

RESOLUTION NO. 2018-11

A RESOLUTION AUTHORIZING THE ACQUISITION, CONSTRUCTION, INSTALLATION AND EQUIPPING BY THE DEPARTMENT OF WATERWORKS OF THE CITY OF HAMMOND, INDIANA, OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE CITY'S WATERWORKS, THE ISSUANCE AND SALE OF REVENUE BONDS TO PROVIDE FUNDS FOR THE PAYMENT OF THE COSTS THEREOF, THE ISSUANCE AND SALE OF BOND ANTICIPATION NOTES IN ANTICIPATION OF THE ISSUANCE AND SALE OF SUCH BONDS, AND THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SUCH WATERWORKS AND OTHER RELATED MATTERS.

WHEREAS, the City of Hammond, Indiana (the "City"), has heretofore constructed and currently owns and operates a waterworks by and through the Board of Directors (the "Board") of the Department of Waterworks of the City (the "Department"), the governing body of the Waterworks District of the City (the "District"), for the provision of public water supply to the City and its inhabitants (the "Waterworks"), in accordance with the provisions of Indiana Code 8-1.5-4, as amended, and other applicable laws (collectively, the "Act"); and

WHEREAS, on January 10, 2018, the Board adopted a Declaratory Resolution (the "Declaratory Resolution") declaring that (i) it had determined that it is necessary to rebuild, repair, extend and improve the Waterworks, as described therein, and (ii) it is of public utility and benefit and it is necessary for the protection of the public health and welfare of the inhabitants of the District and the safeguarding of the property within the District to proceed with the Project (defined therein, and as defined in Section 2 hereof), and further adopted all necessary plans, maps, specifications, drawings, details and estimates relating to the Project, which plans, maps, specifications, drawings, details and estimates, to the extent required by law, have been duly submitted to and approved or will be approved by all governmental authorities

having jurisdiction thereover, including, without limitation, the Indiana Department of Environmental Management; and

WHEREAS, after notice and a public hearing on January 25, 2018, in accordance with the Act and Indiana Code 5-3-1, the Board adopted its Resolution confirming the Declaratory Resolution; and

WHEREAS, the Board further finds that the estimates prepared and delivered by the engineers employed by the Board, with respect to the costs of acquisition, construction, installation and equipping of such improvements and extensions to the Waterworks, and including all authorized costs relating thereto, including the costs of issuance of bonds and, if necessary, bond anticipation notes (the "BANs") on account of the financing of a portion thereof, will be in the amount not to exceed Seven Million Five Hundred Thousand Dollars (\$7,500,000); and

WHEREAS, the Department desires to authorize the issuance of waterworks district revenue bonds hereunder payable from the net revenues (as hereinafter defined) of the Waterworks and BANs, if necessary, payable from proceeds of waterworks district revenue bonds issued to finance the aforementioned costs of the Project, and to authorize the refunding of said BANs, if issued; and

WHEREAS, the Waterworks is subject to the jurisdiction of the Indiana Utility Regulatory Commission; and

WHEREAS, the bonds to be issued pursuant to this Resolution will constitute a first charge against the net revenues of the Waterworks and are to be issued subject to the provisions of the Act and the terms and restrictions of this Resolution; and

WHEREAS, the Board now finds that all conditions precedent to the adoption of a Resolution authorizing the issuance of waterworks district revenue bonds and BANs to provide the necessary funds to be applied to the costs of the Project and all authorized costs relating thereto, have been complied with in accordance with the provisions of the Act and other applicable laws; and

WHEREAS, the Board consequently seeks to authorize the issuance of revenue bonds and BANs to finance the acquisition, construction, installation and equipping of the Project pursuant to the Act and other applicable laws and the sale of such revenue bonds and BANs to The Hammond Local Public Improvement Bond Bank (the "Bond Bank") pursuant to the provisions of the Act and Indiana Code 5-1.4, subject to and dependent upon the terms and conditions hereinafter set forth;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DEPARTMENT OF WATERWORKS OF THE CITY OF HAMMOND, INDIANA, AS FOLLOWS:

Section 1. Acquisition, Construction, Installation and Equipping of the Project. The Department, acting by and through the Board and as the owner and operator of the Waterworks, hereby orders, authorizes and directs the Board to acquire any and all necessary property and to proceed with the acquisition, construction, installation and equipping of improvements and extensions to the Waterworks, pursuant to the Act and in accordance with the plans, maps, specifications, drawings, details and estimates heretofore prepared and filed with the Board. The actions of the Board in connection with the acquisition of any and all necessary property and the acquisition, construction, installation, equipping and financing of such improvements and extensions to the Waterworks are hereby authorized, approved, ratified and confirmed.

Where used in this Resolution, the terms "Waterworks," "waterworks," "works" and similar terms used in this Resolution shall be construed to mean the existing structures and property of the Waterworks for the provision of the public water supply, and all enlargements, improvements, extensions and additions thereto, and replacements thereof, now or subsequently constructed or acquired, whether from the proceeds of the bonds and BANs authorized herein or otherwise. Such improvements and extensions shall be constructed and the bonds and BANs herein authorized shall be issued pursuant to the provisions of this Resolution, the Act and other applicable laws.

Section 2. Description of the Project. The Project consists of the acquisition, construction, installation and/or equipping, as applicable, of new electrical components (including an exterior electrical generator) and upgraded electrical switchgear, wiring, transformers and related equipment for certain of the facilities of the City's waterworks, and painting and other improvements related to an elevated storage tank, and related waterworks improvements, and reimbursement of certain costs related thereto.

The Department, acting by and through the Board, shall proceed with the acquisition, construction, installation and equipping of the Project and shall enter into all contracts necessary or appropriate for such purpose, in conformity with and subject to the requirements and conditions set forth in this Resolution and in the Act.

Section 3. The Bonds. In accordance with the Act and for the purpose of providing funds with which to pay the costs of the Project, together with all authorized costs relating thereto including the costs of issuance of the Bonds, as hereinafter defined, on account thereof, and refunding the BANs, if any, described below, the District shall issue and sell its waterworks district revenue bonds in the maximum aggregate principal amount of Seven Million Five

Hundred Thousand Dollars (\$7,500,000) (the "Bonds"). The principal of and redemption premium, if any, and interest on the Bonds shall be payable solely out of the Waterworks Sinking Fund referred to below.

The Bonds shall be designated as the "City of Hammond, Indiana, Waterworks District Revenue Bonds of 2018" (provided, however, that in the event a series of the Bonds is issued in a calendar year other than calendar year 2018, the designation of such series of the Bonds shall be appropriately modified to reflect such calendar year of issuance; and provided further, however, that the designation of a series of the Bonds may contain a letter designation). The Bonds shall be issued in one or more series, as fully registered bonds in such denomination or denominations as the Bond Bank may direct and as are authorized by law. The Bonds shall be numbered consecutively from 18R-1 upward (or, in the event the Bonds are issued in a calendar year other than calendar year 2018, the first two digits of the Bond numbers shall be appropriately modified to reflect the last two digits of the calendar year of issuance, and provided that the Bond numbers may contain a further letter designation), and shall bear interest at a rate or rates not exceeding eight percent (8.0%) per annum, the exact rate or rates to be determined by negotiation with the Bond Bank. Said interest rate or rates shall be in multiples of one hundredth (1/100) of one percent (1%). Interest on the Bonds shall be calculated on the basis of twelve (12) thirty (30)-day months for a three hundred sixty (360)-day year and shall be payable semiannually on January 1 and July 1 of each year (each, an "Interest Payment Date"), commencing on the first January 1 or July 1 subsequent to the issuance of the Bonds, or by negotiation with the Bond Bank, until principal is fully paid. The principal of the Bonds shall mature semiannually on January 1 and July 1 of each year, beginning not earlier than July 1,

2018 and ending not later than January 1, 2038, and in the years and amounts to be determined by negotiation with the Bond Bank.

The Bonds shall bear an original issue date which shall be the date of delivery of the Bonds, and each Bond shall also bear the date of its authentication. Any Bond authenticated on or before the fifteenth day of the calendar month immediately preceding the first Interest Payment Date, shall pay interest from its original issue date. Any Bond authenticated thereafter shall pay interest from the Interest Payment Date next preceding the date of authentication of such Bond to which interest thereon has been paid or duly provided for, unless such Bond is authenticated after the fifteenth day of the calendar month immediately preceding an Interest Payment Date and on or before such Interest Payment Date, in which case interest thereon shall be paid from such Interest Payment Date.

In the event that the Bond Bank agrees, in its sole discretion, to provide the financing contemplated by this Resolution on a draw loan basis, it is understood that principal shall not be payable and interest shall not accrue on the Bonds or the BANs until such principal amount has been advanced pursuant to requests made by the District to the Bond Bank, with advances to be allocable to the Bonds in order of maturity. In the event that the total principal amount of the Bonds is not advanced to the District, the principal amount of the Bonds shall be reduced to effect such reduction in a manner that will still achieve as level annual debt service as practicable.

The Controller of the City, as the fiscal officer of the District (the "Controller"), is hereby authorized to appoint a registrar and a paying agent for the Bonds or the BANs (the "Registrar" and the "Paying Agent" and, in both such capacities, the "Registrar and Paying Agent"). The Registrar and Paying Agent shall be charged with and shall by appropriate agreement undertake

the performance of all of the duties and responsibilities customarily associated with each such position, including, without limitation, the authentication of the Bonds or the BANs, as applicable. The Controller is authorized and directed to enter into such agreements and understandings with the Registrar and Paying Agent and any subsequent Registrar and Paying Agent as will enable and facilitate the performance of its duties and responsibilities, and is authorized and directed to pay such fees as the Registrar and Paying Agent may reasonably charge for its services in such capacity, and such fees may be paid from the Waterworks Sinking Fund established herein.

In the event the Bond Bank does not object to such designation, the Controller may serve as the Registrar and Paying Agent, in which case the Controller shall be charged with the performance of all of the duties and responsibilities of Registrar and Paying Agent.

The Registrar and Paying Agent, if not the Controller, may at any time resign as Registrar and Paying Agent upon giving thirty (30) days' notice in writing to the Department and by first-class mail to each registered owner of the Bonds or BANs, as applicable, then outstanding, and such resignation will take effect at the end of such thirty (30) days or upon the earlier appointment of a successor Registrar and Paying Agent by the Department. Any such notice to the Department may be served personally or sent by certified mail. The Registrar and Paying Agent may also be removed at any time as Registrar and Paying Agent by the Department, in which event the Department may appoint a successor Registrar and Paying Agent. The Department shall notify each registered owner of the Bonds or BANs, as applicable, then outstanding by first-class mail of the removal of the Registrar and Paying Agent. Notices to registered owners of the Bonds or BANs 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. Any predecessor Registrar and Paying Agent shall deliver all of the Bonds or BANs, as applicable, and cash in its possession with respect thereto, together with the registration books, to the successor Registrar and Paying Agent. The Controller is hereby authorized to act on behalf of the Department with regard to any of the aforementioned actions of the Department relating to the resignation or removal of the Registrar and Paying Agent and appointment of a successor Registrar and Paying Agent.

Principal of and any redemption premium on the Bonds, and principal of and interest on the BANs, shall be payable at the principal corporate trust office of the Paying Agent or at the office of the Controller, if the Controller is the Paying Agent. Interest on the Bonds and BANs shall be paid by check or draft mailed or delivered by the Paying Agent to the registered owner thereof at the address as it appears on the registration books kept by the Registrar as of the fifteenth day of the month immediately preceding the Interest Payment Date or at such other address as may be provided to the Paying Agent in writing by such registered owner. So long as the Bond Bank is the registered owner of the Bonds or BANs, the Bonds or BANs shall be presented for payment as directed by the Bond Bank. All payments on the Bonds and BANs shall be made in any coin or currency of the United States of America which, on the dates of such payments, shall be legal tender for the payment of public or private debt.

Each Bond or BAN shall be transferable or exchangeable only on the books of the District maintained for such purpose at the principal corporate trust office of the Registrar (or office of the Controller, if the Controller is the Registrar), by the registered owner thereof in person, or by his or her attorney duly authorized in writing, upon surrender of such Bond or BAN together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner or his or her attorney duly authorized in writing, and thereupon

a new fully registered Bond or Bonds or BAN or BANs 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. Each Bond or BAN may be transferred or exchanged without cost to the registered owner, except for any tax or other governmental charge which may be required to be paid with respect to such transfer or exchange. The Registrar shall not be obligated to make any transfer or exchange of any Bond or BAN (i) during the fifteen (15) days immediately preceding an interest payment date for such Bond or BAN or (ii) after the mailing of notice calling such Bond or BAN for redemption. The Department, the District, the Registrar and the Paying Agent may treat and consider the person in whose name any Bond or BAN is registered as the absolute owner thereof for all purposes including the purpose of receiving payment of, or on account of, the principal thereof, and redemption premium, if any, and interest thereon.

In the event any Bond or BAN is mutilated, lost, stolen or destroyed, the Department may cause to be executed and the Registrar may authenticate a new Bond or BAN of like date, maturity and denomination as the mutilated, lost, stolen or destroyed Bond or BAN, which new Bond or BAN shall be marked in a manner to distinguish it from the Bond or BAN for which it was issued; provided, that in the case of any mutilated Bond or BAN, such mutilated Bond or BAN shall first be surrendered to the Registrar, and in the case of any lost, stolen or destroyed Bond or BAN there shall be first furnished to the Registrar evidence of such loss, theft or destruction satisfactory to the Department and the Registrar, together with indemnity satisfactory to them. In the event that any such mutilated, lost, stolen or destroyed Bond or BAN shall have matured or been called for redemption, instead of causing to be issued a duplicate Bond or BAN, the Registrar and Paying Agent may pay the same upon surrender of the mutilated Bond or BAN

or upon satisfactory indemnity and proof of loss, theft or destruction in the case of a lost, stolen or destroyed Bond or BAN. The Department and the Registrar and Paying Agent may charge the owner of any such Bond or BAN with their reasonable fees and expenses in connection with the above. Every substitute Bond or BAN issued by reason of any Bond or BAN being lost, stolen or destroyed shall, with respect to such Bond or BAN, constitute a substitute contractual obligation of the District pursuant to this Resolution, whether or not the lost, stolen or destroyed Bond or BAN shall be found at any time, and shall be entitled to all the benefits of this Resolution, equally and proportionately with any and all other Bonds or BANs duly issued hereunder.

In the event that any Bond or BAN is not presented for payment or redemption on the date established therefor, the District may deposit in trust with the Paying Agent an amount sufficient to pay such Bond or BAN or the redemption price thereof, as appropriate, and thereafter the owner of such Bond or BAN shall look only to the funds so deposited in trust with the Paying Agent for payment and the District shall have no further obligation or liability with respect thereto.

Section 4. The BANs. In anticipation of the issuance and sale of the Bonds authorized herein, and to provide interim financing to apply to the costs of the Project, the District is hereby authorized to have prepared and to issue and sell negotiable BANs of the District, in one or more series, to the Bond Bank, in a maximum aggregate principal amount of Seven Million Five Hundred Thousand Dollars (\$7,500,000), to be designated "City of Hammond, Indiana, Waterworks District Revenue Bond Anticipation Notes of 2018." The BANs shall be issued in fully registered form, shall be numbered consecutively from 18R-1 upwards, shall be in multiples of One Dollar (\$1), shall be dated as of the date of issuance of the BANs, and shall

bear interest at a rate or rates not exceeding five percent (5.0%) per annum, the exact rate of interest to be determined by negotiations with the Bond Bank and payable upon maturity. The BANs shall be subject to renewal or extension, subject to the limitations set forth below, at an interest rate not to exceed five percent (5.0%) per annum, with the exact rate to be negotiated with the Bond Bank. The term of the BANs and all renewal BANs may not exceed five (5) years from the date of delivery of the initial BANs.

The principal of the BANs shall be refunded and retired out of the proceeds from the issuance and sale hereunder of the Bonds. The principal of the BANs, and the principal and interest of BANs prepaid in accordance with Section 5 hereof shall be refunded by the issuance of the Bonds pursuant to, and in the manner prescribed by, the Act. The interest on the BANs shall be payable either from the net revenues of the Waterworks or from proceeds from the issuance and sale hereunder of the Bonds.

Section 5. Optional Prepayment of BANs; Optional Redemption of the Bonds. (a) Optional Prepayment of BANs. The BANs are prepayable by the District, in whole or in part, at any time upon seven (7) days' notice to the owner of the BANs without any premium. In the case of prepayment, the principal and accrued interest due on the BANs shall be paid only from proceeds of the Bonds, except that such principal and interest due on the BANs may also be paid from other revenues and funds legally available therefor, if any, including federal or state funds available for application to the Project; provided, however, that such funds are not pledged to the payment of the BANs.

(b) Optional Redemption of the Bonds. The terms for optional redemption of the Bonds (which may include a premium not to exceed two percent (2%) of the par amount of the Bonds

redeemed) will be as provided by written certificate of the Controller prior to the issuance of the Bonds.

Official notice of such redemption of the Bonds shall be mailed by the Registrar and Paying Agent by certified or registered mail at least thirty (30) days prior to the scheduled redemption date to each of the registered owners of the Bonds called for redemption (unless waived by any such registered owner) at the address shown on the registration books of the Registrar and Paying Agent, or at such other address as is furnished in writing by such registered owner to the Registrar; provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any Bond shall not affect the validity of the proceedings for the redemption of any other Bonds. The notice shall specify the redemption price, the date and place of redemption, and the registration numbers (and, in case of partial redemption, the respective principal amounts) of the Bonds called for redemption. The place of redemption may be at the principal corporate trust office of the Registrar and Paying Agent or as otherwise determined by the Department. Interest on the Bonds (or portions thereof) so called for redemption shall cease to accrue 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 redemption date and when such Bonds (or portions thereof) are presented for payment. Any Bond redeemed in part may be exchanged for a Bond or Bonds of the same maturity in authorized denominations equal to the remaining principal amount thereof.

Section 6. Execution and Authentication of the Bonds and BANs. The Bonds and the BANs shall be executed in the name of the City on behalf of the District by the manual or facsimile signature of the Mayor of the City (the "Mayor"), countersigned by the manual or facsimile signature of the Controller, and attested by the manual or facsimile signature of the

Clerk of the City, who shall cause the seal of the City or a facsimile thereof to be affixed to each of the Bonds and the BANs. The Bonds and the BANs shall be authenticated by the manual signature of the Registrar, and no Bond or BAN shall be valid or become obligatory for any purpose until the certificate of authentication thereon has been so executed. In case any official whose signature appears on any Bond or BAN shall cease to be such official before the delivery of such Bond or BAN, the signature of such official shall nevertheless be valid and sufficient for all purposes, the same as if such official had been in office at the time of such delivery. Subject to the provisions of this Resolution regarding the registration of the Bonds and BANs, the Bonds and BANs shall be fully negotiable instruments under the laws of the State of Indiana.

Section 7. Security and Sources of Payment for the Bonds. The Bonds, as and to the extent paid for and delivered to the Bond Bank, together with any bonds hereafter issued on a parity therewith (to be referred to hereinafter collectively as the "bonds," unless the context otherwise requires), as to both principal and interest, shall be valid and binding special revenue obligations of the District, payable solely from and secured by an irrevocable pledge of and constituting a first charge upon all of the "net revenues" (herein defined as gross revenues of the Waterworks of the City after deduction only for the payment of the reasonable expenses of operation, repair and maintenance) derived from the Waterworks, including all such net revenues from the existing works, the Project and all additions and improvements thereto and replacements thereof subsequently constructed or acquired, to be set aside into the Waterworks Sinking Fund as herein provided. The District shall not be obligated to pay the Bonds or the interest thereon except from the net revenues of the Waterworks, and the Bonds shall not constitute an indebtedness of the City or the District within the meaning of the provisions and limitations of the constitution of the State of Indiana.

Section 8. Form of the Bonds. The form and tenor of the Bonds shall be substantially as set forth in Appendix A, attached hereto and incorporated herein as if set forth at this place (with all blanks to be filled in properly and all necessary additions, modifications and deletions to be made prior to the delivery thereof).

Section 9. Issuance, Sale and Delivery of the Bonds and BANs.

(a) Generally. The Controller is hereby authorized and directed to have the Bonds and BANs prepared, and the Mayor and the Controller are each hereby authorized and directed to execute and attest, respectively, the Bonds and BANs in the form and manner herein provided. The Controller is hereby authorized and directed to deliver the Bonds and BANs to the Bond Bank after sale made in accordance with the provisions of the Act and this Resolution, provided that at the time of said delivery the Controller shall collect the full amount which the Bond Bank has agreed to pay therefor, which shall be not less than the par amount of the Bonds or BANs, as applicable. The District may receive payment for the Bonds and BANs in installments. The proceeds derived from the sale of the Bonds (or, instead, the BANs, if such BANs are issued), shall be and are hereby set aside for application to the costs of the Project, including all authorized costs relating thereto, including the respective costs of issuance of the Bonds and the BANs. The authorized officers of the City and the District are hereby authorized and directed to draw all proper and necessary warrants and to do whatever other acts and things that may be necessary or appropriate to carry out the provisions of this Resolution.

(b) Issuance, Sale and Delivery of the BANs. The City, having satisfied all the statutory requirements for the issuance of the Bonds, may elect to issue its BAN or BANs to the Bond Bank. The Board hereby authorizes the issuance and execution of the BAN or BANs in lieu of initially issuing Bonds to provide interim construction financing for the Project until permanent

financing becomes available. It shall not be necessary for the Department or 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. The Mayor, the Controller, the Clerk of the City, the CEO of the Department, and the President and the Secretary of the Board may take such action or deliver such agreements, instruments, documents or 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.

(c) Issuance, Sale and Delivery of the Bonds. The Bonds shall be sold to the Bond Bank, with a maximum discount of three percent (3%) of the par amount of the Bonds, in such denomination or denominations as the Bond Bank may request and as are authorized by law, and pursuant to a purchase agreement (the "Purchase Agreement") between the Board, on behalf of the District, and the Bond Bank, hereby authorized to be entered into and executed by the President or the Vice President of the Board, on behalf of the District, and attested by the Secretary of the Board, subsequent to the date of the adoption of this Resolution. Such Purchase Agreement may set forth the definitive terms and conditions for such sale, but all of such terms and conditions must be consistent with the terms and conditions of this Resolution, including, without limitation, the interest rate or rates on the Bonds which shall not exceed the maximum authorized rate of interest for the Bonds pursuant to this Resolution. Bonds sold to the Bond Bank shall be accompanied by all documentation required by the Bond Bank pursuant to Indiana Code 5-1.4 and the Purchase Agreement, including, without limitation, an approving opinion of nationally recognized bond counsel, certification and guarantee of signatures and certification as to no litigation pending, as of the date of delivery of the Bonds to the Bond Bank, challenging

the validity or issuance of the Bonds. The entry by the Board, on behalf of the District, into the Purchase Agreement, the execution of the Purchase Agreement on behalf of the District by the President or the Vice President of the Board, and the attestation of the Purchase Agreement by the Secretary of the Board, in accordance with this Resolution are hereby authorized, approved and ratified.

(d) Opinion of Bond Counsel. Prior to the delivery of the Bonds and the BANs, the Controller, subject to the direction of the Department, shall obtain a legal opinion as to the validity of the Bonds (and the BANs, if issued) from Faegre Baker Daniels LLP, Indianapolis, Indiana, bond counsel for the District, with such opinion or opinions to be furnished to the Bond Bank at the expense of the District. Bond counsel's fee in preparing and delivering such opinion or opinions and in the performance of related services in connection with the issuance, sale and delivery of the Bonds and the BANs, shall be considered as a part of the cost of the Project and may be paid out of the proceeds of the Bonds and BANs, respectively.

Section 10. Disposition of Proceeds of the Bonds and BANs; City of Hammond, Waterworks Construction Account. The proceeds from the sale of the BANs (or, if and to the extent the BANs are not issued, the Bonds) shall be deposited in a bank or banks which are legally qualified depositories for the funds of the District, in the special account to be designated as "City of Hammond, Waterworks Construction Account" (the "Construction Account"). Amounts in the Construction Account shall be expended only for the purpose of paying the costs of the Project, refunding the BANs, if issued, paying the costs of issuance of the Bonds and the BANs, if the BANs are issued, or as otherwise permitted or required by the Act. Any balance or balances remaining unexpended in the Construction Account after completion of the Project, which are not required to meet unpaid obligations incurred in connection with the acquisition,

construction, installation or equipping of the Project, shall be used solely for one or more of the purposes permitted under the provisions of Indiana Code 5-1-13, as amended.

Notwithstanding the provisions of this Section 10, if BANs are issued, then the proceeds of the Bonds relating thereto shall be used to refund the BANs or to pay costs of the Project and are hereby pledged for such purposes, and any proceeds of the Bonds remaining after the BANs have been paid in full and after completion of the Project shall be used solely for one or more of the purposes permitted under the provisions of Indiana Code 5-1-13, as amended.

Section 11. Segregation and Application of Waterworks Revenues. All revenues derived from the operation of the Waterworks and from the collection of water rates and charges shall be deposited in a fund hereby established and designated as the Revenue Fund, and shall be segregated and kept separate and apart from all other funds and bank accounts of the District. Out of said revenues the proper and reasonable expenses of operation, repair and maintenance of the Waterworks shall be paid, the principal and interest of all bonds and fiscal agency charges of bank paying agents shall be paid, the reserve shall be funded, and the costs of replacements, extensions, additions and improvements shall be paid as hereinafter provided.

On the last day of each calendar month there shall be credited from the Revenue Fund to the Operation and Maintenance Fund hereby established, a sufficient amount of the revenues of the Waterworks so that the balance in said fund shall be sufficient to pay the expenses of operation, repair and maintenance of the works for the next succeeding two (2) calendar months. The moneys credited to this fund shall be used for the payment of the reasonable and proper operation, repair and maintenance expenses of the Waterworks on a day to day basis, but none of the moneys in such fund shall be used for depreciation, replacements, improvements, extensions or additions. Any balance in said fund in excess of the expected expenses of operation, repair

and maintenance for the next succeeding calendar month may be transferred to the Waterworks Sinking Fund created hereby if necessary to prevent a default in the payment of principal or interest on outstanding bonds of the Waterworks.

Section 12. (a) Waterworks Sinking Fund. There shall be deposited from the Revenue Fund into the Waterworks Sinking Fund hereby established for the payment of the interest on and principal of revenue bonds which by their terms are payable from the revenues of the Waterworks, and the payment of any fiscal agency charges in connection with the payment of such bonds and interest thereon, a sufficient amount of the net revenues of said Waterworks to meet the requirements of the Bond and Interest Account and the Debt Service Reserve Account established hereby in said Waterworks Sinking Fund. Such payments shall continue until the balance in the Bond and Interest Account, plus the balance in the Debt Service Reserve Account, equals the principal of and interest on all of the then outstanding bonds of the Waterworks to the final maturity thereof.

(b) Bond and Interest Account. There shall be credited on the last day of each calendar month to the Bond and Interest Account hereby established, an amount of net revenues equal to the sum of one-sixth ($1/6$) of the interest on all then outstanding bonds of the Waterworks payable on the then next succeeding Interest Payment Date, and one-sixth ($1/6$) of the amount of principal payable on the next principal payment date on all then outstanding bonds of the Waterworks which will be payable on the then next succeeding principal payment date, until the amount of interest and principal payable on the next succeeding respective interest and principal payment dates shall have been so credited; provided that such fractional amounts shall be appropriately increased to provide for the first interest and first principal payments. There shall similarly be credited to the account the amount necessary to pay the bank fiscal agency charges,

if any, for paying principal and interest on outstanding bonds of the Waterworks as the same become payable. The District shall, from the sums deposited in the Waterworks Sinking Fund and credited to the Bond and Interest Account, remit promptly to the registered owners of the outstanding bonds of the Waterworks or to the bank fiscal agency sufficient moneys to pay the principal and interest on the due dates thereof together with the amount of any bank fiscal agency charges.

(c) Debt Service Reserve Account. On the last day of each calendar month, after making the credits to the Bond and Interest Account there shall be credited from available net revenues to the Debt Service Reserve Account hereby created in amounts sufficient to produce, in equal monthly installments over a sixty (60) month period (commencing upon the date of delivery of the Bonds), an amount equal to the maximum annual debt service on all outstanding bonds of the Waterworks (the "Debt Service Reserve Requirement"); provided, however, that the Controller, with the advice of the financial advisor to the District, may elect to satisfy all or a portion of the Debt Service Reserve Requirement on the date of issuance of the Bonds from proceeds of the Bonds and/or other available funds of the District. Said credits to the Debt Service Reserve Account shall continue until the balance therein shall equal the Debt Service Reserve Requirement. The Debt Service Reserve Account shall constitute the margin for safety as a protection against default in the payment of principal of and interest on the Bonds (and any other parity bonds of the District payable from the net revenues of its Waterworks hereafter issued so long as the Debt Service Reserve Requirement has been increased proportionately), and the moneys in the Debt Service Reserve Account shall be used to pay current principal and interest on the Bonds (and any parity bonds thereof) to the extent that moneys in the Bond and Interest Account are insufficient for that purpose. Any deficiencies in credits to the Debt Service

Reserve Account shall be promptly made up from the next available net revenues remaining after credits into the Bond and Interest Account. In the event moneys in the Debt Service Reserve Account are transferred to the Bond and Interest Account to pay principal and interest on bonds, then such depletion of the balance in the Debt Service Reserve Account shall be made up from the next available net revenues after the credits into the Bond and Interest Account hereinbefore provided for. Any moneys in the Debt Service Reserve Account in excess of the Debt Service Reserve Requirement shall be transferred to the Waterworks Improvement Fund, and in no event shall such excess moneys be held in the Debt Service Reserve Account.

In the event additional bonds payable from the net revenues of the Waterworks are hereafter issued on a parity with the Bonds, the Debt Service Reserve Requirement shall be proportionately increased to equal maximum annual debt service on the Bonds and all bonds issued on a parity therewith; provided, that, if nationally recognized bond counsel is unable to provide an opinion that interest on such proposed additional parity bonds is excludable from gross income for federal income tax purposes as a result of the determination of the Debt Service Reserve Requirement in the manner provided in this Section 12(c), then the District may, in order to allow such opinion to be issued, establish a separate reasonably required reserve fund that secures only the proposed parity bonds and shall expressly provide in the authorizing Resolution for such proposed parity bonds that the moneys deposited in the Debt Service Reserve Account hereby as a margin of safety for the payment of principal of and interest on the Bonds do not secure such proposed parity bonds.

Section 13. Waterworks Improvement Fund. After making all required payments into the Operation and Maintenance Fund and the Waterworks Sinking Fund, then any excess net revenues may be credited to the Waterworks Improvement Fund hereby established. Said fund

shall be used for improvements, replacements, additions and extensions of the Waterworks. Moneys in the Waterworks Improvement Fund shall be transferred to the Waterworks Sinking Fund if necessary to prevent a default in the payment of principal and interest on the then outstanding bonds or if necessary to eliminate any deficiencies in credits to or minimum balance in the Debt Service Reserve Account of the Waterworks Sinking Fund. Moneys in the Improvement Fund also may be transferred to the Operation and Maintenance Fund to meet unforeseen contingencies in the operation, repair and maintenance of the Waterworks.

Section 14. Investment of Funds. All of the amounts in the funds and accounts created pursuant to this Resolution shall be deposited in lawful depositories of the State of Indiana, and shall be continuously held and secured or invested as provided by the laws of Indiana relating to the depositing, securing, holding and investing of public funds, including particularly Indiana Code 5-13-9, as amended and supplemented, and the acts amendatory thereof and supplemental thereto. The amounts in the Bond and Interest Account, the Debt Service Reserve Account and all other funds and accounts created pursuant to this Resolution shall be kept in separate bank accounts apart from all other bank accounts of the District. In no event shall any of the revenues of the Waterworks be transferred or used for any purpose not authorized by this Resolution so long as any of the bonds of the Waterworks issued pursuant to the provisions of this Resolution shall be outstanding. Investment income earned on moneys in the funds and accounts established by this Resolution shall become a part of the funds and accounts invested (except as otherwise provided in Section 12(c) hereof) and shall be used only as provided in this Resolution.

Section 15. Books of Record and Accounts. The Department shall keep proper books of record and accounts, separate from all of its other records and accounts, in which complete and

correct entries shall be made showing all revenues collected from said works and deposited in said funds, and all disbursements made there from on account of the operation of the works, and to meet the requirements of the Waterworks Sinking Fund, and all other financial transactions relating to said works. There shall be prepared and furnished, upon written request, to any owner of the Bonds or BANs at the time then outstanding, not more than ninety (90) days after the close of each fiscal year, complete financial statements of the works, covering the preceding fiscal year. Copies of all such statements and reports shall be kept on file in the office of the Controller. Any owner or owners of the Bonds or BANs then outstanding shall have the right at all reasonable times to inspect the works and all records, accounts and data of the District relating thereto. Such inspections may be made by representatives duly authorized by written instrument.

The City shall establish and maintain the books and other financial records of the Project (including the establishment of a separate account or subaccount for the Project) and the Waterworks in accordance with (i) generally accepted accounting standards for utilities, on an accrual basis, as promulgated by the Government Accounting Standards Board, and (ii) the rules, regulations, and guidance of the State Board of Accounts.

Section 16. Rates and Charges. The Department covenants and agrees that it will establish and maintain just and equitable rates or charges for the use of and the services rendered by said works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses said Waterworks by or through any part of the Waterworks system of the City, or that in any way uses or is served by such works, at a level adequate to produce and maintain sufficient revenue (including user and other charges, fees, income, or revenues available to the District) to provide for the proper operation, repair and maintenance of the

works, to comply with and satisfy all covenants contained in this Resolution, and for the payment of the sums required to be paid into the Waterworks Sinking Fund by the Act and this Resolution.

Such rates or charges shall, if necessary, be changed and readjusted from time to time so that the revenues therefrom shall always be sufficient to meet the expenses of operation, repair and maintenance of the Waterworks and the requirements of the Waterworks Sinking Fund.

Section 17. Defeasance. If, when the Bonds or BANs or any portion thereof shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the Bonds or BANs 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 BANs or any portion thereof then outstanding shall be paid; or (i) sufficient moneys, or (ii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, the principal of and the interest on which when due will provide sufficient moneys, or (iii) time certificates of deposit fully secured as to both principal and interest by obligations of the kind described in (ii) above of a bank or banks the principal of and 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 or BANs, as applicable, or any designated portion thereof shall no longer be deemed outstanding or entitled to the pledge of the net revenues of the Waterworks.

Section 18. Additional BANs and Bonds. The District will issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on the revenues of the Waterworks having priority over the Bonds herein authorized. The District reserves the right to

authorize and issue additional BANs at any time ranking on a parity with the BANs so long as the interest is payable on the same terms as the outstanding BANs and the principal is payable solely from the Bond proceeds. The District also reserves the right to authorize and issue additional bonds, payable out of the net revenues of its Waterworks, ranking on a parity with the bonds authorized by this Resolution, for the purpose of financing the cost of future additions, extensions and improvements to the Waterworks, or to refund obligations, subject to the following conditions:

(a) All required payments into the Waterworks Sinking Fund shall have been made in accordance with the provisions of this Resolution, and the interest on and principal of all bonds payable from the net revenues of the Waterworks shall have been paid to date in accordance with the terms thereof.

(b) As of the date of issuance of such additional bonds, the balance in the Debt Service Reserve Account shall equal not less than (i) the Debt Service Reserve Requirement (not including the increase necessitated by the additional bonds) or (ii) if the additional bonds are to be issued within five (5) years of the date of the issuance of the Bonds, the balance in the Debt Service Reserve Account equals the amount of aggregate monthly deposits to be made thereto in accordance with Section 12(c) of this Resolution, and the Debt Service Reserve Requirement is proportionately increased in accordance with the provisions of Section 12(c) of this Resolution and the District covenants to make equal monthly deposits into the Debt Service Reserve Account over not longer than a sixty (60) month period sufficient to equal the increased Debt Service Reserve Requirement.

(c) The net revenues of the Waterworks in the fiscal year immediately preceding the issuance of any such bonds ranking on a parity with the bonds authorized by this Resolution shall

be not less than one hundred twenty-five percent (125%) of the maximum annual interest and principal requirements of the then outstanding bonds and the additional parity bonds proposed to be issued; or, prior to the issuance of said parity bonds, the water rates and charges shall be increased sufficiently so that said increased rates and charges applied to the previous fiscal year's operations would have produced net revenues for said year equal to not less than one hundred twenty-five percent (125%) of the maximum annual interest and principal requirements of the then outstanding bonds and the additional parity bonds proposed to be issued. For purposes of this subsection, the records of the Waterworks shall be analyzed and all showings shall be prepared by a certified public accountant or nationally recognized firm of professionals experienced in analyzing financial records of municipal utilities retained by the Department for that purpose.

(d) The principal of said additional parity bonds shall be payable on January 1 and the interest on said additional parity bonds shall be payable semiannually on January 1 and July 1 in the years in which such principal and interest are payable.

Section 19. Additional Covenants of the District. For the purpose of further safeguarding the interests of the owners of the Bonds and BANs herein authorized, it is specifically provided as follows:

(a) All contracts let by the Department in connection with the construction of said additions and improvements to the Waterworks 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) Said additions and improvements shall be constructed under the supervision and subject to the approval of such competent engineer as shall be designated by the Board. All estimates for work done or material furnished shall first be checked by such engineer and approved by the Board.

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

(d) So long as any of the Bonds or BANs herein authorized are outstanding, the District shall maintain insurance coverage (which must be acceptable to the Bond Bank), including fidelity bonds, to protect the Waterworks and its operations on the insurable parts of said works of a kind and in an amount such as would normally be carried by private companies engaged in a similar type of business. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the State of Indiana. All insurance proceeds and condemnation awards shall be used in replacing or restoring the property destroyed, damaged or taken; alternatively, they may be applied as net revenues of the works.

(e) So long as any of the Bonds or BANs are outstanding, the District shall not mortgage, pledge or otherwise encumber such works, or any part thereof, nor shall it sell, lease or otherwise dispose of any portion thereof except replace equipment which may become worn out or obsolete, without the prior written consent of the Bond Bank.

(f) Except as hereinbefore provided in Section 18 hereof, so long as any of the bonds or BANs herein authorized are outstanding, no additional bonds, BANs or other obligations

pledging any portion of the revenues of said Waterworks shall be authorized, executed or issued by the District except such as shall be made subordinate and junior in all respects to the bonds and BANs herein authorized, unless all of the bonds and BANs herein authorized are redeemed, retired or defeased pursuant to Section 17 hereof coincidentally with the delivery of such additional bonds, BANs or other obligations.

(g) The provisions of this Resolution shall constitute a contract by and between the District and the owners of the Bonds and BANs, and after the issuance of said Bonds and BANs, subject to the rights of the District under Section 23 hereof, this Resolution shall not be repealed or amended in any respect which will adversely affect the rights of the owners of said Bonds and BANs, nor shall the Board adopt any law, ordinance or resolution which in any way adversely affects the rights of such owners so long as any of said Bonds or BANs or the interest thereon remains unpaid.

(h) The provisions of this Resolution shall be construed to create a trust in the proceeds of the sale of the Bonds and BANs for the uses and purposes herein set forth, and the owners of the Bonds and BANs shall retain a lien on such respective proceeds until the same are applied in accordance with the provisions of this Resolution and of the Act. The provisions of this Resolution shall also be construed to create a trust in the portion of the net revenues herein directed to be set apart and paid into the Waterworks Sinking Fund for the uses and purposes of said fund as in this Resolution set forth. The owner of said Bonds and BANs shall have all of the rights, remedies and privileges under Indiana law in the event of default in the payment of the principal of or interest on any of the Bonds or BANs herein authorized or in the event of default in respect to any of the provisions of this Resolution or the Act.

Section 20. Permitted Actions Relating to Preservation of Exclusion of Interest from Federal Gross Income. (a) The Controller is hereby authorized to invest moneys pursuant to the provisions of this Resolution and Indiana Code 5-1-14-3 at a restricted yield (subject to applicable requirements of federal law to insure that any such investment is acquired for fair market value) to the extent necessary or advisable to preserve the exclusion from gross income of interest on the Bonds and BANs, or the tax exempt status of interest on the Bonds and BANs, under federal law.

(b) The Controller shall keep full and accurate records of investment earnings and income from moneys held in the funds and accounts created or referenced herein. In order to comply with the provisions of this Resolution, the Controller 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 or exemption.

Section 21. Tax Covenants. In order to preserve the exclusion of interest on the Bonds and BANs from gross income for federal income tax purposes and as an inducement to purchasers of the Bonds and BANs, the District represents, covenants and agrees that:

(a) No person or entity or any combination thereof, other than the District or any other governmental unit ("Governmental Unit") within the meaning of Section 141(b)(6) and Section 150(a)(2) of the Code will use more than ten percent (10%) of the proceeds of the Bonds or property financed by such proceeds other than as a member of the general public. No person or entity or any combination thereof other than a Governmental Unit shall own property financed by more than ten percent (10%) of the proceeds of the Bonds or will have actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract, an arrangement such as a take-or-pay or other type of output contract or any other type of

arrangement that differentiates that person's or entity's use of such property from the use of such property by the public at large, except pursuant to a management or similar contract which satisfies the requirements of IRS Revenue Procedure 2017-13.

(b) No Bond or BAN proceeds will be loaned to any entity or person. No 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.

(c) The District 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 or permit to fail to be taken by it or by any party under its control, any action with respect to the Bonds or BANs that would result in the loss of the exclusion from gross income for federal income tax purposes of interest 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 further covenants that it will not make any investment or do any other act or thing during the period that any Bond or BAN is outstanding hereunder which would cause any Bond or BAN to be an "arbitrage bond" within the meaning of Section 148 of the Code and the regulations applicable thereto as in effect on the date of delivery of the Bonds or BANs.

(d) The District will, to the extent necessary to preserve the exclusion of interest on the Bonds and BANs from gross income for federal income tax purposes, rebate all required arbitrage profits on Bond and BAN proceeds or other moneys treated as Bond or BAN proceeds to the federal government and will set aside such moneys in a Rebate Account to be held by the Controller in trust for such purpose.

(e) All officers, employees and agents of the District are hereby authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date that the Bonds are issued, and to make covenants on behalf of the District evidencing the District's recognition of and compliance with the covenants and commitments made herein. In particular and without limiting the foregoing, any and all appropriate officers, employees and agents of the District are authorized to certify and/or to enter into covenants on behalf of the District regarding (i) the facts and circumstances and reasonable expectations of the District as of the date that the Bonds are issued and (ii) the representations and covenants made herein by the District regarding the amount and use of the proceeds of the Bonds.

(f) The Controller is hereby authorized to employ consultants and attorneys from time to time to advise the District with respect to the requirements under federal law for the continuing preservation of the excludability of interest on the Bonds from gross income for purposes of federal income taxation, as described in this Section 21.

Section 22. Compliance with Tax Sections. Notwithstanding any other provisions of this Resolution, the covenants and authorizations contained in this Resolution ("Tax Sections") which are designed to preserve the tax exempt status of interest on the Bonds and BANs or the exclusion of interest on the Bonds and BANs from gross income under federal law ("Tax Exemption") need not be complied with if the District receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption. In addition, the District is authorized to issue one or more series of Bonds or BANs, the interest on which is not excludable from gross income under federal law, in which case the Tax Sections of this Resolution shall not apply to such series of Bonds or BANs.

Section 23. Supplemental Resolutions. The Board may, from time to time and at any time, adopt a resolution or resolutions supplemental hereto (which supplemental resolution or resolutions shall thereafter form a part hereof) upon receipt by the District of the prior written consent of the Bond Bank.

Section 24. Approval of Indiana Utility Regulatory Commission. Notwithstanding anything in this Resolution to the contrary, except for BANs which are payable within one (1) year of their issuance, no Bonds or BANs may be issued hereunder without the approval of the Indiana Utility Regulatory Commission.

Section 25. Payments on Holidays. If the date of making any payment or the last date for performance of any act or the exercising of any right, as provided in this Resolution, shall be a legal holiday or a day on which banking institutions in the town or the city in which the Registrar and Paying Agent is located are typically closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are typically closed, with the same force and effect as if done on the nominal date provided in this Resolution, and no interest shall accrue for the period after such nominal date.

Section 26. Separability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

Section 27. Repeal of Conflicting Resolutions. All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflict, hereby repealed.

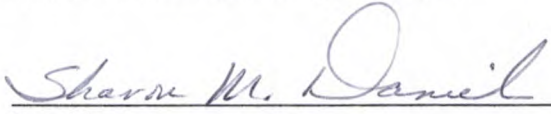
Section 28. Captions. The captions in this Resolution are inserted only as a matter of convenience and reference, and such captions are not intended and shall not be construed to define, limit, establish, interpret or describe the scope, intent or effect of any provision of this Resolution.

Section 29. Authority of Officers. The Mayor, the Controller, the CEO of the Department, and the President and the Secretary of the Board are, and each of them is, hereby authorized to execute such further documents and certificates, not inconsistent with this Resolution, as said officer shall deem necessary or appropriate to accomplish the purposes of this Resolution.

Section 30. Effectiveness. This Resolution shall be in full force and effect from and after its passage.

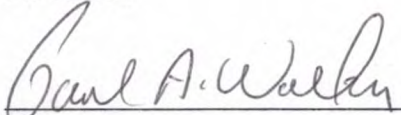
ADOPTED AND APPROVED this 25th day of January, 2018.

BOARD OF DIRECTORS OF THE
DEPARTMENT OF WATERWORKS OF THE
CITY OF HAMMOND, INDIANA



President

ATTEST:



Secretary

[Form of Bond]

UNITED STATES OF AMERICA
STATE OF INDIANA, COUNTY OF LAKE
CITY OF HAMMOND, INDIANA,
WATERWORKS DISTRICT REVENUE BOND OF 2018

No. 18R-1

<u>Interest Rate</u>	<u>Original Date</u>	<u>Authentication Date</u>
_____ %	_____, 2018	_____, 2018

Registered Owner:

Principal Amount:

The City of Hammond (the "City"), in Lake County, State of Indiana, for and on behalf of the Waterworks District of the City (the "District") for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, upon surrender hereof, solely out of the special revenue fund hereinafter referred to, the Principal Amount stated above, on the dates and in the amounts as set forth on Schedule A attached hereto (unless this bond be subject to and shall have been called for redemption prior to maturity as hereinafter provided), and to pay interest hereon until the Principal Amount is fully paid at the Interest Rate per annum specified above from the interest payment date to which interest has been paid next preceding the Authentication Date of this bond unless this bond is authenticated after the fifteenth day of the month immediately preceding an interest payment date and on or before such interest payment date, in which case it shall bear interest from such interest payment date, or unless this bond is authenticated on or before _____ 15, 201__, in which case it shall bear interest from the Original Date specified above, which such interest is payable semiannually on January 1 and July 1 of each year, commencing _____ 1, 201__. Interest shall be calculated on the basis of twelve (12) thirty (30)-day months for a three hundred sixty (360)-day year.

The principal of this bond is payable at the _____ office of _____, as Registrar and Paying Agent (which term shall include any successor registrar and paying agent). All payments of interest hereon will be paid by cash or draft mailed or delivered by the Paying Agent to the Registered Owner hereof at the address as it appears on the registration books of the Registrar as of the fifteenth day of the month immediately preceding the applicable interest payment date or at such other address as is furnished to the Paying Agent in writing by such Registered Owner. All payments on this bond

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

Notwithstanding the foregoing paragraph, so long as this bond is registered in the name of The Hammond Local Public Improvement Bond Bank (the "Bond Bank"), principal of and interest on this bond shall be paid by wire transfer to a financial institution designated by the Bond Bank on the due date of such payment. So long as the Bond Bank is the registered owner of this bond, this bond shall be presented for payment as directed by the Bond Bank.

This bond and the other bonds of this issue, together with the interest payable hereon and thereon, are payable solely from and secured by an irrevocable pledge of and constitute a first charge upon all of the net revenues (herein defined as the gross revenues after deduction only for the payment of the proper and reasonable expenses of operation, repair and maintenance) derived from the waterworks of the City, including the existing works, the improvements and extensions acquired or constructed out of the proceeds of this bond and the issue of which it is a part, and all additions and improvements thereto subsequently acquired or constructed. The District shall not be obligated to pay the principal of or interest on this bond except from the special fund, entitled the "Waterworks Sinking Fund" (established under the Resolution as hereinafter described), provided from the net revenues of such waterworks, and neither this bond nor any of the bonds of the issue of which this bond is a part shall constitute an indebtedness of the City or the District within the meaning of the provisions and limitations of the constitution of the State of Indiana.

This bond is one of an authorized issue of bonds of the District of like tenor and effect, except as to numbering, interest rate and date of maturity, in the maximum aggregate principal amount of _____ Dollars (\$ _____) numbered from 18R-1 upward, issued for the purpose of providing funds to pay the cost of certain improvements and extensions to the waterworks of the City (the "Waterworks"), [to refund notes issued in anticipation of the bonds,] and all expenses necessarily incurred in connection with the issuance of such bonds, as authorized by an Resolution adopted by the Board of Directors of the Department of Waterworks of the City (the "Department") on the 25th day of January, 2018, entitled "A Resolution authorizing the acquisition, construction, installation and equipping by the Department of Waterworks of the City of Hammond, Indiana, of certain improvements and extensions to the City's waterworks, the issuance and sale of revenue bonds to provide funds for the payment of the costs thereof, the issuance and sale of bond anticipation notes in anticipation of the issuance and sale of such bonds, and the collection, segregation and distribution of the revenues of such waterworks and other related matters" (the "Resolution"), and in strict compliance with the provisions of Indiana Code, Title 8, Article 1.5, and the laws amendatory thereof and supplemental thereto (the "Act").

This bond is issuable only in fully registered form in the denomination of \$1.00 or any integral multiple thereof not exceeding the aggregate principal amount of the bonds of this issue maturing in any one (1) year, unless this bond is of a series of bonds sold to the Bond Bank, in which case it may be of such denomination as directed.

Pursuant to the provisions of the Act and the Resolution, the principal of and interest on this bond and all other bonds of this issue, together with any bonds hereafter issued on a parity

herewith or therewith, are secured by and are payable solely from the Waterworks Sinking Fund heretofore established by the Resolution, to be provided from the net revenues (herein defined as the gross revenues after deduction only for the payment of the proper and reasonable expenses of operation, repair and maintenance) derived from the Waterworks, including the existing works, the improvements and extensions acquired or constructed out of the proceeds of this bond and the issue of which it is a part, and all additions and improvements thereto and replacements thereof subsequently constructed and acquired. This bond does not and shall not constitute an indebtedness of the District within the meaning of the provisions and limitations of the constitution of the State of Indiana, and the District is not and shall not be obligated to pay this bond or the interest thereon except from such special fund provided from such net revenues.

The District irrevocably pledges the entire net revenues of the Waterworks to the extent necessary for such purposes, to the prompt payment of the principal of and interest on the bonds of this issue authorized pursuant to the Resolution, including this bond and any bonds hereafter issued on a parity herewith. The District covenants that it will to the fullest extent permitted by law cause to be fixed, maintained and collected such rates and charges for services rendered by such works as are sufficient in each year for the payment of the proper and reasonable expenses of Operation and Maintenance of said works and for the payment of the sums required to be paid into said Sinking Fund under the provisions of said Act and said Resolution. In the event the District, or the proper officers thereof, shall fail or refuse to so fix, maintain and collect such rates or charges, or if there be a default in the payment of the principal of or interest on this bond, the Registered Owner of this bond shall have all of the rights and remedies provided for under Indiana law.

The District further covenants that it will set aside and pay into its Waterworks Sinking Fund a sufficient amount of the net revenues of the Waterworks to meet (a) the interest on all bonds payable from the revenues of the Waterworks, as such interest shall fall due, (b) the necessary fiscal agency charges for paying all bonds and interest, (c) the principal of all bonds payable from the revenues of the Waterworks, and (d) an additional amount as a margin of safety to create the reserve required by the Resolution.

The bonds of this issue maturing on or after January 1, 20___, are subject to redemption prior to maturity, at the option of the District, in whole or in part, on January 1, 20___, or at any time thereafter, in inverse order of maturity and by lot within any such maturity or maturities by the Registrar at a redemption price expressed as a percentage of the principal amount of each bond to be redeemed in accordance with the following schedule, plus accrued interest to the date of redemption:

<u>Redemption Period</u> <u>(Both Dates Inclusive)</u>	<u>Redemption Price</u>
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Notice of any such redemption shall be sent by registered or certified mail to the Registered Owner of this bond at least thirty (30) days prior to the date fixed for redemption,

unless such notice is waived by the Registered Owner. The notice shall specify the redemption price, the date and place of redemption, and the registration numbers (and in case of partial redemption, the respective principal amounts) of the bonds called for redemption. Interest on bonds so called for redemption shall cease to accrue on the redemption date fixed in such notice, so long as sufficient funds are available at the place of redemption to pay the redemption price on the redemption date or when presented for payment.

If this bond or a portion hereof shall have become due and payable in accordance with its terms or this bond or a portion hereof shall have been duly called for redemption or irrevocable instructions to call this bond or a portion hereof for redemption shall be given and the whole amount of the principal and the premium, if any, and interest, so due and payable upon this bond or such portion hereof shall be paid, or (i) sufficient moneys, or (ii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, the principal of and the interest on which when due will provide sufficient moneys for such purpose, or (iii) time certificates of deposit of a bank or banks, fully secured as to both principal and interest by obligations of the kind described in (ii) above, the principal of and interest on which when due will provide sufficient moneys for such purpose, shall be held in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case this bond or such portion hereof shall no longer be deemed outstanding, entitled to the pledge of the net revenues of the waterworks or an obligation of the District.

If this bond shall not be presented for payment or redemption on the date fixed therefore, the District may deposit in trust with the Paying Agent an amount sufficient to pay such bond or the redemption price, as appropriate, and thereafter the Registered Owner shall look only to the funds so deposited in trust with the Paying Agent for payment, and the District shall have no further obligation or liability with respect thereto.

Subject to the provisions of the Resolution regarding the registration of such bonds, this bond and all other bonds of this issue of which this bond is a part are fully negotiable instruments under the laws of the State of Indiana. This bond is transferable or exchangeable only on the books of the District maintained for such purpose at the principal office of the Registrar, by the Registered Owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the Registered Owner or his attorney duly authorized in writing, and thereupon a new fully registered bond or bonds in the same aggregate principal amount and of the same maturity shall be executed and delivered in the name of the transferee or transferees or the Registered Owner, as the case may be, in exchange therefore. This bond may be transferred or exchanged without cost to the Registered Owner or his attorney duly authorized in writing, except for any tax or other governmental charge which may be required to be paid with respect to such transfer or exchange. The Registrar shall not be obligated to make any exchange or transfer of this bond (i) during the fifteen (15) days immediately preceding an interest payment date on this bond or (ii) after the mailing of any notice calling this bond for redemption. 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 the redemption premium, if any, and interest due hereon.

In the event this bond is mutilated, lost, stolen or destroyed, the District may cause to be executed and the Registrar may authenticate a new bond of like date, maturity and denomination as this bond, which new bond shall be marked in a manner to distinguish it from this bond; provided, that in the case of this bond being mutilated, this bond shall first be surrendered to the Registrar, and in the case of this bond being lost, stolen or destroyed, there shall first be furnished to the Registrar evidence of such loss, theft or destruction satisfactory to the District and to the Registrar, together with indemnity satisfactory to them. In the event that this bond, being mutilated, lost, stolen or destroyed, shall have matured or been called for redemption, instead of causing to be issued a duplicate bond the Registrar may pay this bond upon surrender of this mutilated bond or upon satisfactory indemnity and proof of loss, theft or destruction in the event this bond is lost, stolen or destroyed. In such event, the District and the Registrar may charge the owner of this bond with their reasonable fees and expenses in connection with the above. Every substitute bond issued by reason of this bond being lost, stolen or destroyed shall, with respect to this bond, constitute a substitute contractual obligation of the District, whether or not this bond, being lost, stolen or destroyed shall be found at any time, and shall be entitled to all the benefits of the Resolution, equally and proportionately with any and all other bonds duly issued thereunder.

In the manner provided in the Resolution, the Resolution and the rights and obligations of the City and the owners of the bonds of this issue authorized thereunder, including this bond, may (with certain exceptions as stated in the Resolution) be modified or amended with the consent of the Bond Bank.

The Registered Owner of this bond, by the acceptance hereof, hereby agrees to all the terms and provisions contained in the Resolution.

The District, the Registrar and the Paying Agent may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and the interest due hereon and for all other purposes, and none of the District, the Registrar or the Paying Agent shall be affected by any notice to the contrary.

This bond shall not be valid or become obligatory for any purpose or entitled to any security or benefit under the Resolution herein described unless and until the certificate of authentication hereon shall have been executed by a duly authorized representative of the Registrar.

The District hereby certifies, recites and declares that all acts, conditions and things required to be done precedent to and in the preparation, execution, issuance and delivery of this bond have been done and performed in regular and due form as required by law.

* * *

IN WITNESS WHEREOF, the Board of Directors of the Department of Waterworks of the City of Hammond, Indiana, has caused this bond to be executed in the name of the City, for and on behalf of the Waterworks District of the City, by the manual or facsimile signature of the Mayor of the City, countersigned by the manual or facsimile signature of the Controller of the City, and the corporate seal of the City to be hereunto affixed or impressed by any means and attested by the manual or facsimile signature of the Clerk of the City.

CITY OF HAMMOND, INDIANA

By: _____
Mayor

Countersigned by:

By: _____
Controller

(Seal of the City)

ATTEST:

Clerk

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This bond is one of the City of Hammond, Indiana, Waterworks District Revenue Bonds of 2018, issued and delivered pursuant to the provisions of the within-mentioned Resolution.

_____, as
Registrar

By: _____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ (insert name and address) the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for the registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: 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.

Signature Guarantee:

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

SCHEDULE A

PRINCIPAL PAYMENT SCHEDULE

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
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[End of Bond Form]

2007