISTRICT

[SEAL]

By: _____
Chair, Board of Directors

Attest:

Secretary

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

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

As Registrar

By: _____
Authorized Representative

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____, the within Bond and all rights thereunder, and hereby irrevocably constitutes and

appoints _____, attorney, to transfer the within Bond in the books kept for the registration thereof with full power of substitution in the premises.

Dated: _____

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

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

[EXHIBIT A

[To be completed on a separate page]]

[End of Bond Form]

Section 6. Preparation and Sale of BANs and Bonds. (a) The Secretary is hereby authorized and directed to have the BANs and Bonds prepared, and the Chair and Secretary are hereby authorized and directed to execute the BANs and Bonds in the form and manner herein provided. The Financial Clerk is hereby authorized and directed to deliver the BANs and Bonds to the respective purchasers thereof after sale made in accordance with the provisions of this Resolution, provided that at the time of the delivery the Financial Clerk shall collect the full amount which the respective purchasers have agreed to pay therefor, which amount shall not be less than 99% of the par value of the BANs, not less than the par value of the Bonds if sold to the Authority as part of its IFA Programs and not less than 99% of the par value of the Bonds if sold to any other purchaser. The District may receive payment for the Bonds and the BANs in installments. The proceeds derived from the sale of the Bonds shall be and are hereby set aside for application on the cost of the Project hereinbefore referred to, the refunding of the BANs, if issued, and the expenses necessarily incurred in connection with the BANs and 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 resolution.

(b) Distribution of an Official Statement (preliminary and final) prepared by O.W. Krohn & Associates, LLP, on behalf of the District, is hereby approved and the Chair or the Secretary are authorized and directed to execute the Official Statement on behalf of the District in a form consistent with this resolution. The Chair or the Secretary are hereby authorized to designate the preliminary Official Statement as “nearly final” for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission (“Rule”).

(c) If necessary to comply with the Rule, the District shall execute and deliver a form of Continuing Disclosure Undertaking (“Disclosure Undertaking”). The Chair or the Secretary are hereby authorized and directed to complete and execute the Disclosure Undertaking on behalf of the District, if necessary to comply with the Rule. Notwithstanding any other provisions of this resolution, failure of the District to comply with the Disclosure Undertaking shall not be considered an event of default under the Bonds or this Resolution.

Section 7. Sale of Bonds; Award of Bonds. If any series of Bonds are sold at a competitive sale, prior to the sale of any series of such Bonds, the Financial Clerk shall cause to be published either: (i) a notice of bond sale in the newspapers which meet the requirements of IC 5-3-1, two times, at least one week apart, the first publication made at least fifteen (15) days before the date of the sale and the second publication being made at least three (3) days before the date of the sale; or (ii) a notice of intent to sell in the newspapers which meet the requirements of IC 5-3-1 and the *Indianapolis Business Journal*, all in accordance with IC 5-1-11 and IC 5-3-1. A notice of sale may also be published one time in the *Indianapolis Business Journal*, and a notice or summary notice may also be published in *The Bond Buyer* in New York, New York. The notice shall state the character and amount of the Bonds, the maximum rate of interest thereon, the terms and conditions upon which bids will be received and the sale made, and such other information as

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

The Bonds shall be awarded by the Financial Clerk to the best bidder who has submitted its bid in accordance with the terms of this Resolution, IC 5-1-11 and the notice. The best bidder will be the one who offers the lowest net interest cost to the District, to be determined by computing the total interest on all of the Bonds to their maturities, adding thereto the discount bid, if any, and

deducting the premium bid, if any. The right to reject any and all bids shall be reserved. If an acceptable bid is not received on the date of sale, the sale may be continued from day to day thereafter without further advertisement for a period of thirty (30) days, during which time no bid which provides a higher net interest cost to the District than the best bid received at the time of the advertised sale will be considered.

As an alternative to public sale, the District may negotiate the sale of the Bonds to the Authority as part of its IFA Programs. The Chair and the Secretary are hereby authorized to (i) submit an application to the Authority as part of its IFA Programs, (ii) execute a IFA Agreement with the Authority with terms conforming to this resolution and (iii) sell such Bonds upon such terms as are acceptable to the Chair and the Secretary consistent with the terms of this Resolution. The substantially final form of IFA Agreement attached hereto as Exhibit A and incorporated herein by reference is hereby approved by the Board, and the Chair and Secretary are hereby authorized to execute and deliver the same, and to approve any changes in form or substance to the IFA Agreement, such approval to be conclusively evidenced by its execution.

Section 8. Financial Records and Accounts. (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 monies received by the District and all disbursements made and all transactions relating to said Project and the Sewage Works. Copies of all such statements and reports, including audits prepared by the State Board of Accounts, shall be kept on file in the office of the District.

(b) If the BANs or Bonds are sold to the Authority as part of its IFA Programs, the District shall establish and maintain the books and other financial records of the Sewage Works (including the establishment of a separate account or subaccount for the Project) in accordance

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

Section 9. Use of Proceeds. At the time of the delivery of the Bonds, any premium shall be deposited the hereinafter defined Bond Fund and used to pay interest on the Bonds. The remaining proceeds from the sale of the Bonds, to the extent not used to refund BANs, and BAN proceeds 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 “East Shore Conservancy District, Conservancy District Construction Account” (“Construction Account”). All funds deposited to the credit of the Bond Fund or Construction Account shall be deposited, held, secured or invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds, including particularly IC 5-13, as amended and supplemented, and as applicable, pursuant to IC 5-1.2-1 through IC 5-1.2-4, IC 5-1.2-10, IC 5-1.2-11 and/or IC 5-1.2-14. The funds in the Construction Account shall be expended only for the purpose of paying the cost of the Project, refunding the BANs, if issued, or as otherwise required by the Act or for the expenses of issuance of the Bonds or BANs. The cost of obtaining the services of Dentons Bingham Greenebaum Doll LLP, the District’s Attorney and O.W. Krohn & Associates, LLP, shall be considered as a part of the cost of the Project on account of which the BANs and Bonds are issued. The engagement undertakings entered into by any of District's officers with Dentons Bingham Greenebaum Doll LLP, the District’s Attorney and O.W. Krohn & Associates, LLP are hereby ratified and approved by the Board. Any balance or balances remaining unexpended in such special account or accounts after completion of the Project, which are not required to meet unpaid obligations incurred in connection with such Project, shall either (1) be paid into the Bond Fund and used solely for the purposes of the Bond Fund or (2) be used

to reduce the rate of taxation in the District, all in accordance with IC 5-1-13, as amended and supplemented.

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

Section 10. Establishment and Pledge of Special Benefits Taxes and Assessment of Exceptional Benefits; Tax Levy and Assessment. (a) In order to provide for the payment of the principal of and interest on the Bonds, there is hereby pledged to the payment of the Bonds and there shall be levied in each year taxes and/or assessments (the “Pledged Taxes and Assessments”) as follows:

(i) upon all real property in the District (except such property exempted pursuant to IC 14-33-7-4) a special benefits tax as provided by the Act (including particularly IC 14-33-9-7 as amended) in an amount and in such manner sufficient to meet and pay the principal of and interest on the Bonds as the same become due, subject to the extent such is not provided for by an assessment of an exceptional benefits pursuant to the immediately following clause (ii); and

(ii) when and if authorized the Board, upon taxable real property in the District designated by the Board for assessment of an exceptional benefits as provided by the Act (including particularly IC 14-33-10 as amended) in an amount determined pursuant to the

Act and in such manner sufficient to meet and pay the principal of and interest on the Bonds as the same become due to extent such is not provided for by a special benefits tax pursuant to the immediately preceding clause (i).

(b) Subject to the requirements of Section 10(c), the Board retains the right to cause an assessment of an exceptional benefits to be established as provided by the Act (including particularly IC 14-33-10 as amended) upon real property in the District (except such property exempted pursuant to IC 14-33-7-4) in an amount determined pursuant to the Act and, if so established, such shall be remain in effect and be enforced in such a manner that is sufficient to meet and pay the principal of and interest on the Bonds as the same become due. To the extent the Board provides for and accepts a prepayment for any assessment of an exceptional benefits from any parcel of real property (“EBA Prepayment”), such amount shall be immediately deposited in the Bond Fund and applied to a prepayment of the Bonds in the same amount on the next January 1.

(c) If the Authority purchases the Bonds as part of its IFA Program and so long as the Bonds are outstanding and owned by the Authority, the District shall comply with the following requirements in connection with establishing any assessment of an exceptional benefits:

(i) The District shall provide a report, or have such report provided by O.W. Krohn & Associates, LLP, on behalf of the District, that describes the terms applicable to its establishment of an assessment of an exceptional benefits consistent with the requirements the Act (including particularly IC 14-33-10 as amended) upon real property in the District (except such property exempted pursuant to IC 14-33-7-4), inclusive of (A) how such assessment was or is to be determined, (B) whether, when and by what process and terms any EBA Prepayment may be made by any holders of such taxable real property

in the District (including requirements for any EBA Prepayment to be deposited in the Bond Fund prior to the Implementing Deadline in order for such to result in any proposed assessment of an exceptional benefits to not be placed for collection in the year when such would be otherwise be first due and payable), and (C) any other necessary or appropriate terms inclusive of any terms or evidence of effectiveness desired by the Board or required by the Authority in its sole discretion (which terms may vary by property subject to such being consistent with the requirements of the Act); and

(ii) The District shall submit the report described in the immediately preceding clause (i) to the Authority during the calendar year immediately preceding the calendar during which the proposed assessment of an exceptional benefits would be first due and payable, which submission to the Authority shall be no later than 90 days prior to the Implementing Deadline; and

(iii) The District shall submit to the Authority a proposed updated amortization for the Bonds reflecting any EBA Prepayments; and

Unless the District shall have meet the requirements of foregoing clauses (i) through (iii), together with all other requirements for assessment of an exceptional benefits as provided by the Act (including particularly IC 14-33-10 as amended), prior to the Implementing Deadline, the District shall cause a special benefits tax as provided in Section 10(a) to be levied to meet and pay the principal of and interest on the Bonds as the same become due. For purpose of this Section 10, the "Implementing Deadline" shall mean a date that is not later than 10 days prior to the sooner of (A) the last date the District may by law meet all requirements of the Act to cause the special benefits tax as provided in Section 10(a)(i) to be levied to meet and pay the principal of and interest on the Bonds as the same are next due and payable or (B) the last date the District may by law

meet all requirements of the Act to cause the assessment of an exceptional benefits as provided in Section 10(a)(ii) to be levied to meet and pay the principal of and interest on the Bonds as the same are next due and payable.

Section 11. District Funds.

(a) Bond Fund. There is hereby created a special fund designated the “Bond Fund” (“Bond Fund”) for the payment of the principal of and interest on the Bonds, and the payment of any fiscal agency charges in connection with the payment of the Bonds. There shall be set aside and deposited in said Bond Fund, as available, and as hereinafter provided, a sufficient amount of Pledged Taxes and Assessments (including any EBA Prepayments) to meet the requirements of (i) the principal of all then outstanding Bonds payable on the then next succeeding principal payment date and (ii) the interest on all then outstanding Bonds payable on the then next succeeding interest payment date. There shall similarly be credited to the Bond Fund any amount of the Initial Bond/Project Funds not directly applied to meet the Project needs in lieu of issuance of certain of the Bonds. There shall similarly be credited to the Bond Fund any amount necessary to pay the bank fiscal agency charges for paying interest and principal on the Bonds as the same become payable. The Board shall, from the sums deposited in the Bond Fund, remit promptly to the registered owner or to the bank fiscal agency sufficient moneys to pay the interest and principal on the due dates thereof together with the amount of bank fiscal agency charges.

(b) Operating Funds. All revenues derived from the operation of the Sewage Works and from the collection of sewer rates and charges shall be segregated and deposited as set forth in this Resolution. Of these revenues (together with any special benefits taxes levied for such purposes including the Initial Operating Funds), the proper and reasonable expenses of operation, repair and maintenance of the works shall be paid, and the costs of replacements, extensions,

additions and improvements to the works shall be paid. The District shall maintain a balance in an operating account of the District (“O &M Fund”) that is sufficient to pay the expenses of operation, repair and maintenance of the works for at least the then next succeeding two (2) calendar months. Moneys so credited shall be used for the payment of the reasonable and proper operation, repair and maintenance expenses of the Sewage Works on a day-to-day basis. After meeting the requirements to be used for the payment of the reasonable and proper operation, repair and maintenance expenses of the Sewage Works on a day-to-day basis (and subject to Section 14(h), any requirements of bonds hereafter issued payable from the net revenues of the Sewage Works), any excess revenues (together with any special benefits taxes levied for such purposes including the Initial Replacement Funds) in the O & M Fund, may be transferred or credited to the Sewage Works Improvement Fund (“Improvement Fund”) that is hereby created and said Improvement Fund shall be used for improvements, replacements, additions and extensions of the Sewage Works or for any other lawful purpose related to the Sewage Works. Subject to meeting the requirements of any agreement entered into pursuant to Section 11(c), moneys in the Improvement Fund shall be transferred to the Bond 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 Bond Fund, or may be transferred to the O & M Fund to meet unforeseen contingencies in the operation, repair and maintenance of the Sewage Works.

(c) Accounts to be held in Trust. The Bond Fund, the Improvement Fund and the Construction Account, may be held by a financial institution acceptable to the Authority as part of its IFA Programs, pursuant to terms acceptable to the Authority. The District shall transfer the Pledged Taxes and Assessments and any EBA Prepayments to the financial institution holding

such funds in trust which shall be instructed to pay the required payments in accordance with the payment and redemption schedules for the District's outstanding Bonds. The financial institution selected to serve in this role may also serve as the Registrar and the Paying Agent for the Bonds. If the Improvement Fund is so held in trust, the District shall deposit the proceeds of the Bonds therein until such proceeds are applied consistent with this Resolution and the IFA Agreement. If the Construction Account is so held in trust, the District shall deposit the proceeds of the Bonds therein until such proceeds are applied consistent with this Resolution and the IFA Agreement. The Chair and the Secretary are hereby authorized to execute and deliver an agreement with a financial institution to reflect this trust arrangement for the Bond Fund, the Improvement Fund and the Construction Account in the form of trust agreement as approved by the Chair and the Secretary, consistent with the terms and provisions of this Resolution.

Section 12. Maintenance of Accounts; Investments. The Bond Fund and Construction Account (and any portion of the Improvement Fund required by to be held pursuant to Section 11(c) in trust) shall be deposited in and maintained as a separate banking account or accounts from all other accounts of the District. All moneys deposited in the accounts shall be deposited, held and secured as public funds in accordance with the public depository laws of the State of Indiana; provided that moneys therein may be invested in obligations in accordance with the applicable laws, including particularly IC 5-13, as amended or supplemented and as applicable, pursuant to IC 5-1.2-1 through IC 5-1.2-4, IC 5-1.2-10, IC 5-1.2-11 and/or IC 5-1.2-14, 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 resolution. Nothing in this Section or elsewhere in this Resolution shall be construed to require that separate bank accounts be established and maintained for the Funds and Accounts created by this Resolution except that the Bond Fund and Construction Account

(and any portion of the Improvement Fund required by to be held pursuant to Section 11(c) in trust) shall be maintained as a separate bank account from the other Funds and Accounts of the District.

Section 13. Defeasance of Bonds. If, when any of the Bonds issued hereunder shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the Bonds or any portion thereof for redemption shall have been given, and the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the Bonds or any portion thereof and coupons then outstanding shall be paid; or (i) sufficient moneys, or (ii) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America, the principal of and the interest on which when due will provide sufficient moneys, shall be held in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case the Bonds issued hereunder or any designated portion thereof shall no longer be deemed outstanding or entitled to the pledge of Pledged Taxes and Assessments to be levied upon real property in the District.

Section 14. Further Covenants of the District; Maintenance, Insurance, Pledge Not to Encumber, Other Indebtedness, Rates, and Contract with Bondholders. For the purpose of further safeguarding the interests of the holders of the BANs and Bonds, it is specifically provided as follows:

(a) All contracts let by the District in connection with the improvements to the Sewage Works shall be let after due advertisement as required by the laws of the State of Indiana, and all contractors shall be required to furnish surety bonds in an amount equal to one hundred percent (100%) of the amount of such contracts, to insure the completion of said contracts in accordance

with their terms, and such contractors shall also be required to carry such employer's liability and public liability insurance as are required under the laws of the State of Indiana in the case of public contracts, and shall be governed in all respects by the laws of the State of Indiana relating to public contracts.

(b) The Existing Collection System was constructed under the supervision and subject to the approval of such competent engineer. Any improvements to the Sewage Works hereafter constructed shall be under the supervision and subject to the approval of such competent engineer as shall be designated by the District. All estimates for work done or material furnished shall first be reviewed by the engineer and approved by the District.

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

(d) So long as any of the BANs or Bonds are outstanding, and except for the Permitted Transfer, the District shall not sell, transfer, lease or otherwise encumber the District's property, or any portion thereof, or any interest therein, except only such machinery, equipment or other property as may be replaced, or shall no longer be necessary for use in connection with said District, provided that, if the Authority purchases the Bonds as part of its IFA Programs, so long as the Bonds are outstanding and owned by the Authority, the District shall obtain the prior written consent of the Authority. If the Bonds are held by the Authority and the District determines to make a Permitted Transfer, the District shall provide the Authority with seven (7) days' prior written notice of its determination to make a Permitted Transfer which shall identify the property to be transferred and confirming that such property was not funded from proceeds of the Bonds.

(e) If the Authority purchases the Bonds as part of its IFA Programs and so long as the Bonds are outstanding and owned by the Authority, the District shall not without the prior written consent of the Authority (i) enter into any lease, contract or agreement or incur any other liabilities in connection with the Sewage Works other than for normal operating expenditures or (ii) borrow any money (including without limitation any loan from other utilities operated by the District) in connection with the Sewage Works. For purpose this subsection, the term “lease” shall include any lease, contract, or other instrument conferring a right upon the District to use property in exchange for a periodic payments made from the revenues of the Sewage Works, whether the District desires to cause such to be, or by its terms (or its intended effects) is to be, (i) payable as rent, (ii) booked as an expense or an expenditure, or (iii) classified for accounting or other purposes as a capital lease, financing lease, operating lease, non-appropriation leases, installment purchase agreement or lease, or otherwise (including any combination thereof).

(f) So long as any of the BANS or Bonds are outstanding, the District shall acquire and maintain insurance coverage 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, acceptable to the Authority if any Bonds or BANs are sold to the Authority, including fidelity bonds. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the state of Indiana. Insurance proceeds and condemnation awards shall be used to replace or repair the Sewage Works unless, if Bonds are sold to the Authority, the Authority consents to a different use of such proceeds or awards.

(g) The District shall take all action or proceedings necessary and proper 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, cause all such sanitary sewers to be connected with said Sewage Works.

(h) The District covenants and agrees that it will establish and maintain just and equitable rates or charges for the use of and the service rendered by the Sewage Works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses the Sewage Works by or through any part of the Sewage Works of the District, or that in any way uses or is served by the Sewage Works, 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 (i) Operation and Maintenance (as defined in the IFA Agreement) of the Sewage Works if any series of Bonds are sold to the Authority and (ii) operation, repair and maintenance of the Sewage Works if all of the Bonds are sold to another purchaser, to comply with and satisfy all covenants contained in this Resolution and the IFA Agreement and to pay all obligations of the Sewage Works and of the District with respect to the Sewage Works, to the extent such obligations are not otherwise payable from Pledged Taxes and Assessments. 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, if any series of Bonds are sold to the Authority, or operation, repair and maintenance, if all of the Bonds are sold to another purchaser, of the Sewage Works and the requirements of any sinking fund and the Act. The rates and changes so established shall apply to any and all use of such works by and service rendered to the District, and shall be paid by the District as the charges accrue. In determining whether the rates and charges of the District are sufficient to meet the requirements of this rate covenant, the District may take into account any Pledged Taxes and Assessments available to pay debt service on the Bonds.

(i) The provisions of this Resolution shall constitute a contract by and between the District and the owners of the Bonds and BANs herein authorized, and after the issuance of the Bonds or BANs, this Resolution shall not be repealed or amended in any respect which will adversely affect the rights of the owners of the Bonds or BANs nor shall the Board of Directors adopt any law, ordinance or resolution which in any way adversely affects the rights of such owners so long as any of the Bonds, BANs or the interest thereon remain unpaid. Except for the changes set forth in Section 17(a)-(e), this Resolution may be amended, however, without the consent of BAN or Bond owners, if the Board of Directors determines, in its sole discretion, that such amendment would not adversely affect the owners of the BANs or Bonds; provided, however, that if the BANs or Bonds are sold to the Authority as part of its IFA Programs the District shall obtain the prior written consent of the Authority.

(j) The provisions of this Resolution shall be construed to create a trust in the proceeds of the sale of the Bonds and BANs herein authorized for the uses and purposes herein set forth, and the owners of the Bonds and BANs shall retain a lien on such proceeds until the same are applied in accordance with the provisions of this Resolution and of the governing Act. The provisions of this Resolution shall also be construed to create a trust in the portion of the Pledged Taxes and Assessments herein directed to be set apart and paid into the Bond Fund for the uses and purposes of said fund as in this Resolution set forth.

(k) If the Authority purchases the Bonds as part of its IFA Programs and so long as the Bonds are outstanding and owned by the Authority, the District, with regards to the Treatment Agreement, represents and warrants to, and covenants with, the Authority as follows: (i) such Treatment Agreement constitutes the valid and binding agreement of ESC and the Town and, when assigned by ESC to the District, such shall become the enforceable agreement of the District

without the necessity of any action or approval by the Town; (ii) the Treatment Agreement constitutes the entire agreement of the parties related to the Sewage Works, and true, accurate and complete copies of such Treatment Agreement was provided to the Authority by the District prior to the adoption of this Resolution; (iii) ESC or the District has paid the Initial Buy-in Fee provided for section 2(a) in the First Amendment (which provision replaces the same provision in Section 2 of the Original Agreement) or shall cause such Initial Buy-in Fee be paid to the Town by no later than the date of the issuance of the Bonds; (iv) ESC or the District shall cause the Additional Buy-in Fee provided for section 2(b) in the First Amendment to be paid to the Town by no later than December 31, 2021 and shall inform the Authority upon making such payment; (v) ESC is in compliance with the Treatment Agreement and, following assignment to the District, the District agrees to remain in full compliance with the Treatment Agreement; and (vi) the District agrees to not terminate or amend the Treatment Agreement without the prior written approval of the Authority.

Section 15. Investment of Funds. (a) The Financial Clerk is hereby authorized to invest money pursuant to IC 5-1-14-3 and the provisions of this Resolution (subject to applicable requirements of federal law to insure such yield is the then current market rate) to the extent necessary or advisable to preserve the exclusion from gross income of interest on the Bonds and BANs under federal law.

(b) The Financial Clerk shall keep full and accurate records of investment earnings and income from moneys held in the funds and accounts referenced herein. In order to comply with the provisions of the resolution, the Financial Clerk 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. The Financial Clerk may pay any fees as operation expenses of the District.

Section 16. Tax Covenants. In order to preserve the exclusion of interest on the Bonds and BANs from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as existing on the date of issuance of the Bonds or BANs, as the case may be (“Code”) and as an inducement to purchasers of the Bonds and BANs, the District represents, covenants and agrees that:

(a) The Project will be available for use by members of the general public. Use by a member of the general public means use by natural persons not engaged in a trade or business. No person or entity other than the District or another state or local governmental unit will use more than 10% of the proceeds of the Bonds or BANs or property financed by the Bond or BAN proceeds other than as a member of the general public. No person or entity other than the District or another state or local governmental unit will own property financed by Bond or BAN proceeds or will have any actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract, arrangements such as take-or-pay or output contracts or any other type of arrangement that conveys other special legal entitlements and differentiates that person's or entity's use of such property from use by the general public, unless such uses in the aggregate relate to no more than 10% of the proceeds of the Bonds or BANs, as the case may be. If the District enters into a management contract for the Project, the terms of the contract will comply with IRS Revenue Procedure 2017-13, as it may be amended, supplemented or superseded for time to time, so that the contract will not give rise to private business use under the Code and the Regulations, unless such use in aggregate relates to no more than 10% of the proceeds of the Bonds or BANs, as the case may be.

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

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

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

(f) The District will not take any action nor fail to take any action with respect to the Bonds or BANs that would result in the loss of the exclusion from gross income for federal tax purposes on the Bonds or BANs pursuant to Section 103 of the Code, nor will the 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 Bonds or BANs to be treated as private activity bonds under Section 141 of the Code.

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

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

(i) The District represents that:

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

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

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

(4) The aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the District and all units subordinate to the District, including on-behalf-of issuers and subordinate entities as those terms are defined in Regulations Section 1.148-8(c)(2), is not reasonably expected to exceed \$5,000,000 in calendar year 2021; and

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

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

(j) The District represents that:

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

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

(3) The reasonably anticipated amount of qualified tax-exempt obligations (including qualified 501(c)(3) obligations and tax-exempt leases but excluding other private activity bonds) which will be issued by the District, and all entities subordinate to the District during 2021 does not exceed \$10,000,000; and

(4) The District will not designate more than \$10,000,000 of qualified tax-exempt obligations during 2021.

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

The provisions of this Section 16 shall not apply to any Bonds or BANs which are issued as taxable for purposes of federal income tax.

Section 17. Amendments with Consent of Bondholders. Subject to the terms and provisions contained in this Section and Section 14(i), and not otherwise, the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds

issued pursuant to this Resolution and then outstanding shall have the right, from time to time, anything contained in this resolution to the contrary notwithstanding, to consent to and approve the adoption by the District of such resolution or resolutions supplemental hereto 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 Resolution, or in any supplemental resolution; provided, however, that if the Bonds or BANs are sold to the Authority as part of its IFA Programs, the District shall obtain the prior written consent of the Authority; and provided, further, that nothing herein contained shall permit or be construed as permitting:

(a) An extension of the maturity of the principal of or interest on any Bond issued pursuant to this Resolution; or

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

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

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

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

If the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds outstanding at the time of adoption of such supplemental resolution shall have consented to and approved the adoption thereof by written instrument to be maintained on file in the office of the Secretary of the District, no owner of any Bond issued pursuant to this resolution shall have any right to object to the adoption of such supplemental resolution or to object

to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the District or its officers from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental resolution pursuant to the provisions of this Section, this Resolution shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the District and all owners of Bonds issued pursuant to the provisions of this Resolution then outstanding, shall thereafter be determined exercised and enforced in accordance with this Resolution, subject in all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this resolution, the rights and obligations of the District and of the owners of the Bonds authorized by this Resolution, and the terms and provisions of the Bonds and this Resolution, or any supplemental resolution, may be modified or altered in any respect with the consent of the District and the consent of the owners of all the Bonds issued pursuant to this Resolution then outstanding.

Section 18. Issuance of BANs. (a) The District, having satisfied all the statutory requirements for the issuance of its Bonds, may elect to issue its BAN or BANs pursuant to a Bond Anticipation Note Purchase Agreement (“Note Purchase Agreement”) to be entered into between the District and the purchaser of the BAN or BANs. If the BANs are sold to the Authority as part of its IFA Programs, the IFA Agreement shall serve as the Note Purchase Agreement. The Board of Directors hereby authorizes the issuance and execution of the BAN or BANs in lieu of initially issuing Bonds to provide interim financing for the Project until permanent financing becomes available. It shall not be necessary for the District to repeat the procedures for the issuance of its Bonds, as the procedures followed before the issuance of the BAN or BANs are for all purposes

sufficient to authorize the issuance of the Bonds and the use of the proceeds to repay the BAN or BANs.

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

Section 19. Tax Exemption. Notwithstanding any other provisions of this resolution, the covenants and authorizations contained in this resolution (“Tax Sections”) which are designed to preserve the exclusion of interest on the BANs and 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 Sections are unnecessary to preserve the Tax Exemption.

Section 20. Preliminary Determination to Issue Bonds. Adoption of this Resolution shall constitute a preliminary determination by the District to issue bonds to finance the costs of the Project, pursuant to IC 6-1.1-20-5. Following adoption of this Resolution and pursuant to IC 6-1.1-20-5, the District shall cause notice of such preliminary determination to issue bonds to be (i) published once each week, for two (2) weeks, in accordance with IC 5-3-1-4 and (ii) posted in three (3) public places in the District.

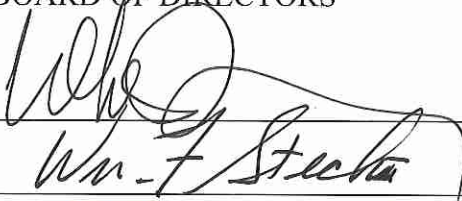
Section 21. Debt Limit Not Exceeded. The District represents and covenants that the Bonds herein authorized, when combined with other outstanding indebtedness of the District, will not exceed any applicable constitutional or statutory limitation on the District’s indebtedness.

Section 22. Conflicting Resolutions. All resolutions and parts of resolutions in conflict herewith are hereby repealed.


Section 23. Effective Date. This resolution shall be in full force and effect from and after its passage.


Adopted this 26 day of May, 2021.


EAST SHORE CONSERVANCY DISTRICT
BOARD OF DIRECTORS



W. F. Stecha







ATTEST:



Secretary

EXHIBIT A

Form of IFA Agreement

**STATE OF INDIANA
WASTEWATER REVOLVING LOAN PROGRAM**

FINANCIAL ASSISTANCE AGREEMENT made as of this ____ day of _____ 20__ by and between the Indiana Finance Authority (the "Finance Authority"), a body politic and corporate, not a state agency but an independent instrumentality of the State of Indiana (the "State") and the East Shore Conservancy District (the "Participant"), a political subdivision as defined in I.C. 5-1.2-2-57 and existing under I.C. 14-33, witnesseth:

WHEREAS, the State's Wastewater Revolving Loan Program (the "Wastewater SRF Program") has been established in accordance with the federal Clean Water Act and the regulations promulgated thereunder, and pursuant to I.C. 5-1.2-10 (the "Wastewater SRF Act"), which Wastewater SRF Act also establishes the wastewater revolving loan fund (the "Wastewater SRF Fund"); and

WHEREAS, pursuant to the Wastewater SRF Act, the State was authorized to fund the Wastewater SRF Program with federal capitalization grants, together with required state matching funds therefor, and to operate the Wastewater SRF Program, and prior to May 15, 2005 so funded and operated the Wastewater SRF Program; and

WHEREAS, pursuant to Public Law 235 - 2005, by operation of law and effective May 15, 2005, the Finance Authority has become the successor to the State in all matters related to the Wastewater SRF Program (including use and acceptance of federal capitalization grants and required state matching funds and operation of the Wastewater SRF Program); and

WHEREAS, the Participant is a duly existing political subdivision of the State, lawfully empowered to undertake all transactions and execute all documents mentioned or contemplated herein; and

WHEREAS, the Participant has determined to undertake a wastewater treatment system project (as more fully described herein, the "Project") and to borrow money from the Wastewater SRF Program to construct and acquire the Project; and

WHEREAS, the Finance Authority and the Participant desire to set forth the terms of such financial assistance as hereinafter provided.

NOW THEREFORE, in consideration of the mutual covenants herein set forth, the Finance Authority and the Participant agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. The following terms shall, for all purposes of this Agreement, have the following meaning:

“Agency” shall mean the United States Environmental Protection Agency or its successor.

“Asset Management Program” means programs, plans and documentation (including a Fiscal Sustainability Plan) that demonstrates that the Participant has the financial, managerial, technical, and legal capability to operate and maintain its Treatment Works and which is consistent with SRF Policy Guidelines including applicable requirements of the Wastewater SRF Act.

“Authorizing Instrument(s)” shall mean the separate trust indenture(s) of the Participant entered into with a corporate trustee or the detailed resolution(s) or ordinance(s) of the governing body of the Participant pursuant to which the Bonds are issued in accordance with State law.

“Authorized Representative” shall mean the Secretary of the Participant or such other officer, official, or representative of the Participant duly authorized to act for and on behalf of the Participant as provided for herein.

“Bond” or **“Bonds”** shall mean the instrument(s) which evidence(s) the Loan, as authorized by the Authorizing Instrument and containing the terms set forth in Section 2.02 of this Agreement.

“Bond Fund” shall mean the separate and segregated fund or account established and created by the Participant pursuant to the Authorizing Instrument from which payment of the principal of and interest on the Bonds is required to be made by the Participant.

“Business Day” shall mean any day other than a Saturday, Sunday or State legal holiday or any other day on which financial institutions in the State are authorized by law to close and to remain closed.

“Clean Water Act” shall mean the Federal Water Pollution Control Act, 33 U.S.C. Sections 1251-1387, and other laws, regulations and guidance supplemental thereto (including the 2014 Appropriations Act and the Water Resources Reform and Development Act of 2014), as amended and supplemented from time to time.

“Code” shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, together with the regulations related thereto.

“Construction Fund” shall mean the separate and segregated fund or account established and created by the Participant pursuant to the Authorizing Instrument to receive proceeds of the Bonds and from which Eligible Costs of the Project may be paid by the Participant.

“Credit Instrument” means a letter of credit, surety bond, liquidity facility, insurance policy or comparable instrument furnished by a Credit Provider that is used by the Participant to meet all or a portion of any debt service reserve requirement securing the Bonds or any other bonds payable from the revenues of the Treatment Works, which bonds are on a parity with the Bonds.

“Credit Provider” means a bank, insurance company, financial institution or other entity providing a Credit Instrument.

“Department” shall mean the Indiana Department of Environmental Management created under I.C. 13-13-1-1 or its successor.

“Deposit Agreement” shall mean an agreement between the Participant and the Deposit Agreement Counterparty in such form as from time to time determined by the Finance Authority pursuant to which (a) the Participant’s Bond Fund (including any reserve account established and created by the Participant pursuant to the Authorizing Instrument related thereto) shall be held by such Deposit Agreement Counterparty and available for payment of the Bonds and any other similar obligations of the Participant that are payable from the Bond Fund regardless whether they are on a parity basis, (b) such Deposit Agreement Counterparty serves as the paying agent for the Bonds and any other such similar obligations of the Participant that are payable from the Bond Fund, and (c) the Participant’s Construction Fund may be held by such Deposit Agreement Counterparty upon any Loan disbursement by the Finance Authority to it from time to time.

“Deposit Agreement Counterparty” shall mean the financial institution that enters into a Deposit Agreement with the Participant, which financial institution shall be approved by the Finance Authority and may be replaced by the Finance Authority from time to time.

“Director of Environmental Programs” shall mean the person designated by the Finance Authority as authorized to act as the Director of Environmental Programs (which designation includes such Director’s assumption of the duties previously assigned to the Wastewater SRF Program Representative and the Wastewater SRF Program Director) and where not limited, such person’s designee.

“Disbursement Agent” shall mean the party disbursing the Loan to or for the benefit of the Participant, which shall be the Trustee unless amounts are held in the Construction Fund, in which case the Disbursement Agent shall thereafter be the Deposit Agreement Counterparty as the party disbursing amounts that are held in the Construction Fund unless otherwise agreed by the Finance Authority.

“Disbursement Request” shall mean a request for a disbursement of the Loan made by an Authorized Representative in such form as the Finance Authority may from time to time prescribe.

“Eligible Cost” shall mean and include, whether incurred before or after the date of this Agreement, all costs which have been incurred and qualify for Financial Assistance, including engineering, financing and legal costs related thereto.

“Finance Authority” shall mean the Indiana Finance Authority, a body politic and corporate, not a state agency but an independent instrumentality of the State.

“Finance Authority Bonds” shall mean any Finance Authority State Revolving Fund

Program Bonds or other similar obligations of the Finance Authority issued as a part of the Wastewater SRF Program within the meaning of the Wastewater SRF Indenture.

“Financial Assistance” shall mean the financial assistance authorized by the Clean Water Act, including the Loan.

“Fiscal Sustainability Plan” means in connection with a project that provides for the repair, replacement, or expansion of an existing Treatment Works, a plan that is consistent with SRF Policy Guidelines including applicable requirements of the Wastewater SRF Act and includes (a) an inventory of critical assets that are a part of the Treatment Works, (b) an evaluation of the condition and performance of inventoried assets or asset groupings; (c) a certification that the Participant has evaluated and will be implementing water and energy conservation efforts as part of the plan; and (d) a plan for maintaining, repairing, and, as necessary, replacing the Treatment Works and a plan for funding such activities.

“Loan” shall mean the purchase of the Bonds by the Finance Authority to finance the planning, designing, constructing, renovating, improving and expanding of the Participant’s Treatment Works or refinance an existing debt obligation where such debt was incurred and building of such systems began after March 7, 1985, but does not mean the provision of other Financial Assistance.

“Loan Reduction Payment” shall mean in any circumstances where there is a balance (inclusive of Loan proceeds and any earnings) in the Construction Fund, any action causing such balance to be applied to a reduction in the maximum aggregate amount of the Loan outstanding other than pursuant to regularly scheduled principal payments or optional redemptions applicable to the Bonds. A Loan Reduction Payment shall not be applicable unless Loan amounts are held in the Construction Fund.

“Non-Use Close-out Date” shall mean that date which is the earlier of (a) the first date as of which the full amount of the Loan has been disbursed on a cumulative basis (which shall also be deemed to have occurred when and if such amounts have been deposited in the Participant’s Construction Fund) or (b) the date as of which the Participant binds itself that no further Loan disbursements will be made under this Agreement.

“Non-Use Fee” shall mean a fee in an amount determined by the Finance Authority charged to compensate it for costs and expenses within the Wastewater SRF Program. Such amount shall be the greater of (A) the product of the undrawn balance of the Loan on each applicable Non-Use Assessment Date multiplied by one percent (1%) or (B) One Thousand Dollars (\$1,000). Such fee shall apply and be payable under Section 5.09 herein with respect to each Non-Use Assessment Date until the Non-Use Close-out Date shall occur. A Non-Use Fee shall not be applicable if the full amount of the Loan has been disbursed and deposited in the Participant’s Construction Fund by the Non-Use Assessment Date.

“Non-Use Assessment Date” shall mean [_____] 1, 2023 and the first day of each sixth (6th) calendar month thereafter unless and until the Non-Use Close-out Date occurs in advance of any such Non-Use Assessment Date.

“Operation and Maintenance” shall mean the activities required to assure the continuing dependable and economic function of the Treatment Works, including maintaining compliance with National Pollutant Discharge Elimination System permits, as follows:

(1) Operation shall mean the control and management of the united processes and equipment which make up the Treatment Works, including financial and personnel management, records, reporting, laboratory control, process control, safety and emergency operation planning and operating activities.

(2) Maintenance shall mean the preservation of the functional integrity and efficiency of equipment and structures by implementing and maintaining systems of preventive and corrective maintenance, including replacements.

“Plans and Specifications” shall mean the detailed written descriptions of the work to be done in undertaking and completing the Project, including the written descriptions of the work to be performed and the drawings, cross-sections, profiles and the like which show the location, dimensions and details of the work to be performed.

“Preliminary Engineering Report” shall mean the information submitted by the Participant that is necessary for the Finance Authority to determine the technical, economic and environmental adequacy of the proposed Project.

“Project” shall mean the activities or tasks identified and described in Exhibit A to this Agreement, and incorporated herein, as amended or supplemented by the Participant and consented to by the Finance Authority, for which the Participant may expend the Loan.

“Purchase Account” shall mean the account by that name created by the Wastewater SRF Indenture and held as part of the Wastewater SRF Fund.

“SRF Policy Guidelines” shall mean guidance of general applicability (as from time to time published, amended and supplemented by the Finance Authority) pertaining to participants utilizing financial assistance in connection with their projects funded in whole or in part through the Wastewater SRF Program.

“State” shall mean the State of Indiana.

“Substantial Completion of Construction” shall mean the day on which the Finance Authority (or if designated by the Finance Authority, the Department) determines that all but minor components of the Project have been built, all equipment is operational and the Project is capable of functioning as designed.

“System Development Charges” shall mean the proceeds and balances from any non-recurring charges such as tap fees, subsequent connector fees, capacity or contribution fees, and other similar one-time charges applicable to the Treatment Works that are available for deposit under the Authorizing Instrument.

“Treatment Works” shall mean any devices and systems used in the storage, treatment, recycling, and reclamation of municipal sewage or industrial wastes of a liquid nature to implement section 201 of the Clean Water Act, or necessary to recycle or reuse water at the most economical cost over the estimated life of the works, including intercepting sewers, outfall sewers, sewage collection systems, pumping, power, and other equipment, and their appurtenances; extensions, improvements, remodeling, additions, and alterations thereof; elements essential to provide a reliable recycled supply such as standby treatment units and clear well facilities; and acquisition of the land that will be an integral part of the treatment process (including land use for the storage of treated wastewater in land treatment systems prior to land application) or will be used for ultimate disposal of residues resulting from such treatment and acquisition of other land, and interests in land, that are necessary for construction.

“Trustee” shall mean The Bank of New York Mellon Trust Company, N.A., Indianapolis, Indiana, in its capacity as trustee or its successor under the Wastewater SRF Indenture.

“2014 Appropriations Act” shall mean the Consolidated Appropriations Act, 2014 (also known as H.R. 3457), and other laws, regulations and guidance supplemental thereto (including the Clean Water Act), as amended and supplemented from time to time.

“Wastewater SRF Fund” shall mean the wastewater revolving loan fund as established by I.C. 5-1.2-10-2.

“Wastewater SRF Indenture” shall mean the Seventh Amended and Restated Wastewater SRF Trust Indenture, dated as of September 1, 2019 between the Finance Authority (as successor by operation of law to the State in all matters related to the Wastewater SRF Program) and the Trustee, as amended and supplemented from time to time.

(End of Article I)

ARTICLE II

PURPOSE OF BORROWING AND LOAN TERMS

Section 2.01. Amount; Purpose. The Finance Authority agrees to Loan an amount not to exceed [_____] Dollars (\$[_____]) in aggregate principal amount to the Participant as Financial Assistance to pay for the Eligible Costs, as hereinafter described, of the Project on, and subject to, the terms and conditions contained herein. The Loan shall be used only to pay the following Eligible Costs: (a) eligible planning services for the production of a Preliminary Engineering Report ("Planning"), (b) eligible design services for the production of Plans and Specifications ("Design") and (c) eligible construction costs, including financing and legal costs ("Construction"). The Loan shall be funded solely from available proceeds of the Finance Authority Bonds contained in the Purchase Account or from other sources that the Finance Authority may, in its sole discretion, designate. The Loan is evidenced by the Bonds executed and delivered by the Participant contemporaneously herewith. The Bonds shall be in fully registered form, with the Finance Authority registered as the registered owner. So long as the Finance Authority is the registered owner, the principal of and redemption premium, if any, and interest on the Bonds shall be paid to the Trustee by a wire transfer referenced as follows: The Bank of New York, ABA 021 000 018, For Credit to 610026840C, Account Name: East Shore Conservancy District Sewage Works, Attn: Derick Rush. The Participant agrees to undertake and complete the Project and to receive and expend the Loan proceeds in accordance with this Agreement.

Section 2.02. The Bonds.

(a) Until paid, the Bonds will bear interest at the per annum rate of [_____] percent ([_____]%). Such interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months, and be as provided in I.C. 5-1.2-10-15 and -20. Interest, if any, on the Bonds will be payable on January 1 and July 1 of each year, commencing [_____] 1, 20[____]. The Bonds will be in the aggregate principal amount of [_____] Dollars (\$[_____]). Subject to Section 2.05 and 2.06 herein, the Bonds will mature on January 1 of each of the years set forth in, and at the principal amount set opposite each such month and year set forth in the schedule contained in the attached Exhibit B to this Agreement (which is hereby incorporated by reference); provided, however, notwithstanding the foregoing or the terms of the Bonds to the contrary, no maturity of Bonds shall extend beyond the date which is thirty-five (35) years after the date of this Agreement. If the maturity date for any Bonds is beyond such date, unless otherwise agreed to, such Bonds, together with accrued and unpaid interest thereon, will be due and payable on such date.

(b) The Bonds will be subject to redemption by the Participant as provided in the Authorizing Instrument; provided however that in no event shall the Participant exercise any provision contained in the Authorizing Instrument or the Bonds permitting a redemption of the Bonds at the option of the Participant unless and until such has been consented by the Authority. The Loan, and the Bonds evidencing it, will be subject to payment by the Participant as provided in this Agreement.

(c) The form and other terms of the Bonds will be in conformity with the Authorizing Instrument.

(d) The additional terms contained in the attached Exhibit D are applicable to this Loan (as and to the extent set forth in Exhibit D) to the same effect as if such were set forth in this section.

Section 2.03. Disbursement Conditions. Each of the following shall be a condition precedent to the disbursement of the Loan or any portion thereof (including from the Construction Fund):

(a) (1) With respect to procurement of professional services related to the Project to be paid from Loan proceeds, the Participant shall have complied with applicable State law and SRF Policy Guidelines. Additionally costs related Planning and Design shall only be Eligible Costs upon compliance with paragraph A of the attached Exhibit D. (2) With respect to procurement of all other goods and services related to the Project to be paid from Loan proceeds, the Participant shall have complied with I.C. 36-1-12 and SRF Policy Guidelines.

(b) No representation, warranty or covenant of the Participant contained in this Agreement or in any paper executed and delivered in connection with the transactions contemplated by this Agreement shall be false or inaccurate in any material respect.

(c) The Participant shall undertake and faithfully perform each of its obligations, agreements and covenants contained in this Agreement, the Authorizing Instrument and the Bonds.

(d) There shall be available to the Finance Authority uncommitted funds in an amount sufficient to satisfy the Finance Authority's obligations hereunder from the proceeds of Finance Authority Bonds in the Purchase Account or from other sources that the Finance Authority may, in its sole discretion, designate; provided however, once Loan proceeds have been deposited in the Construction Fund, such condition shall be deemed satisfied.

(e) The Participant shall have undertaken all actions necessary to comply with and satisfy the conditions and requirements for a Loan secured with money made available from the Wastewater SRF Fund as set forth in federal and State statutes, rules and regulations, including I.C. 5-1.2-10, SRF Policy Guidelines, the Clean Water Act and 40 C.F.R. Part 35.

(f) Prior to making any Loan disbursement to pay any Construction costs, the Project shall have been approved by the State's Historical Preservation Officer in a manner consistent with the policies and practices of the Wastewater SRF Program (the "Historical Preservation Approval"). Notwithstanding any provision of this Agreement to the contrary, in the event a Historical Preservation Approval has not been given within four (4) months after the date of this Agreement, the Finance Authority may, in its sole discretion, (i) reduce the aggregate amount of the Loan to the amount then disbursed and

outstanding under this Agreement and (ii) if any amounts are held in the Construction Fund, require a Loan Reduction Payment pursuant to Section 2.06 herein as if it were a date that was three (3) years after the dated date of the Bonds. Upon giving notice to the Participant of such action, no further Loan disbursement (including from the Construction Fund) may be made under this Agreement unless consented to by the Finance Authority.

(g) In the event the Bonds are payable from rates and charges of the Treatment Works and if requested by the Finance Authority, the Participant shall provide evidence satisfactory to the Finance Authority demonstrating that such rates and charges are at a level adequate to produce and maintain sufficient net revenue after providing for the proper Operation and Maintenance of the Treatment Works, on a proforma basis consistent with SRF Policy Guidelines, to provide 1.25x coverage on all obligations of the Treatment Works (including the Bonds).

Section 2.04. Disbursement Procedures. Loan proceeds (including any held from time to time in the Construction Fund) shall be disbursed to the Participant by the Disbursement Agent for actual Eligible Costs incurred with respect to the Project. The Finance Authority may, in its discretion, cause Loan disbursements to be made (a) directly to the person or entity identified in the Disbursement Request to whom payment is due, or (b) if advised in writing by the Participant that I.C. 36-1-12-14 or a similar law applies to the Project, to the Participant for purposes of collecting retainage, or some combination thereof. Any Loan proceeds in excess of the amount subject to retainage controlled by the Participant will be immediately remitted to the person or entity to whom payment is due, no later than three (3) Business Days after receipt or the date such Loan proceeds are no longer subject to retainage. The Finance Authority may, in its discretion, cause Loan disbursements to be made from time to time, in whole or in part, to the Participant's Construction Fund for disbursement consistent with this Agreement. Loan disbursements shall not be made more frequently than monthly and shall only be made following the submission of a Disbursement Request to the Finance Authority. Disbursement Requests shall be approved by the Director of Environmental Programs prior to submission to the Disbursement Agent for a Loan disbursement. Disbursement Requests shall be numbered sequentially, beginning with the number 1.

Section 2.05. Effect of Disbursements. Loan disbursements made to or for the benefit of the Participant shall be deemed to be a purchase of the Bonds in such amounts and with such maturities as achieves as level debt service as practicable, and with no maturity longer than the original maturity schedule; provided that any principal payments originally scheduled under Section 2.02 herein as being due prior to one year after Substantial Completion of Construction shall first be deemed to be a purchase of the Bonds in order of maturity. The deposit of Loan proceeds in the Construction Fund shall be deemed to be a purchase of the Bonds. Interest on the Loan commences on disbursement of the Loan to or for the benefit of the Participant (including any amounts disbursed to the Construction Fund) by the Finance Authority and the Bonds shall be deemed to be purchased in the full amount thereof. Each disbursement (including any amounts disbursed from the Construction Fund) shall be made pursuant to a Disbursement Request. In the event any Loan disbursement (including any amounts disbursed from the Construction Fund) shall be made in excess of Eligible Costs, such excess disbursements shall be immediately paid by the Participant to the Disbursement Agent (and if made from any amounts held in the Construction

Fund, shall be immediately deposited by the Participant into such Construction Fund) and thereafter may, subject to the terms and conditions set forth in this Agreement, be applied thereafter to pay Eligible Costs of the Project by the Participant.

Section 2.06. Acknowledgment of Amount of Loan; Final Disbursement. (a) Within 30 days after any request by the Finance Authority from time to time, the Participant shall execute and deliver to the Finance Authority an acknowledgment in the form prescribed by the Finance Authority which acknowledges the outstanding principal of and interest on the Bonds. Unless the Finance Authority consents in writing, no Loan disbursement shall be made more than one year after Substantial Completion of Construction. After Substantial Completion of Construction, upon the request of the Finance Authority, the Participant shall replace, at its expense, the Bonds with substitutes issued pursuant to the Authorizing Instrument to evidence the outstanding principal under the Loan.

(b) In the event there remains a balance (inclusive of Loan proceeds and any earnings) in the Construction Fund on the date that is the earlier of (i) one year after Substantial Completion of Construction or (ii) three (3) years after the dated date of the Bonds (or in either such circumstance, such later date as the Finance Authority may approve in its discretion), the Participant agrees to make a Loan Reduction Payment, to the Finance Authority within 10 days after any Finance Authority written demand. Any Loan Reduction Payment shall be applied to pay principal in such amounts and with such maturities as achieves as level debt service as practicable consistent with methodology prescribed in the Authorizing Instrument and as originally applied to the Bonds, and with no maturity longer than the original maturity schedule; provided that any principal payments originally scheduled under Section 2.02 herein as being due prior to the Loan Reduction Payment shall be unaffected by such payment. If the Authorizing Instrument permits the Participant to apply Bond proceeds to pay interest accruing on or before Substantial Completion of Construction, the Participant may seek to reimburse itself for such interest costs it has paid pursuant to a Disbursement Request provided. If the Participant fails to make such Loan Reduction Payment by such date, the Finance Authority and Deposit Agreement Counterparty are authorized to cause any balance held in the Construction Fund to be so applied without further direction and authorization from the Participant. Notwithstanding the foregoing, if requested by the Finance Authority, in lieu of the Participant making a Loan Reduction Payment, the Finance Authority may in its discretion require the Participant to hold any remaining balance (inclusive of Loan proceeds and any earnings) in the Construction Fund until such amounts may be applied on the first optional redemption date applicable to the Bonds, and upon any such request, the Participant agrees to cause such amounts to be so held and applied on such date.

(End of Article II)

ARTICLE III

REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE PARTICIPANT

Section 3.01. Planning, Design and Construction Covenants. The Participant hereby covenants and agrees with the Finance Authority that the Participant will:

(a) Provide information as requested by the Finance Authority to determine the need for, or to complete any necessary, environmental review or analysis.

(b) Comply with the procurement procedures and affirmative action requirements contained in SRF Policy Guidelines in the Planning, Design and Construction of the Project to the extent that such are to be paid from Loan proceeds.

(c) With respect to prime and first tier contract awards, report minority and women business enterprise utilization in the Planning, Design and Construction of the Project, to the extent that such are to be paid from Loan proceeds, by executing and delivering Agency Form SF 5700-52 to the Finance Authority whenever any agreements or subagreements are awarded. (These reports must be submitted on regular reporting cycles consistent with SRF Policy Guidelines commencing after such agreement or subagreement is awarded.)

(d) Comply with all applicable federal, State and local statutes, rules and regulations relating to the acquisition and construction of the Treatment Works.

(e) In the event Construction is to be paid from Loan proceeds, prior to an award of any contract for Construction of the Project, obtain a construction permit from the Department and receive the written approval of the Finance Authority of the Preliminary Engineering Report.

(f) Obtain the property rights necessary to construct the Treatment Works and, in procuring any such rights comply with federal and State law.

(g) In the event Construction is to be paid from Loan proceeds, comply with the federal Davis-Bacon Act, codified at 40 U.S.C. 276a-276a-5 unless separately waived by the Finance Authority.

(h) In the event Construction is to be paid from Loan proceeds, execute and deliver to the Finance Authority Agency Form 4700-4 ("Pre-award Compliance Review Report for Wastewater Treatment Construction Grants") and such other forms as may be required by the Clean Water Act or SRF Policy Guidelines.

(i) In the event Construction is to be paid from Loan proceeds, follow guidance issued by the Finance Authority in procuring contracts for Construction, including (1) submission to the Finance Authority of Project change orders, (2) obtaining approval from the Director of Environmental Programs of any Project change order which significantly

changes the scope or Design of the Project or, when taking into account other change orders and contracts, are reasonably expected to result in expenditures in an amount greater than the Loan, (3) receiving approval from the Director of Environmental Programs prior to the award of any contract for Construction and (4) receiving authorization from the Director of Environmental Programs prior to initiating procurement of Construction of the Project.

(j) In the event Construction is to be paid from Loan proceeds, before awarding Construction contracts, receive approval of the Director of Environmental Programs for the user charge system (including any use ordinance and interlocal agreement) associated with the Project.

(k) In the event Construction is to be paid from Loan proceeds, cause the Project to be constructed in accordance with the Preliminary Engineering Report and Plans and Specifications, using approved contract papers.

(l) Permit the Finance Authority and its agents to inspect from time to time (1) the Project, (2) the Treatment Works and (3) the books and other financial records of the Treatment Works, including the inspections described in SRF Policy Guidelines. Construction contracts shall provide that the Finance Authority or its agents will have access to the Project and the work related thereto and that the Participant's contractor will provide proper facilities for such access and inspection. All files and records pertaining to the Project shall be retained by the Participant for at least six years after Substantial Completion of Construction.

(m) Upon Substantial Completion of Construction and when requested by the Finance Authority, provide audited reports to the Finance Authority to permit the Finance Authority to determine that the Loan proceeds have been used in compliance with this Agreement.

(n) In the event Construction is to be paid from Loan proceeds, within one year of Substantial Completion of Construction, consistent with SRF Policy Guidelines, certify to the Finance Authority that the Project meets performance standards, or if not met, (1) submit to the Finance Authority (or if directed by the Finance Authority, to the Department) a corrective action plan and (2) promptly and diligently undertake any corrective action necessary to bring the Project into compliance with such standards.

(o) In the event Construction is to be paid from Loan proceeds, within one year of Substantial Completion of Construction, provide as-built plans for the Project to the Finance Authority (or if directed by the Finance Authority, to the Department).

Section 3.02. General Covenants. The Participant hereby covenants and agrees with the Finance Authority that the Participant will:

(a) Comply with all applicable federal, State and local statutes, rules and regulations relating to Operation and Maintenance.

(b) (1) Own, operate and maintain the Project and the Treatment Works for their useful life, or cause them to be operated and maintained for their useful life; (2) at all times maintain the Treatment Works in good condition and operate it in an efficient manner and at a reasonable cost; and (3) not sell, transfer, lease or otherwise encumber the Treatment Works or any portion thereof or any interest therein without the prior written consent of the Finance Authority.

(c) Obtain and maintain the property rights necessary to operate and maintain the Treatment Works, and in procuring any such rights, comply with federal and State law.

(d) Acquire and maintain insurance coverage acceptable to the Finance Authority, including fidelity bonds, to protect the Treatment Works and its operations. All insurance shall be placed with responsible insurance companies qualified to do business under State law. Insurance proceeds and condemnation awards shall be used to replace or repair the Treatment Works unless the Finance Authority consents to a different use of such proceeds or awards.

(e) Establish and maintain the books and other financial records of the Project (including the establishment of a separate account or subaccount for the Project) in accordance with (1) generally accepted governmental accounting principles, as promulgated by the Government Accounting Standards Board (including GASB No. 34 standards relating to the reporting of infrastructure) and (2) the rules, regulations and guidance of the State Board of Accounts.

(f) Provide to the Finance Authority such periodic financial and environmental reports as it may request from time to time, including (1) annual operating and capital budgets and (2) such other information requested or required of the Finance Authority or the Participant by the Agency.

(g) Provide to the Finance Authority audited financial statements of the Participant inclusive of the activities of the Treatment Works, commencing with financial statements for a calendar year period that ends not more than two (2) years after the date of this Agreement (and for each calendar year period that ends every two (2) years thereafter until the Loan has been repaid), which audit (i) shall have been performed by the Indiana State Board of Accounts or by an independent public accountant and (ii) shall be submitted to the Finance Authority no later than nine (9) months following the end of the calendar year period to which such audit pertains.

(h) Develop, certify, implement and maintain an Asset Management Program (including a Fiscal Sustainability Plan) of the Participant that meets SRF Policy Guidelines including applicable requirements of the Wastewater SRF Act. The Participant acknowledges that its agreement to develop, certify, implement and maintain an Asset Management Program (including a Fiscal Sustainability Plan) as provided in this subsection was a condition of the Loan. Unless the Participant's Asset Management Program (including a Fiscal Sustainability Plan) was certified prior to the date of this Agreement, the Participant agrees to submit a certification (on and in a form as provided

by the Finance Authority) related to the Participant's Asset Management Program (including a Fiscal Sustainability Plan) prior to submitting its request for a final Loan disbursement related to the Project. Over the term of the Loan, the Participant further agrees to continue to update, implement and maintain the Participant's Asset Management Program (including a Fiscal Sustainability Plan) to assure it has the financial, managerial, technical, and legal capability to operate and maintain its Treatment Works consistent with SRF Policy Guidelines including applicable requirements of the Wastewater SRF Act.

(i) Provide notice to the Finance Authority under the circumstances contemplated, and undertake inspections as required, by SRF Policy Guidelines.

(j) (1) Establish and maintain just and equitable rates and charges for the use of and the service rendered by the Treatment Works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses the Treatment Works, or that in any way uses or is served by the Treatment Works, (2) establish, adjust and maintain rates and charges at a level adequate to produce and maintain sufficient revenue (when determined including user and other charges, fees, income or revenues available to the Participant, provided that to the extent permitted by law System Development Charges shall be excluded when determining if such are sufficient) to provide for the proper Operation and Maintenance of the Treatment Works, to comply with and satisfy all covenants contained herein and to pay all obligations of the Treatment Works and of the Participant with respect thereto, and (3) if and to the extent Bonds are payable from special benefit taxes, levy each year a special ad valorem tax upon all property located in the boundaries of the Participant, to pay all obligations of the Participant with respect thereto.

(k) If the Bonds are payable from the revenues of the Treatment Works, not borrow any money, enter into any contract or agreement or incur any other liabilities in connection with the Treatment Works without the prior written consent of the Finance Authority if such undertaking would involve, commit or use the revenues of the Treatment Works; provided that the Participant may authorize and issue additional obligations, payable out of the revenues of its Treatment Works, ranking on a parity with the Bonds for the purpose of financing the cost of future additions, extensions and improvements to the Treatment Works, or to refund obligations of the Treatment Works, subject to the conditions, if any, in the Authorizing Instrument.

(l) Comply with the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000d et seq., the Age Discrimination Act, as amended, Public Law 94-135, Section 504 of the Rehabilitation Act of 1973, as amended (including Executive Orders 11914 and 11250), 29 U.S.C. Section 794, Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Public Law 92-500, Executive Order 11246 regarding equal employment opportunity, and Executive Orders 11625 and 12138.

(m) Undertake all actions necessary to investigate all potential, material claims which the Participant may have against other persons with respect to the Treatment Works and the Project and take whatever action is necessary or appropriate to (1) recover on any

actionable, material claims related to the Project or the Planning, Design or Construction thereof, (2) meet applicable Project performance standards and (3) otherwise operate the Treatment Works in accordance with applicable federal, State and local law.

(n) Not modify, alter, amend, add to or rescind any provision of the Authorizing Instrument without the prior written consent of the Finance Authority.

(o) In the event the Participant adopts an ordinance or resolution to refund the Bonds, within 5 days of the adoption of the ordinance or resolution, provide written notice to the Finance Authority of the refunding. Any refunding of the Bonds shall only be undertaken by the Participant with the prior written consent of the Finance Authority.

(p) In any year in which total expenditures of Federal financial assistance received from all sources exceeds \$750,000 the Participant shall comply with the Federal Single Audit Act (SAA) of 1984, as amended by the Federal Single Audit Act Amendments of 1996 (see 2 CFR 200 Subpart F) and have an audit of their use of Federal financial assistance. The Participant agrees to provide the Finance Authority with a copy of the SAA audit within 9 months of the audit period.

(q) Inform the Finance Authority of any findings and recommendations pertaining to the SRF program contained in an audit of 2 CFR 200 Subpart F (a/k/a "Super Circular") matters in which SRF Federal financial assistance was less than \$750,000.

(r) Initiate within 6 months of the audit period corrective actions for those audit reports with findings and recommendations that impact the SRF financial assistance.

(s) Notwithstanding anything in the Authorizing Instrument related to the Bonds (or in any authorizing instrument related to any other outstanding bonds payable from the revenues of the Treatment Works which are on a parity with the Bonds) to the contrary, in the event any Credit Provider that has provided a Credit Instrument fails to be rated on a long term basis at least "A-/A3" by Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies, and Moody's Investors Service, Inc., and their successors (such Credit Instrument, a "Disqualified Instrument"), within 12 months of such failure (or pursuant to such other schedule as may be approved by the Finance Authority), the Participant shall cause cash (or a replacement Credit Instrument from a Credit Provider that is rated on a long term basis at least "AA-/Aa3" by Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies, and Moody's Investors Service, Inc., and their successors)(or some combination thereof) in an aggregate amount equal to the stated credit available under the Disqualified Instrument(s) to be deposited in the related reserve account(s) in lieu of such Disqualified Instrument(s). No Disqualified Instrument shall be included as part of the reserve balance which satisfies any such reserve requirement under any such authorizing instrument. Nothing in this subsection shall waive or modify additional requirements contained in any such authorizing instrument (including the Authorizing Instrument related to the Bonds); the provisions of this subsection and any such authorizing instrument (including the Authorizing Instrument related to the Bonds) shall both be required to be met. Unless and until notice shall be given by the Finance

Authority to the Participant, a surety policy issued by MBIA Insurance Corporation or Financial Guaranty Insurance Company that has been reinsured by National Public Finance Guarantee Corporation (formerly known as MBIA Insurance Corp. of Illinois) shall not be treated as a Disqualified Instrument.

(t) (i) comply with Title 40 CFR Part 34 (New Restrictions on Lobbying) and the Byrd Anti-Lobbying Amendment ("Lobbying Restrictions"); (ii) provide certifications and disclosures related to Lobbying Restrictions in a form and manner as may from time to time be required by SRF Policy Guidelines or the Clean Water Act including without limitation the Lobbying Restrictions; and (iii) pay any applicable civil penalty required by the Lobbying Restrictions as may be applicable to making a prohibited expenditure under Title 40 CFR Part 34, or failure to file any required certification or lobbying disclosures. The Participant understands and acknowledges that pursuant to such Lobbying Restrictions, the making of any such prohibited expenditure, or any such failure to file or disclose, is subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such expenditure or failure.

(u) Comply with all federal requirements applicable to the Loan (including those imposed by the 2014 Appropriations Act and related SRF Policy Guidelines) which the Participant understands includes, among other, requirements that all of the iron and steel products used in the Project are to be produced in the United States ("American Iron and Steel Requirement") unless (i) the Participant has requested and obtained a waiver from the Agency pertaining to the Project or (ii) the Finance Authority has otherwise advised the Participant in writing that the American Iron and Steel Requirement is not applicable to the Project.

(v) Comply with all record keeping and reporting requirements under the Clean Water Act, including any reports required by a Federal agency or the Finance Authority such as performance indicators of program deliverables, information on costs and project progress. The Participant understands that (i) each contract and subcontract related to the Project is subject to audit by appropriate federal and state entities and (ii) failure to comply with the Clean Water Act and this Agreement may be a default hereunder that results in a repayment of the Loan in advance of the maturity of the Bonds and/or other remedial actions.

(w) Whenever from time to time requested by the Finance Authority, submit evidence satisfactory to the Finance Authority demonstrating that the Participant's rates and charges are at a level adequate to produce and maintain sufficient net revenue after providing for the proper Operation and Maintenance of the Treatment Works, on a proforma basis consistent with SRF Policy Guidelines, to provide 1.25x coverage on all obligations of the Treatment Works (including the Bonds) and, in the event the Participant's rates and charges are insufficient to demonstrate such coverage, then to the extent permitted by law annually enact an increase in its rates and charges reasonably designed to be consistent with SRF Policy Guidelines regarding such coverage.

(x) Notwithstanding any provision of the Authorization Instrument to the contrary,

not make any payment in lieu of property taxes from any account of the Treatment Works (i) if the Finance Authority provides notice to the Participant that the Finance Authority has determined in its reasonable discretion that such a transfer adversely affects the Finance Authority and (ii) more frequently than semiannually if the Authority provides notice to the Participant so requiring such a limitation on frequency.

(y) Comply with all requirements of this Agreement applicable to the Loan (including those imposed by the attached Exhibit D).

Section 3.03. Representations and Warranties of the Participant. After due investigation and inquiry, the Participant hereby represents and warrants to the Finance Authority that:

(a) The Participant is duly organized and existing under State law, and constitutes a “political subdivision” within the meaning of I.C. 5-1.2-2-57) and a “participant” within the meaning of I.C. 5-1.2-2-54. The Project and the Treatment Works are subject to I.C. 14-33.

(b) The Participant has full power and authority to adopt the Authorizing Instrument, enter into this Agreement and issue the Bonds and perform its obligations hereunder and thereunder.

(c) By all required action, the Participant has duly adopted the Authorizing Instrument and authorized the execution and delivery of this Agreement, the Bonds and all other papers delivered in connection herewith.

(d) Neither the execution of, nor the consummation of the transaction contemplated by, this Agreement nor the compliance with the terms and conditions of any other paper referred to herein, shall conflict with, result in a breach of or constitute a default under, any indenture, mortgage, lease, agreement or instrument to which the Participant is a party or by which the Participant or its property, including the Treatment Works, is bound or any law, regulation, order, writ, injunction or decree of any court or governmental agency or instrumentality having jurisdiction.

(e) There is no litigation pending or, to the knowledge of the Participant, upon investigation, threatened that (1) challenges or questions the validity or binding effect of this Agreement, the Authorizing Instrument or the Bonds or the authority or ability of the Participant to execute and deliver this Agreement or the Bonds and perform its obligations hereunder or thereunder or (2) would, if adversely determined, have a significant adverse effect on the ability of the Participant to meet its obligations under this Agreement, the Authorizing Instrument or the Bonds.

(f) The Participant has not at any time failed to pay when due interest or principal on, and it is not now in default under, any warrant or other evidence of obligation or indebtedness of the Participant.

(g) All information furnished by the Participant to the Finance Authority or any of the persons representing the Finance Authority in connection with the Loan or the Project is accurate and complete in all material respects including compliance with the obligations, requirements and undertakings imposed upon the Participant pursuant to this Agreement.

(h) The Participant has taken or will take all proceedings required by law to enable it to issue and sell the Bonds as contemplated by this Agreement.

(i) For any outstanding bonds payable from the revenues of the Treatment Works which are on a parity with the Bonds, each Credit Provider, if any, that has provided a Credit Instrument is at least rated on a long term basis "A-/A3" long term by Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies and Moody's Investors Service, Inc., and their successors, except as represented and set forth in Exhibit C attached thereto (and with respect to which true, accurate and complete copies of each such Credit Instrument have been delivered to the Finance Authority).

Each of the foregoing representations and warranties will be deemed to have been made by the Participant as of the date of this Agreement and as of the date of any disbursement of Loan proceeds (including from the Construction Fund). Each of the foregoing representations and warranties shall survive the Loan disbursements regardless of any investigation or investigations the Finance Authority may have undertaken.

Section 3.04. Covenants Regarding Assignment. The Participant acknowledges that the Finance Authority may pledge, sell or assign the Bonds or cause the Bonds to be pledged, sold or assigned, and certain of its rights related thereto, as permitted pursuant to Section 5.02 herein. The Participant covenants and agrees to cooperate with and assist in, at its expense, any such assignment. Within 30 days following a request by the Finance Authority, the Participant covenants and agrees with the Finance Authority that the Participant will, at its expense, furnish any information, financial or otherwise, with respect to the Participant, this Agreement, the Authorizing Instrument and the Bonds and the Treatment Works as the Finance Authority reasonably requests in writing to facilitate the sale or assignment of the Bonds.

Section 3.05. Nature of Information. All information furnished by the Participant to the Finance Authority or any person representing the Finance Authority in connection with the Loan or the Project may be furnished to any other person the Finance Authority, in its judgment, deems necessary or desirable in its operation and administration of the Wastewater SRF Program.

Section 3.06. Tax Covenants. The Participant hereby covenants that it will not take, or cause or permit to be taken by it or by any party under its control, or fail to take or cause to permit to be taken by it or by any party under its control, any action that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Bonds pursuant to Section 103 of the Code. The Participant further covenants that it will not do any act or thing that would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code or "arbitrage bonds" within the meaning of Section 148 of the Code. In furtherance and not in limitation of the foregoing, the Participant shall take all action necessary and appropriate to comply with the arbitrage rebate requirements under Section 148 of the Code to the extent

applicable to the Participant or the Bonds, including accounting for and making provision for the payment of any and all amounts that may be required to be paid to the United States of America from time to time pursuant to Section 148 of the Code.

Section 3.07. Non-Discrimination Covenant. Pursuant to and with the force and effect set forth in I.C. 22-9-1-10, the Participant hereby covenants that the Participant, and its contractor and subcontractor for the Project, shall not discriminate against any employee or applicant for employment, to be employed in the performance of this Agreement, with respect to the hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, sex, disability, national origin or ancestry.

(End of Article III)

ARTICLE IV

DEFAULTS

Section 4.01. Remedies. The Finance Authority's obligation to make a disbursement under the Loan to the Participant hereunder may be terminated at the option of the Finance Authority, without giving any prior notice to the Participant, in the event: (a) the Participant fails to undertake or perform in a timely manner any of its agreements, covenants, terms or conditions set forth herein or in any paper entered into or delivered in connection herewith (including the Authorizing Instrument); or (b) any representation or warranty made by the Participant as set forth herein or in any paper entered into or delivered in connection herewith is materially false or misleading. Any such event shall constitute an event of default and in addition to any other remedies at law or in equity, the Finance Authority may (x) require a Loan Reduction Payment pursuant to Section 2.06 herein as if it were a date that was three (3) years after the dated date of the Bonds, (y) in the event a Deposit Agreement has not previously been entered into related to the Participant's Bond Fund (including any related reserve), require the Participant to enter into a Deposit Agreement (or to modify any such previously entered Deposit Agreement) and the Participant shall enter into (or modify) such an agreement within 5 days after any such demand and (z) without giving any prior notice, declare the entire outstanding principal amount of the Loan, together with accrued interest thereon, immediately due and payable.

Section 4.02. Effect of Default. Failure on the part of the Finance Authority in any instance or under any circumstance to observe or perform fully any obligation assumed by or imposed upon the Finance Authority by this Agreement or by law shall not make the Finance Authority liable in damages to the Participant or relieve the Participant from paying any Bond or fully performing any other obligation required of it under this Agreement or the Authorizing Instrument; provided, however, that the Participant may have and pursue any and all other remedies provided by law for compelling performance by the Finance Authority of such obligation assumed by or imposed upon the Finance Authority. The obligations of the Finance Authority hereunder do not create a debt or a liability of the Finance Authority or the State under the constitution of the State or a pledge of the faith or credit of the Finance Authority or the State and do not directly, indirectly or contingently, obligate the Finance Authority or the State to levy any form of taxation for the payment thereof or to make any appropriation for their payment. Neither the Finance Authority or the State, nor any agent, attorney, member or employee of the Finance Authority or the State shall in any event be liable for damages, if any, for the nonperformance of any obligation or agreement of any kind whatsoever set forth in this Agreement.

(End of Article IV)

ARTICLE V

MISCELLANEOUS

Section 5.01. Citations. Any reference to a part, provision, section or other reference description of a federal or State statute, rule or regulation contained herein shall include any amendments, replacements or supplements to such statutes, rules or regulation as may be made effective from time to time. Any reference to a Loan disbursement shall include any disbursement from the Construction Fund. Any use of the term “including” herein shall not be a limitation as to any provision herein contained but shall mean and include, without limitation, the specific matters so referenced.

Section 5.02. Assignment. Neither this Agreement, nor the Loan or the proceeds thereof may be assigned by the Participant without the prior written consent of the Finance Authority and any attempt at such an assignment without such consent shall be void. The Finance Authority may at its option sell or assign all or a portion of its rights and obligations under this Agreement, the Authorizing Instrument, and the Bonds to an agency of the State or to a separate body corporate and politic of the State or to a trustee under trust instrument to which the Finance Authority, the State or any assignee is a beneficiary or party. The Finance Authority may at its option pledge or assign all or a portion of its rights under this Agreement, the Authorizing Instrument, and the Bonds to any person. The Participant hereby consents to any such pledge or assignment by the Finance Authority. This Agreement shall be binding upon and inure to the benefit of any permitted secured party, successor and assign.

Section 5.03. No Waiver. Neither the failure of the Finance Authority nor the delay of the Finance Authority to exercise any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other further exercise of any other right, power or privilege.

Section 5.04. Modifications. No change or modification of this Agreement shall be valid unless the same is in writing and signed by the parties hereto.

Section 5.05. Entire Agreement. This Agreement contains the entire agreement between the parties hereto and there are no promises, agreements, conditions, undertakings, warranties and representations, either written or oral, expressed or implied between the parties hereto other than as herein set forth or as may be made in the Authorizing Instrument and the other papers delivered in connection herewith. In the event there is a conflict between the terms of this Agreement and the Authorizing Instrument, the terms of this Agreement shall control. It is expressly understood and agreed that except as otherwise provided herein this Agreement represents an integration of any and all prior and contemporaneous promises, agreements, conditions, undertakings, warranties and representations between the parties hereto.

Section 5.06. Execution of Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be executed by the Finance Authority and the Participant, and all of which shall be regarded for all purposes as one original and shall constitute one and the same instrument.

Section 5.07. Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in this Agreement on the part of the Finance Authority or the Participant to be performed shall be deemed by a court of competent jurisdiction to be contrary to law or cause the Bonds to be invalid as determined by a court of competent jurisdiction, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements and waived and shall in no way affect the validity of the other provisions of this Agreement.

Section 5.08. Notices. All notices hereunder shall be sufficiently given for all purposes hereunder if in writing and delivered personally or sent or transmitted to the appropriate destination as set forth below in the manner provided for herein. Notice to the Finance Authority shall be addressed to:

Indiana Finance Authority
SRF Programs
100 North Senate, Room 1275
Indianapolis, Indiana 46204
Attention: Director of Environmental Programs

or at such other address(es) or number(s) and to the attention of such other person(s) as the Finance Authority may designate by notice to the Participant. Notices to the Participant shall be addressed to:

East Shore Conservancy District
P.O. Box 336
Culver, Indiana 46511
Attention: Secretary

or at such other address(es) or number(s) and to the attention of such other person(s) as the Participant may designate by notice to the Finance Authority. Any notice hereunder shall be deemed to have been served or given as of (a) the date such notice is personally delivered, (b) three (3) Business Days after it is mailed U.S. mail, First Class postage prepaid, (c) one (1) Business Day after it is sent on such terms by Federal Express or similar next-day courier, or (d) the same day as it is sent by facsimile transmission with telephonic confirmation of receipt by the person to whom it is sent.

Section 5.09. Expenses. The Participant covenants and agrees to pay (a) the fees, costs and expenses in connection with making the Loan, including issuing the Bonds and providing the necessary certificates, documents and opinions required to be delivered therewith; (b) the fees, costs and expenses in connection with making and administering the Loan; (c) the costs and expenses of complying with its covenants made herein; and (d) any and all costs and expenses, including attorneys' fees, incurred by the Finance Authority in connection with the enforcement of this Agreement, the Authorizing Instrument and the Bonds in the event of the breach by the Participant of or a default under this Agreement, the Authorizing Instrument or the Bonds. Notwithstanding clause (b) above, the Participant shall not be obligated to pay any of the fees, costs and expenses in connection with administering the Loan except as follows: (1) the Finance Authority may request and the Participant shall promptly pay (no later than the date first above written), a closing fee in connection with the Loan in an amount determined by the Finance Authority, but not exceeding \$1,000, which may not be paid from a Loan disbursement; (2) the Finance Authority may request and the Participant shall promptly pay (no later than thirty (30) days after any request), an annual administrative fee in connection with the Loan in an amount determined by the Finance Authority, but not exceeding \$1,000, which may not be paid from a Loan disbursement; (3) the Finance Authority may request and the Participant shall promptly pay (no later than thirty (30) days after any request), a Non-Use Fee in connection with the Loan, which may not be paid from a Loan disbursement; (4) for so long as the Finance Authority is the registered owner of the Bonds, at the direction of the Finance Authority, the interest rate on the Bonds may be adjusted to lower the interest rate on the Bonds, and the difference between the amount payable as the original rate on the Bonds and the lower rate shall be deemed an additional administrative fee in connection with the Wastewater SRF Program; and (5) the Participant shall only be obligated to pay fees, costs and expenses of the Finance Authority's counsel and financial advisers in connection with making the Loan up to \$10,000, which may be paid from a Loan disbursement.

Section 5.10. Applicable Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Indiana.

Section 5.11. Term. This Agreement shall terminate at such time as the Participant has fully met and discharged all of its obligations hereunder, which term may extend beyond the final payment of the Bonds or provision for the payment of the Bonds pursuant to the Authorizing Instrument.

Section 5.12. Non-Collusion. The undersigned attests, subject to the penalties of perjury, that he/she is an authorized officer or representative of the Participant, that he/she has not, nor has any other officer or representative of the Participant, directly or indirectly, to the best of the undersigned's knowledge, entered into or offered to enter into any combination, collusion or agreement to receive pay, and that the undersigned has not received or paid any sum of money or other consideration for the execution of this Agreement other than that which appears upon the face of the agreement or is a payment to lawyers, accountants and engineers by the Participant related to customary services rendered in connection with the Loan.

Section 5.13. Federal Award Information. The CFDA Number for the Finance Authority's Wastewater SRF Program (also known as the Clean Water SRF Loan Program) is 66.458 and the Federal Agency & Program Name is "US Environmental Protection Agency Capitalization Grant for Clean Water State Revolving Funds."

(End of Article V)

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BEEN INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers or officials, all as of the date first above written.

**EAST SHORE CONSERVANCY
DISTRICT**

“Participant”

By: _____

Printed: _____

Title: _____

Attest: _____

INDIANA FINANCE AUTHORITY

“Finance Authority”

By: _____

James P. McGoff

Director of Environmental Programs

(Signature Page to Financial Assistance Agreement)

EXHIBIT A
Project Description

The Project consists of the following improvements to the Participant's Treatment Works:

-
-
-
-

The Project is more fully described in, and shall be in accordance with, the Preliminary Engineering Report and the Plans and Specifications approved by the Finance Authority (or if designated by the Finance Authority, the Department).

[End of Exhibit A]

EXHIBIT B
Principal Payment Schedule for the Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>
01/01/2022	\$
01/01/2023	
01/01/2024	
01/01/2025	
01/01/2026	
01/01/2027	
01/01/2028	
01/01/2029	
01/01/2030	
01/01/2031	
01/01/2032	
01/01/2033	
01/01/2034	
01/01/2035	
01/01/2036	
01/01/2037	
01/01/2038	
01/01/2039	
01/01/2040	
01/01/2041	
TOTAL	\$

[End of Exhibit B]

EXHIBIT C
Credit Instrument

Credit Providers rated on a long term basis lower than "A-/A3" long term by Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies and Moody's Investors Service, Inc. are:

- None.

[End of Exhibit C]

Exhibit D
Additional Terms

A. *The following additional terms in this Paragraph A are NOT applicable to the Loan:*

“Equivalency Project” shall mean a project designated by the Finance Authority as an “equivalency project” under the Clean Water Act related to the “US Environmental Protection Agency Capitalization Grant for Clean Water State Revolving Funds” for the federal fiscal year ending September 30, 2020 (or such later federal fiscal year as the Finance Authority may otherwise designate).

“A/E Services” shall mean professional services related to the Planning or Design of the Project including for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or architectural related services.

The Participant understands and acknowledges that the Project has been designated as an Equivalency Project and is required to meet the related applicable requirements of the Clean Water Act which among other requirements requires that for costs of Planning or Design (including costs for A/E Services) to be treated as Eligible Costs under this Agreement, such services (and the related contract) are required to be negotiated in the same manner as a contract for architectural and engineering services as negotiated under chapter 11 of title 40, United States Code (as amended). In connection with any request for disbursement of the Loan that is submitted by the Participant to the Finance Authority to provide for the payment of any costs of Planning or Design (including costs for A/E Services), the Participant represents and warrants that such costs relate only to services provided under a contract negotiated in the same manner as a contract for architectural and engineering services as negotiated under chapter 11 of title 40, United States Code (as amended).

The Participant further understands and agrees that it is required to comply with all terms of 2 CFR 200.216, Prohibition on certain telecommunication and video surveillance services or equipment, which among other requirements prohibits the use of Loan proceeds by the Participant to procure (by means of entering into, extending, or renewing contracts) or obtain equipment, systems or services that use “covered telecommunications equipment or services” identified in the regulation as a substantial or essential component of any Treatment Works, or as critical technology as part of any Treatment Works. Such prohibitions extend to the use of Loan proceeds by the Participant to enter into a contract with an entity that “uses any equipment, system, or service that uses covered telecommunications equipment or services” as a substantial or essential component of any Treatment Works, or as critical technology as part of any Treatment Works. The Participant represents and warrants that it has not procured or obtained from Loan proceeds equipment, systems or services that use “covered telecommunications equipment or services” identified in the regulation as a substantial or essential component of any Treatment Works, or as critical technology as part of any Treatment Works.

- B. *The following additional terms in this Paragraph B (related to GPR Projects and the related defined terms) are NOT applicable to the Loan.*

“GPR Projects” shall mean Project components that meet the requirement of the “Green Project Reserve (GPR) Sustainability Incentive Program” consistent with SRF Policy Guidelines including applicable requirements of the Wastewater SRF Act.

“GPR Projects Adjustment Fee” shall mean an amount which would equal the gross additional interest that would have accrued on the Bonds from the date of this Agreement through their scheduled final maturity, had such Bonds been issued at an interest rate determined under the Wastewater SRF Program’s interest rate policies and practices using the final, actual GPR Projects Expenditures (rather than the GPR Projects Business Case Amount), all as determined by the Finance Authority.

“GPR Projects Business Case Amount” shall mean the amount referenced in the Participant’s business case related to GPR Projects as was set in the Participant’s Preliminary Engineering Report (or categorical exclusion) posted at www.srf.in.gov, uses of funds information submitted to the Finance Authority after the Project was bid or some other submitted information that was used by the Finance Authority prior to the date of this Agreement to set a special interest rate under the Wastewater SRF Program’s interest rate policies and practices applicable to the Bonds.

“GPR Projects Expenditures” shall mean those costs and expenses incurred by the Participant that are part of the Project which are GPR Projects in nature (within the meaning of the Wastewater SRF Act) as determined by the Finance Authority, in order for the Bonds to receive special interest rate treatment under the Wastewater SRF Program’s interest rate policies and practices.

The Participant understands and acknowledges that a special interest rate has been applied to the Bonds as a result of a portion of the Project having been identified by the Participant as being a GPR Projects project. In the event GPR Projects Expenditures are hereafter determined by the Finance Authority to be less than the GPR Projects Business Case Amount, then the Finance Authority may request and the Participant shall promptly pay (no later than thirty (30) days after any request), a GPR Projects Adjustment Fee in connection with the Loan. The Participant shall certify to the Finance Authority those Loan disbursements it represents to be its GPR Projects Expenditures when and as required by SRF Policy Guidelines. The Participant understands and acknowledges that it is required to submit a business case or categorical exclusion documenting the GPR Projects and the GPR Projects Business Case Amount prior to loan closing or if a request is made pursuant to Section 3.02(f) of this Agreement.

- C. *The following additional terms in this Paragraph C (related to Non-point Source Projects and the related defined terms) are NOT applicable to the Loan:*

“Non-point Source Adjustment Fee” shall mean an amount which would equal the gross additional interest that would have accrued on the Bonds from the date of this Agreement through their scheduled final maturity, had such Bonds been issued at an interest rate determined under the Wastewater SRF Program’s interest rate policies and practices using the final, actual Non-point Source Expenditures (rather than the amount referenced in the Participant’s post-bid and other documents submitted to the Finance Authority), all as determined by the Finance Authority.

“Non-point Source Expenditures” shall mean those costs and expenses incurred by the Participant that are Non-point Source Projects in order for the Bonds to receive special interest rate treatment under the Wastewater SRF Program’s interest rate policies and practices.

“Non-point Source Projects Amount” shall mean the amount referenced in the Participant’s post-bid and other documents submitted to the Finance Authority prior to the date of this Agreement to set a special interest rate under the Wastewater SRF Program’s interest rate policies and practices applicable to the Bonds

“Non-point Source Projects” shall mean Project components that meet the requirement of SRF Policy Guidelines and the Wastewater SRF Act to be non-point source in nature as determined by the Finance Authority.

The Participant understands and acknowledges that a special interest rate has been applied to the Bonds as a result of a portion of the Project having been identified by the Participant as being a non-point source project. In the event Non-point Source Expenditures are hereafter determined by the Finance Authority to be less than the Non-point Source Projects Amount, then the Finance Authority may request and the Participant shall promptly pay (no later than thirty (30) days after any request), a Non-point Source Adjustment Fee in connection with the Loan. The Participant shall certify to the Finance Authority those Loan disbursements it represents to be its Non-point Source Expenditures when and as requested by SRF Policy Guidelines.

[End of Exhibit D]

