

BOARD OF SANITARY COMMISSIONERS  
MUNCIE SANITARY DISTRICT

BOND RESOLUTION NO. 2017-11

A Resolution of the Board of Sanitary Commissioners of the Muncie Sanitary District concerning the current refunding of its Sanitary District Bonds of 2005 and Sanitary District Revenue Bonds of 2007; the collection, segregation and distribution of the revenues of the sewage works system; the safeguarding of the interests of the owners of said refunding revenue bonds; and other matters connected therewith

WHEREAS, the Board of Sanitary Commissioners (the "Board") of the Muncie Sanitary District (the "Sanitary District") of the City of Muncie, Indiana (the "City") has heretofore established, constructed and financed its sewage works, and now owns and operates said sewage works pursuant to Indiana Code 36-9-25, as in effect on the issue date of the bonds authorized herein, and other applicable laws (the "Act") (all references hereinafter to the Indiana Code are designated as "IC" followed by the applicable code section or sections); and

WHEREAS, the Board finds that there are outstanding bonds of the Sanitary District payable out of the Net Revenues (as hereinafter defined) thereof designated (i) the City of Muncie, Indiana Sanitary District Bonds of 2005 (the "2005 Bonds"), dated December 30, 2005, now outstanding in the aggregate principal amount of \$9,848,000 and maturing semiannually on January 1 and July 1 over a period ending January 1, 2027 and (ii) the City of Muncie, Indiana Sanitary District Revenue Bonds of 2007 (the "2007 Bonds"), dated May 31, 2007, now outstanding in the aggregate principal amount of \$3,075,000 and maturing semiannually on January 1 and July 1 over a period ending January 1, 2027, which 2005 Bonds and 2007 Bonds constitute a first charge on the Net Revenues of the sewage works, on a parity with the Outstanding Parity Bonds (as hereinafter defined); and

WHEREAS, the Board finds that the outstanding 2005 Bonds and 2007 Bonds (collectively, the "Refunded Bonds") should be currently refunded pursuant to the provisions of IC 5-1-5, as amended, to enable the Sanitary District to obtain a reduction in interest payments and effect a savings to the Sanitary District; and

WHEREAS, the Board finds that it is necessary to issue its sewage works refunding revenue bonds, in one or more series, in an aggregate principal amount not to exceed \$13,500,000 and to use the proceeds thereof, together with funds on hand, to currently refund the Refunded Bonds and to pay for all costs related to said refunding; and

WHEREAS, in addition to the Refunded Bonds, the Board finds that there are outstanding bonds of the Sanitary District payable out of the Net Revenues thereof designated as (i) the City of Muncie, Indiana Sanitary District Revenue and Refunding Revenue Bonds, Series 2013 (the "2013 Bonds"), dated May 15, 2013, now outstanding in the aggregate principal amount of \$28,360,000, and maturing semiannually on January 1 and July 1 over a period ending January 1, 2033, (ii) the City of Muncie, Indiana Sanitary District Revenue Bonds, Series 2013B

(the "2013B Bonds"), dated December 12, 2013, now outstanding in the aggregate principal amount of \$3,609,000, maturing semiannually on January 1 and July 1 over a period ending January 1, 2030, (iii) the City of Muncie, Indiana Sanitary District Revenue Bonds, Series 2014 (the "2014 Bonds"), dated June 26, 2014, now outstanding in the aggregate principal amount of \$13,526,000, maturing semiannually on January 1 and July 1 over a period ending January 1, 2030 and (iv) the City of Muncie, Indiana Sanitary District Revenue Bonds, Series 2016A (the "2016 Bonds"), dated July 27, 2016, now outstanding in the aggregate principal amount of \$63,425,000, maturing semiannually on January 1 and July 1 over a period ending January 1, 2037, which 2013 Bonds, 2013B Bonds, 2014 Bonds and 2016 Bonds (collectively, the "Outstanding Parity Bonds") constitute a first charge on the Net Revenues of the sewage works; and

WHEREAS, the resolutions authorizing the issuance of the Outstanding Parity Bonds permit the issuance of additional bonds ranking on a parity with the Outstanding Parity Bonds provided certain financial conditions can be met (the "Parity Tests"); and

WHEREAS, the Board finds, based upon the advice of its municipal advisor, that the Parity Tests can be met with respect to the bonds to be issued pursuant to this resolution and, accordingly, the bonds to be issued pursuant to this resolution will constitute a first charge against the Net Revenues of the sewage works, on a parity with the Outstanding Parity Bonds, and are to be issued subject to the provisions of the laws of the Act, IC 5-1-5, as amended, and the terms and restrictions of this resolution; and

WHEREAS, the Board has been advised by its municipal advisor that it may be economically efficient to acquire a municipal bond insurance policy for the bonds hereby authorized; and

WHEREAS, the Board now finds that all conditions precedent to the adoption of a resolution authorizing the issuance of said bonds have been complied with in accordance with the provisions of the Act and IC 5-1-5, as amended;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SANITARY COMMISSIONERS OF THE MUNCIE SANITARY DISTRICT THAT:

Section 1. Authorization of Refunding of Refunded Bonds.

(a) The Sanitary District proceed with the current refunding of the Refunded Bonds thereby reducing its interest payments and effecting a savings, as reported by the Sanitary District's municipal advisor, H. J. Umbaugh & Associates, LLP. The Sanitary District shall apply any amounts held for the payment of debt service on the Refunded Bonds to the refunding as provided in Section 14(a).

(b) The terms "sewage works," "sewage works system," "works," "system," and words of like import where used in this resolution shall be construed to mean and include the existing sewage works system and all real estate and equipment used in connection therewith and appurtenances thereto, and all extensions, additions and improvements thereto and replacements

thereof now or at any time hereafter constructed or acquired. The bonds herein authorized shall be issued pursuant to and in accordance with the Act and IC 5-1-5, as amended.

Section 2. Issuance of Bonds.

(a) The Sanitary District shall issue its bonds, in one or more series, in the aggregate principal amount not to exceed Thirteen Million Five Hundred Thousand Dollars (\$13,500,000), to be designated "Sanitary District Refunding Revenue Bonds, Series 2017 \_\_", to be completed with the appropriate series designation if issued in series (collectively, the "Bonds"), for the purpose of procuring funds to apply on the cost of (i) refunding the Refunded Bonds and (ii) issuance of the Bonds, including, if necessary, cost for insurance. The Bonds shall be issued and sold at a price not less than 99% of the par value thereof, in fully registered form in denominations of (i) Five Thousand Dollars (\$5,000) or integral multiples thereof or (ii) One Hundred Thousand Dollars (\$100,000) and any Five Thousand Dollar (\$5,000) integral multiples in excess thereof. The Bonds shall be numbered consecutively from 1 up, originally dated as of the date of delivery, and shall bear interest at a rate or rates not exceeding 4.0% per annum (the exact rate or rates to be determined by negotiation). Interest shall be payable semiannually on January 1 and July 1 in each year, commencing on either the first January 1 or the first July 1 after the date of issuance of the Bonds, as determined by the Controller with the advice of the Sanitary District's municipal 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 semiannually on January 1 and July 1 or be subject to mandatory sinking fund redemption over a period ending no later than January 1, 2027. The Bonds shall mature in such amounts that produce (i) as level annual debt service as practicable or (ii) as level annual debt service as practicable taking into account the debt service on the Outstanding Parity Bonds.

(b) All or a portion of each series of Bonds may be issued as one or more term bonds, upon election of the purchaser of the Bonds. Such term bonds shall have a stated maturity or maturities consistent with the maturity schedule determined in accordance with the preceding paragraph, in the years as determined by the purchaser, but in no event later than the last serial maturity date of the Bonds as determined in the preceding 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 preceding paragraph.

(c) The Bonds will be payable solely out of and constitute a first charge against the Net Revenues (herein defined as gross revenues after deduction only for the payment of the reasonable expenses of operation, repair and maintenance, excluding transfers for payments in lieu of property taxes ("PILOTS")) of the sewage works of the Sanitary District, on a parity with the payment of the Outstanding Parity Bonds.

(d) Each series of Bonds issued hereunder shall rank of a parity with any other Bonds issued hereunder for all purposes, including the pledge of Net Revenues under this resolution.

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

Section 3. Registrar and Paying Agent.

(a) The Mayor and Controller are authorized, on behalf of the City, to select and appoint 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 (the "Registrar" or "Paying Agent"). The Controller is hereby authorized, on behalf of the Board, 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 Controller 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 Sewage Works Sinking Fund established to pay the principal of and interest on the Bonds as fiscal agency charges.

(b) As to any series of Bonds sold to a purchaser that does not object to such designation, the Controller may serve as Registrar and Paying Agent and, in that case, is hereby charged with the duties of a Registrar and Paying Agent.

(c) The principal of the Bonds shall be payable at the principal corporate trust office of the Paying Agent. 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 interest payment date ("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).

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

(e) Each Bond shall be transferable or exchangeable only upon the books of the City kept for that purpose at the principal office of the Registrar, by the registered owner thereof in person, or by its attorney duly authorized in writing, upon surrender of such Bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount and of the same maturity shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. The costs of such transfer or exchange shall be borne by the City. The City, the Board 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.

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

(g) Upon the appointment of any successor registrar and paying agent by the City, the Controller 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 Controller 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 Sewage Works Sinking Fund continued in Section 14 hereof. Any predecessor registrar and paying agent shall deliver all of the Bonds and any cash or investments in its possession with respect thereto, together with the registration books, to the successor registrar and paying agent.

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

#### Section 4. Book-Entry Provisions.

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

(b) 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 Board, the City and the Paying Agent shall have no responsibility or obligation to any other holders or owners (including any beneficial owner ("Beneficial Owner")) of the Bonds with respect to (i) the accuracy of the

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

(c) No person other than the Depository Trust Company shall receive an authenticated Bond evidencing an obligation of the Board to make payments of the principal of and premium, if any, and interest on the Bonds pursuant to this resolution. The Board, the City and the Registrar and Paying Agent may treat as and deem the Depository Trust Company or Cede & Co. to be the absolute bondholder of each of the Bonds for the purpose of (i) payment of the principal of and premium, if any, and interest on such Bonds; (ii) giving notices of redemption and other notices permitted to be given to bondholders with respect to such Bonds; (iii) registering transfers with respect to such Bonds; (iv) obtaining any consent or other action required or permitted to be taken of or by bondholders; (v) voting; and (vi) for all other purposes whatsoever. The Paying Agent shall pay all principal of and premium, if any, and interest on the Bonds only to or upon the order of the Depository Trust Company, and all such payments shall be valid and effective fully to satisfy and discharge the Board's, the City's and the Paying Agent's obligations with respect to principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. Upon delivery by the Depository Trust Company to the Board 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 City to the Depository Trust Company.

(d) Upon receipt by the Board 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 Board 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.

(e) If the Board determines that it is in the best interest of the bondholders that they be able to obtain certificates for the fully registered Bonds, the Board 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 Board and the Registrar to do so, the Registrar and the Board 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.

(f) If the Bonds shall no longer be restricted to being registered in the name of the Depository Trust Company, the Registrar shall cause said 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 Board indemnification for all costs and expenses associated with such printing.

(g) In connection with any notice or other communication to be provided to bondholders by the Board or the Registrar with respect to any consent or other action to be taken by bondholders, the Board, the City or the Registrar, as the case may be, shall establish a record date for such consent or other action and give the Depository Trust Company notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

(h) So long as the Bonds are registered in the name of the Depository Trust Company or Cede & Co. or any substitute nominee, the Board, the City and the Registrar and Paying Agent shall be entitled to request and to rely upon a certificate or other written representation from the Beneficial Owners of the Bonds or from the Depository Trust Company on behalf of such Beneficial Owners stating the amount of their respective beneficial ownership interests in the Bonds and setting forth the consent, advice, direction, demand or vote of the Beneficial Owners as of a record date selected by the Registrar and the Depository Trust Company, to the same extent as if such consent, advice, direction, demand or vote were made by the bondholders for purposes of this resolution and the Board, the City and the Registrar and Paying Agent shall for such purposes treat the Beneficial Owners as the bondholders. Along with any such certificate or representation, the Registrar may request the Depository Trust Company to deliver, or cause to be delivered, to the Registrar a list of all Beneficial Owners of the bonds, together with the dollar amount of each Beneficial Owner's interest in the Bonds and the current addresses of such Beneficial Owners.

#### Section 5. Redemption of Bonds.

(a) The Bonds may be redeemable at the option of the Sanitary District, but no sooner than January 1, 2025, or any date thereafter, on thirty (30) days' notice, in whole or in part, in the order of maturity as determined by the Sanitary District, and by lot within a maturity, at face value together with a premium no greater than 1%, plus accrued interest to the date fixed for redemption. The Controller, with the advice of the Sanitary District's municipal advisor, shall determine whether the Bonds are subject to optional redemption prior to their sale and, in such case, shall establish the exact redemption terms, including dates and premiums, if any.

(b) 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 Sanitary 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.

(c) Each authorized denomination 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.

(d) In either case, notice of redemption shall be given not less than thirty (30) days prior to the date fixed for redemption unless such redemption notice is waived by the owner of the Bond or Bonds redeemed. Such notice shall be mailed to the address of the registered owner as shown on the registration record of the Sanitary District as of the date which is forty-five (45) days prior to such redemption date. The notice shall specify the date and place of redemption and sufficient identification of the Bonds called for redemption. The place of redemption may be determined by the Sanitary 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 6. Execution of Bonds; Pledge of Net Revenues to Bonds.

(a) The Bonds shall be signed in the name 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, and attested by the manual or facsimile signature of the Clerk of the City, who shall affix the seal of the City to each of the 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 Bonds. The Bonds must be authenticated by an authorized officer of the Registrar.

(b) The Bonds, and any bonds ranking on a parity therewith, as to both principal and interest, shall be payable from and secured by an irrevocable pledge of and shall constitute a first charge upon the Net Revenues of the sewage works of the Sanitary District, on a parity with the Outstanding Parity Bonds. The Sanitary District shall not be obligated to pay the Bonds or the



interest thereon except from the Net Revenues of said works, and the Bonds shall not constitute an indebtedness or general obligation of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana.

Section 7. Form of Bonds.

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

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

NO.     

UNITED STATES OF AMERICA

STATE OF INDIANA

COUNTY OF DELAWARE

CITY OF MUNCIE

SANITARY DISTRICT REFUNDING REVENUE BOND, SERIES 2017 [      ]

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

REGISTERED OWNER:

PRINCIPAL SUM:

The City of Muncie (the “City”), in Delaware County, State of Indiana, for and on behalf of the Sanitary District of the City (the “Sanitary District), for value received, hereby promises to pay to the Registered Owner (named above) or registered assigns, from the source and in the manner herein provided, the Principal Sum set forth above on the Maturity Date set forth above [(unless this Bond be subject to and shall have been duly called for redemption and payment as provided for herein)], and to pay interest hereon until the Principal Sum shall be fully paid at the rate per annum specified above from the interest payment date to which interest has been paid next preceding the Authentication Date of this Bond unless this Bond is authenticated after the

fifteenth day of the month preceding an interest payment date and on or before such interest payment in which case it shall bear interest from such interest payment date, or unless this Bond is authenticated on or before [December 15, 2017], 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 [January 1, 2018]. 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 \_\_\_\_\_ (the "Registrar" or the "Paying Agent"), in the \_\_\_\_\_ of \_\_\_\_\_, Indiana. All payments of interest on this Bond shall be paid by check mailed one business day prior to the interest payment date to the registered owner hereof, as of the fifteenth day of the month preceding such payment, at the address as it appears on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by the registered owner. If payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall wire transfer payments by 1:00 p.m. (New York City time) so such payments are received at the depository by 2:30 p.m. (New York City time). All payments on the Bond shall be made in any coin or currency of the United States of America, which on the dates of such payment, shall be legal tender for the payment of public and private debts.

This Bond shall not constitute an indebtedness or general obligation of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana. The Sanitary District shall not be obligated to pay this Bond or the interest hereon except from the special fund provided from the hereinafter defined Net Revenues, on a parity with the Outstanding Parity Bonds (as defined in the hereinafter defined Bond Resolution).

This Bond is one of an authorized issue of Bonds of the Sanitary District, acting in the name of the City, [[to be] [issued in series] of like date, tenor and effect, except as to numbering, interest rate, and dates of maturity, in the total amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) (the "Bonds") [for this series], numbered from 1 up, issued for the purpose of providing funds to refund the Refunded Bonds (as defined in the Bond Resolution), and to pay incidental expenses, all as more particularly described in and authorized by Resolution No. \_\_\_\_\_ adopted by the Board of Sanitary Commissioners of the Sanitary District on the 5<sup>th</sup> day of July, 2017 (the "Bond Resolution"), and in strict compliance with the provisions of Indiana Code 36-9-25 (the "Act") and Indiana Code 5-1-5, each as in effect on the issue date of the Bonds.

Pursuant to the Bond Resolution, and the Escrow Agreement as defined therein, the Sanitary District has provided for the payment of the Refunded Bonds through (i) direct payment to the holder of a portion of the Refunded Bonds and (ii) setting aside [securities (obligations of the United States of America purchased from proceeds of the Bonds and funds on hand of the City) and] certain cash in a Trust Account to provide payment of the balance of the Refunded Bonds.

Pursuant to the provisions of the Act and the Bond Resolution, the principal and interest of this Bond and all other Bonds of said issue, and any bonds hereafter issued on a parity therewith, are payable from the Sewage Works Sinking Fund (continued by the Bond Resolution) to be provided from the Net Revenues (defined as the gross revenues after the deduction only for the payment of the reasonable expenses of operation, repair and maintenance, excluding payments in lieu of property taxes) of the sewage works of the Sanitary District. The Bonds of the issue of which this Bond is a part ranks on a parity with the Outstanding Parity Bonds (as defined and more particularly described in the Bond Resolution). The Sanitary District reserves the right to issue additional bonds on a parity with the Bonds of this issue, as provided in the Bond Resolution.

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

The Sanitary District further covenants that it will set aside and pay into its Sewage Works Sinking Fund a sufficient amount of the Net Revenues of said works to meet (a) the interest on all bonds which by their terms are payable from the revenues of the sewage works, as such interest shall fall due, (b) the necessary fiscal agency charges for paying the bonds and interest, (c) the principal of all bonds which by their terms are payable from the revenues of the sewage works, as such principal shall fall due, and (d) an additional amount to [create and] maintain the reserve required by the Bond Resolution. Such required payments shall constitute a first charge upon all the Net Revenues of said works, on a parity with the Outstanding Parity Bonds.

[The Bonds of this issue [are not subject to optional redemption prior to maturity] maturing on \_\_\_\_\_ 1, 20\_\_, and thereafter, are redeemable at the option of the Sanitary District on \_\_\_\_\_ 1, 20\_\_, or any date thereafter, on thirty (30) days' notice, in whole or in part, in the order of maturity as determined by the Sanitary District and by lot within a maturity, at face value together with the following premiums:

\_\_\_% if redeemed on \_\_\_\_\_ 1, 20\_\_ or thereafter  
on or before \_\_\_\_\_, 20\_\_;  
0% if redeemed on \_\_\_\_\_ 1, 20\_\_, or thereafter  
prior to maturity;

plus in each case accrued interest to the date fixed for redemption.]

[The Bonds maturing on \_\_\_\_\_ 1, \_\_\_\_\_ 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>	<u>Date</u>	<u>Term Bond</u> <u>Amount</u>
	*		*

\*Final Maturity]

[Each 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 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 Sanitary District, as of the date which is forty-five (45) days prior to such redemption date, not less than thirty (30) days prior to the date fixed for redemption. The notice shall specify the date and place of redemption and sufficient identification of the Bonds called for redemption. The place of redemption may be determined by the Sanitary 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 Sanitary 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 Sanitary District shall have no further obligation or liability in respect thereto [; provided, however that no such presentment of Bonds is required with respect to mandatory sinking fund redemptions].

This Bond is transferable or exchangeable only upon the books of the Sanitary District kept for that purpose at the 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 Sanitary 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.

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

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

The Bonds maturing in any one year are issuable only in fully registered form in the denomination of \$\_\_\_\_\_ 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 Board of Sanitary Commissioners of the City of Muncie, in Delaware County, Indiana, has caused this Bond to be executed in the name of the City for and on behalf of the Muncie Sanitary District of such City, by the manual or facsimile signature of its Mayor, countersigned by the manual or facsimile signature of its Controller, its corporate seal to be hereunto affixed, imprinted or impressed by any means and attested manually or by facsimile by its Clerk.

CITY OF MUNCIE, INDIANA

[SEAL]

By: \_\_\_\_\_  
Mayor

Countersigned:

\_\_\_\_\_  
Controller

Attest:

\_\_\_\_\_  
Clerk

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

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

\_\_\_\_\_,  
As Registrar

By: \_\_\_\_\_  
Authorized Representative

[MUNICIPAL BOND INSURANCE LEGEND]

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.

*End of Bond Form*

Section 8. Preparation and Sale of Bonds; Official Statement; Escrow Agreement; Bond Insurance.

(a) The Controller is hereby authorized and directed to have said Bonds prepared, and the Mayor, the Controller and the Clerk are hereby authorized and directed to execute said Bonds in the form and manner herein provided.

(b) The Controller is hereby authorized and directed to deliver the Bonds to the purchaser of the Bonds as selected by J.J.B. Hilliard, W.L. Lyons, LLC, the placement agent (the "Placement Agent"), and approved by the Controller, in accordance with a bond purchase agreement between the Sanitary District and the purchaser of the Bonds (the "Purchase Agreement"). The substantially final form of Purchase Agreement between the Sanitary District and the purchaser of the Bonds is attached hereto as Exhibit A and is hereby approved by the Board. The Mayor and the Controller are hereby authorized to execute the Purchase Agreement and deliver the Bonds to the purchaser so long as their terms are consistent with this resolution. The Purchase Agreement shall establish a final principal amount, purchase price, interest rates, maturity schedule and redemption features, if any. The Controller may also deliver the Bonds to the Placement Agent as underwriter if, based upon the advice of the Sanitary District's municipal advisor, doing so would provide the most financially advantageous terms to the Sanitary District.

(c) The Bonds, when fully paid for and delivered to the purchaser, shall be the binding special revenue obligations of the Sanitary District, payable out of the Net Revenues of the Sanitary District's sewage works, on a parity with the Outstanding Parity Bonds, to be set aside into the Sinking Fund as herein provided. The proceeds derived from the sale of the Bonds shall be and are hereby set aside for application on the cost of the current refunding of the Refunded Bonds and the expenses necessarily incurred in connection with the Bonds. The proper officers of the Sanitary 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.

(d) The preparation and distribution of an official statement, private placement memorandum or term sheet (preliminary and final) for the Bonds, prepared on behalf of the Sanitary District, is hereby authorized and approved and the President of the Board (the "President"), the Mayor or the Controller is authorized and directed to execute such official statement, private placement memorandum or term sheet on behalf of the Sanitary District in a form consistent with this resolution. The President, the Mayor or the Controller is hereby authorized, if necessary, to designate the preliminary official statement, private placement memorandum or term sheet as "nearly final" for purposes of Rule 15c2-12 (the "Rule") as promulgated by the Securities and Exchange Commission.

(e) Alternatively in lieu of preparing and distributing an official statement for the Bonds, or in connection with preparing and distributing a private placement memorandum or term sheet for the Bonds, the Sanitary District may obtain a sophisticated investment letter from the purchaser of the Bonds at the time of delivery of the Bonds which satisfies applicable state and federal securities laws.

(f) The Controller, with the advice of the Sanitary District's municipal advisor, is hereby authorized to obtain one or more ratings for the Bonds if such rating or ratings will facilitate the sale of the Bonds.

(g) The Controller is hereby authorized to appoint a financial institution to serve as escrow trustee (the "Escrow Trustee") for the Refunded Bonds in accordance with the terms of the Escrow Agreement between the Sanitary District and the Escrow Trustee (the "Escrow Agreement"). The substantially final form of Escrow Agreement attached hereto as Exhibit B is hereby approved by the Board, and the Mayor and the Controller are hereby authorized and directed to complete, execute and attest the same on behalf of the Sanitary District so long as its provisions are consistent with this resolution.

(h) The execution, by either the Mayor, the Controller, the Placement Agent, the purchaser of the Bonds, the Escrow Trustee, or the Sanitary District's municipal advisor, of a subscription for United States Treasury Obligations – State and Local Government Series for investment of proceeds of the Bonds allocable to the current refunding of the Refunded Bonds to be held under the Escrow Agreement in a manner consistent with this resolution is hereby approved.

(i) In the event the municipal advisor to the Sanitary District certifies to the Sanitary District that it would be economically advantageous for the Sanitary District to obtain bond insurance for the Bonds, the Sanitary District hereby authorizes the purchase of such bond insurance. In such case, the Mayor, the Controller and the Clerk are hereby authorized to execute and deliver all agreements with the provider of the bond insurance to the extent necessary to comply with the terms of such bond insurance and the commitment to issue such bond insurance. The acquisition of bond insurance is hereby deemed economically advantageous if the difference between the present value of (i) the total debt service on the Bonds if issued without the bond insurance and (ii) the total debt service on the Bonds if issued with the bond insurance, is greater than the cost of the premium for the bond insurance. The cost of obtaining bond insurance shall be considered as a part of the cost of issuance of the Bonds and may be paid out of the proceeds of the Bonds or out of other funds of the sewage works.

Section 9. Financial Records and Accounts; Continuing Disclosure.

(a) The Sanitary District shall keep proper records and books of account, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues received on account of the operation of said sewage works and all disbursements made therefrom and all transactions relating to said sewage works. Copies of all such statements and reports shall be kept on file in the office of the Sanitary District.

(b) If the Bonds are subject to the Rule, a Continuing Disclosure Undertaking Agreement ("Undertaking") for the Bonds is hereby authorized and approved by the Board in substantially the form attached hereto as Exhibit C, and the Mayor and Controller are hereby authorized and directed to complete, execute and attest the same on behalf of the Sanitary District. Notwithstanding any other provisions of this resolution, failure of the Sanitary District



to comply with the Undertaking shall not be considered an event of default under the Bonds or this resolution.

Section 10. Pledge of Net Revenues.

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

Section 11. Use of Proceeds.

Proceeds of the Bonds shall be applied as follows and in the following order:

(a) *First*, the accrued interest received at the time of the delivery of the Bonds and premium, if any, shall be deposited in the Sinking Fund (as hereinafter defined).

(b) *Second*, concurrently with the delivery of the Bonds, the Controller shall acquire, with proceeds of the Bonds and cash on hand, direct obligations of, or obligations the principal and interest on which are unconditionally guaranteed by, the United States of America (the "Government Obligations") to be used, together with certain cash from the proceeds of the Bonds and cash on hand, to refund and legally defease the Refunded Bonds all as set forth in the Escrow Agreement. In order to refund the Refunded Bonds, the Controller shall deposit Government Obligations and certain cash with the Escrow Trustee under the Escrow Agreement in an amount sufficient to provide money for payment of the principal of, redemption premium, if any, and interest on the Refunded Bonds from the date of delivery of the Bonds to the earliest dates upon which the Refunded Bonds may be called for redemption. As an alternative to purchasing Government Obligations, the Controller, with the advice of the City's financial advisor, may deposit cash proceeds of the Bonds and cash on hand with the Escrow Trustee in an amount sufficient to refund and legally defease the Refunded Bonds. The Controller shall obtain a verification of an accountant as to the sufficiency of the funds deposited in the Trust Account under the Escrow Agreement to accomplish said refunding and legal defeasance of the Refunded Bonds.

With respect to the refunding of the 2005 Bonds, in the event the holder thereof, the Indiana Finance Authority, agrees to accept immediate cash payment of an amount sufficient to refund the 2005 Bonds on the date of delivery of the Bonds, the Controller may provide such payment to the Indiana Finance Authority from proceeds of the Bonds and cash on hand to refund such 2005 Bonds. In such case, the Controller shall obtain a verification of an accountant as to the required dollar amount necessary to be delivered to the Indiana Finance Authority to accomplish said refunding of the 2005 Bonds as of the date of delivery of the Bonds.

(c) *Third*, if proceeds of the Bonds will be used to fund all or a portion of the reserve for the Bonds, the Controller shall transfer such proceeds to the Reserve Account of the Sinking Fund, as hereinafter described.

(d) *Fourth*, the remaining proceeds from the sale of the Bonds shall be applied by the Controller to cost of issuance of the Bonds not otherwise paid. Prior to the delivery of the Bonds, the Controller shall obtain the legal opinion of Bose McKinney & Evans LLP, bond counsel, of Indianapolis, Indiana, and shall furnish such opinion to the purchaser of the Bonds. The cost of the opinion shall be considered as part of the costs incidental to the issuance of the Bonds and shall be paid out of the proceeds thereof. When all costs of issuance of the Bonds have been paid, the Controller shall then transfer any amount then remaining from the proceeds of the Bonds to the hereinafter described Sinking Fund.

#### Section 12. Revenue Fund.

There is hereby continued a fund known as the Sewage Works Revenue Fund (the "Revenue Fund") into which there shall be deposited upon receipt, all income and revenues of the sewage works. This fund shall be maintained separate and apart from all other accounts of the City. All moneys deposited in the Revenue Fund may be invested in accordance with IC 5-13, as amended and supplemented.

#### Section 13. Operation and Maintenance Fund.

There is hereby continued the Operation and Maintenance Fund (the "O&M Fund"). On the last day of each calendar month, a sufficient amount of moneys shall be transferred from the Revenue Fund to the O&M Fund so that the balance maintained in the O&M Fund shall be sufficient to pay the expenses of operation, repair and maintenance for the then next succeeding two calendar months. The moneys credited to the O&M Fund shall be used for the payment of the reasonable and proper operation, repair and maintenance expenses of the sewage works on a day-to-day basis, but none of the moneys in the O&M Fund shall be used for depreciation, replacements, improvements, extensions, additions or PILOTs. Any monies in the O&M Fund may be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal of or interest on the outstanding bonds of the Sanitary District which are payable from the Net Revenues of the sewage works.

#### Section 14. Sewage Works Sinking Fund.

There is hereby continued the Sewage Works Sinking Fund (the "Sinking Fund") for the payment of the principal of and interest on revenue bonds which by their terms are payable from the Net Revenues of the sewage works, and the payment of any fiscal agency charges in connection with the payment of bonds and interest. There shall be set aside and deposited in the Sinking Fund, as available, and as provided below, a sufficient amount of the Net Revenues of the sewage works to meet the requirements of the Bond and Interest Account and of the Debt Service Reserve Account hereby continued in the Sinking Fund. Such payments shall continue until the balances in the Bond and Interest Account and the Debt Service Reserve Account equal

the principal of and interest on all of the then outstanding bonds of the Sanitary District which are payable from the Net Revenues of the sewage works to their final maturity.

(a) Bond and Interest Account. There is hereby continued within the Sinking Fund the Bond and Interest Account. Any moneys heretofore accumulated to pay principal of and interest on the Refunded Bonds shall be credited to and become a part of the Trust Account under the Escrow Agreement and shall be applied on the first payments made from the Trust Account. There shall be transferred, on the last day of each month, from the Revenue Fund and credited to the Bond and Interest Account an amount of the Net Revenues of said sewage works equal to at least one-sixth (1/6) of the interest on all then outstanding bonds payable from the Net Revenues on the then next succeeding interest payment date and at least one-sixth (1/6) of the principal of all then outstanding bonds payable from the Net Revenues on the then next succeeding principal payment date, until the amount of interest and principal payable on the then next succeeding interest and principal payment dates shall have been so credited. There shall similarly be credited to the account any amount necessary to pay the bank fiscal agency charges for paying interest on outstanding bonds as the same become payable. The Sanitary District shall, from the sums deposited in the Sinking Fund and credited to the Bond and Interest Account, remit promptly to the registered owner or to the bank fiscal agency sufficient moneys to pay the interest and principal on the due dates thereof together with the amount of bank fiscal agency charges.

(b) Debt Service Reserve Account. There is hereby continued, within the Sinking Fund, the Debt Service Reserve Account (the "Reserve Account"). On the date of delivery of the Bonds, funds on hand of the Sanitary District, Bond proceeds, or a combination thereof may be deposited into the Reserve Account. The balance to be maintained in the Reserve Account shall equal but not exceed the least of (i) the maximum annual debt service on the Bonds, the Outstanding Parity Bonds and any bonds issued in the future by the Sanitary District which are payable from the Net Revenues of the sewage works and which rank on a parity with the Bonds (the "Parity Bonds"), (ii) 125% of average annual debt service on the Bonds, the Outstanding Parity Bonds and any Parity Bonds, or (iii) 10% of the proceeds of the Bonds, the Outstanding Parity Bonds and any Parity Bonds (the "Reserve Requirement"). If on the date of delivery of the Bonds no deposit is made to the Reserve Account, or the initial deposit into the Reserve Account does not cause the balance therein to equal the Reserve Requirement, beginning with the first month after the Bonds are delivered an amount of Net Revenues shall be credited to the Reserve Account on the last day of each calendar month until the balance therein equals the Reserve Requirement. The monthly deposits shall be equal in amount and sufficient to accumulate the Reserve Requirement within five (5) years of the date of delivery of the Bonds.

The Reserve Requirement may be satisfied with cash, Net Revenues, a debt service reserve surety, or a combination thereof. The surety must be issued by an insurance company rated in the highest category by Standard & Poor's Corporation and Moody's Investors Service. If the District acquires a debt service reserve surety to satisfy the Reserve Requirement, the Mayor and the Controller are hereby authorized to execute and delivery all agreements with the provider of the surety to the extent necessary to comply with its terms. Such agreement shall be deemed a part of this resolution for all purposes and is hereby incorporated by reference.

The Reserve Account shall constitute the margin for safety and as protection against default in the payment of principal of and interest on the Bonds, the Outstanding Bonds and any Parity Bonds, and the moneys in the Reserve Account shall be used to pay current principal and interest on the Bonds, the Outstanding Parity Bonds and any Parity Bonds to the extent that moneys in the Bond and Interest Account are insufficient for that purpose. Any deficiency in the balance maintained in the Reserve Account shall be promptly made up from the next available Net Revenues remaining after credits into the Bond and Interest Account. In the event moneys in the Reserve Account are transferred to the Bond and Interest Account to pay interest and principal on the Bonds, the Outstanding Parity Bonds or any Parity Bonds, then such depletion of the balance in the Reserve Account shall be made up from the next available Net Revenues after the credits into the Bond and Interest Account. Any moneys in the Reserve Account in excess of the Reserve Requirement shall either be transferred to the Sewage Works Improvement Fund or be used for the purchase of outstanding bonds or installments of principal of fully registered bonds.

Section 15. Sewage Works Improvement Fund.

There is hereby continued a special fund designated the "Sewage Works Improvement Fund" (the "Improvement Fund"). In the event all required payments into the O&M Fund and the Sinking Fund have been met to date, any excess Net Revenues may be transferred to the Improvement Fund for extensions, replacements, improvements and additions to the works or for any other lawful purpose. No such transfer to the Improvement Fund shall be made, however, which will interfere with the requirements of the Sinking Fund or the accumulation of the required reserve therein. All or any portion of the funds accumulated and reserved in the Improvement Fund shall be transferred to the Sinking Fund, if necessary, to prevent a default in the payment of principal of or interest on the bonds payable from the Sinking Fund or to eliminate any deficiencies in credits to or minimum balance in the Reserve Account. Moneys in the Improvement Fund also may be transferred to the O&M Fund to meet unforeseen contingencies in the operation, repair and maintenance of the sewage works. The Sanitary District reserves the right to transfer PILOTs from the Improvement Fund, no more frequently than semiannually, in accordance with the Act, and only if all required transfers have been made to the Sinking Fund and the accounts of the Sinking Fund contain the required balances as of the date the PILOTs are paid.

Section 16. Investment of Funds.

The Board is hereby authorized to invest moneys 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 under federal law. The Board 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 Board is hereby authorized and directed to employ consultants or attorneys from time to time to advise the Sanitary District as to requirements of federal law to preserve the tax exclusion. The Board may pay any fees as operation expenses of the sewage works.

Section 17. Maintenance of Accounts.

The Sinking Fund shall be deposited in and maintained as a separate account or accounts from all other accounts of the Sanitary District. The O&M Fund and the Improvement Fund may be maintained in a single account, or accounts, but such account, or accounts, shall likewise be maintained separate and apart from all other accounts of the Sanitary District and apart from the Sinking Fund account or accounts. All moneys deposited in the accounts shall be deposited, held and secured as public funds in accordance with the public depository laws of the State of Indiana; provided that moneys therein may be invested in obligations in accordance with the applicable laws, including particularly IC 5-13, as amended or supplemented, and in the event of such investment the income therefrom shall become a part of the funds invested and shall be used only as provided in this 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 continued by this resolution.

Section 18. Rate Covenant.

The Sanitary District covenants and agrees that it will establish and maintain just and equitable rates and 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, 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 Sanitary District) to provide for the proper and reasonable expenses of operation, repair and maintenance of the sewage works and to pay all obligations of the sewage works and of the Sanitary District with respect to the sewage works, including the sums required to be paid into the Sinking Fund by the Act and this resolution. 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, repair and maintenance of the sewage works, as the case may be, and the requirements of the Sinking Fund. The rates and charges so established shall apply to any and all use of such works by and service rendered to the Sanitary District and the City, and shall be paid by the Sanitary District and the City, as the charges accrue.

Section 19. Defeasance of Bonds.

If, when any of the Bonds issued hereunder shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the Bonds or any portion thereof for redemption shall have been given, and the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the Bonds or any portion thereof and coupons then outstanding shall be paid; or (i) sufficient moneys, or (ii) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America, the principal of and the interest on which when due will provide sufficient moneys, shall be held in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case the Bonds issued hereunder or any designated portion thereof

shall no longer be deemed outstanding or entitled to the pledge of the Net Revenues of the Sanitary District's sewage works.

Section 20. Additional Bond Provisions.

The Sanitary District reserves the right to authorize and issue additional Parity Bonds, payable out of the Net Revenues of its sewage works, ranking on a parity with the Bonds, for the purpose of financing the cost of future additions, extensions, replacements and improvements to the sewage works, or to refund obligations, subject to the following conditions:

(a) All required payments into the Sinking Fund shall have been made in accordance with the provisions of this resolution, and the interest on and principal of all bonds payable from the Net Revenues of the sewage works shall have been paid in accordance with their terms. The Reserve Requirement shall be satisfied for the additional Parity Bonds either at the time of delivery of the additional Parity Bonds or over a five year or shorter period, in a manner which is commensurate with the requirements established in Section 14(b) of this resolution.

(b) The Net Revenues of the sewage works in the fiscal year immediately preceding the issuance of any such Parity Bonds shall be not less than one hundred twenty-five percent (125%) of the maximum annual 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 sewage rates and charges shall be increased sufficiently so that said increased rates and charges applied to the reporting period would have produced Net Revenues for said period 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 all showings shall be prepared by a certified public accountant employed by the Sanitary District for that purpose.

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

Section 21. Further Covenants of the Sanitary District: Maintenance, Insurance, Pledge Not to Encumber, Subordinate Indebtedness, and Contract with Bondholders. For the purpose of further safeguarding the interests of the holders of the Bonds, it is specifically provided as follows:

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

(b) So long as any of the Bonds are outstanding, the Sanitary District shall maintain insurance on the insurable parts of the system, of a kind and in an amount such as is usually carried by private corporations engaged in a similar type of business. All insurance shall be

placed with responsible insurance companies qualified to do business under the laws of the State of Indiana. As an alternative to maintaining such insurance, the Sanitary District may maintain a self-insurance program with catastrophic or similar coverage so long as such program meets the requirements of any applicable laws or regulations and is maintained in a manner consistent with programs maintained by similarly situated municipalities. All insurance proceeds and condemnation awards shall be used to replace or repair the sewage works.

(c) So long as any of the Bonds are outstanding, the Sanitary District shall not mortgage, pledge or otherwise encumber such works, or any part thereof, and shall not sell, lease or otherwise dispose of any part of the same, excepting only such machinery, equipment or other property as may become worn out or obsolete, or shall no longer be necessary for use in connection with said utility.

(d) Except as hereinbefore provided in Section 20 hereof, so long as any of the Bonds herein authorized are outstanding, no additional Bonds or other obligations pledging any portion of the revenues of said sewage works shall be authorized, executed, or issued by the Sanitary District except such as shall be made subordinate and junior in all respects to the Bonds herein authorized, unless all of the Bonds herein authorized are redeemed, retired or defeased pursuant to Section 19 hereof coincidentally with the delivery of such additional bonds or other obligations.

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

(f) The provisions of this resolution shall constitute a contract by and between the Sanitary District and the owners of the Bonds herein authorized, and after the issuance of said Bonds, this resolution shall not be repealed or amended in any respect which will adversely affect the rights of the owners of the Bonds 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 the Bonds, the interest thereon remain unpaid. Except for the changes set forth in Section 23(a)-(g), this resolution may be amended, however, without the consent of Bond owners, if the Board determines, in its sole discretion, that such amendment would not adversely affect the owners of the Bonds.

(g) The provisions of this resolution shall be construed to create a trust in the proceeds of the sale of the Bonds herein authorized for the uses and purposes herein set forth, and the owners of the Bonds shall retain a lien on such proceeds until the same are applied in accordance with the provisions of this resolution and of said governing 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 Sinking Fund for the uses and purposes of said fund as in this resolution set forth. The owners of the Bonds shall have all the rights, remedies and privileges set forth in the provisions of the governing Act hereinbefore referred to, including the right to have a receiver appointed to administer the sewage works, in the event the Sanitary

District shall fail or refuse to fix and collect sufficient rates and charges for those purposes, or shall fail or refuse to operate and maintain said system and to apply properly the revenues derived from the operation thereof, or in the event of default in the payment of the principal of or interest on any of the Bonds herein authorized or in the event of default in respect to any of the provisions of this resolution or the governing Act.

Section 22. Tax Covenants. In order to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as existing on the date of issuance of the Bonds, as the case may be (“Code”) and as an inducement to purchasers of the Bonds, the Sanitary District represents, covenants and agrees that:

(a) The sewage works will be available for use by members of the general public. Use by a member of the general public means use by natural persons not engaged in a trade or business. No person or entity other than the Sanitary District or another state or local governmental unit will use more than 10% of the proceeds of the Bonds or property financed by the Bond proceeds other than as a member of the general public. No person or entity other than the Sanitary District or another state or local governmental unit will own property financed by Bond proceeds or will have any actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract, arrangements such as take-or-pay or output contracts or any other type of arrangement that conveys other special legal entitlements and differentiates that person’s or entity’s use of such property from use by the general public, unless such uses in the aggregate relate to no more than 10% of the proceeds of the Bonds, as the case may be. If the Sanitary District enters into a management contract for the sewage works, the terms of the contract will comply with Internal Revenue Service 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 Treasury Regulations promulgated thereunder, unless such use in aggregate relates to no more than 10% of the proceeds of the Bonds, as the case may be.

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

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



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

(f) The Sanitary District will not take any action nor fail to take any action with respect to the Bonds that would result in the loss of the exclusion from gross income for federal tax purposes on the Bonds pursuant to Section 103 of the Code, nor will the Sanitary District act in any other manner which would adversely affect such exclusion. The Sanitary District covenants and agrees not to enter into any contracts or arrangements which would cause the Bonds to be treated as private activity bonds under Section 141 of the Code.

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

(i) The Sanitary District represents that it will rebate any arbitrage profits to the United States of America in accordance with and to the extent required by the Code.

Section 23. Amendments with Consent of Bondholders. Subject to the terms and provisions contained in this Section and Section 21(f), 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 Sanitary District of such resolution or resolutions supplemental hereto as shall be deemed necessary or desirable by the Sanitary 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 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) The creation of a lien upon or a pledge of the revenues of the sewage works ranking prior to the pledge thereof created by this resolution; or

(d) 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

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

(f) A reduction in the Reserve Requirement; or

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

If the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds outstanding at the time of adoption of such supplemental resolution shall have consented to and approved the adoption thereof by written instrument to be maintained on file in the office of the Board of the Sanitary 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 Sanitary 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 Sanitary 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 Sanitary 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 Sanitary District and the consent of the owners of all the Bonds issued pursuant to this resolution then outstanding.

Section 24. Resolution to be Filed with Controller. The Secretary to the Board of Sanitary Commissioners is hereby directed to file a certified copy of this resolution with the Controller for preparation of the Bonds.


Section 25. Tax Exemption. Notwithstanding any other provisions of this resolution, the covenants and authorizations contained in this resolution (the "Tax Sections") which are designed to preserve the exclusion of interest on the Bonds from gross income under federal law (the "Tax Exemption") need not be complied with if the Sanitary District receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption. At the time of delivery of the Bonds, the President or Controller will execute post-issuance compliance procedures with respect to the Bonds, as the case may be, relating to continued compliance of the Sanitary District with respect to the Tax Sections to preserve the Tax Exemption.

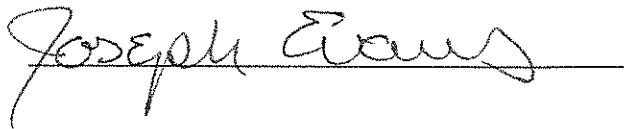
Section 26. Conflicting Resolutions. All resolutions and parts of resolutions in conflict herewith are hereby repealed, provided, however, that this resolution shall not be construed as modifying, amending or repealing the resolutions authorizing the Outstanding Parity Bonds or as adversely affecting the rights of the holders of the Outstanding Parity Bonds or the Refunded Bonds.

Section 27. Effective Date. This resolution shall be in full force and effect from and after its passage.

Adopted this 5<sup>th</sup> day of July, 2017.

BOARD OF SANITARY COMMISSIONERS  
SANITARY DISTRICT OF THE  
CITY OF MUNCIE, INDIANA

  
\_\_\_\_\_  
President

  
\_\_\_\_\_

ATTEST:

  
\_\_\_\_\_  
Recording Secretary

EXHIBIT A  
*Form of Bond Purchase Agreement*

CITY OF MUNCIE, INDIANA

\$ \_\_\_\_\_

SANITARY DISTRICT REFUNDING REVENUE BONDS, SERIES 2017

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2017

Board of Sanitary Commissioners  
Muncie Sanitary District  
300 North High Street  
Muncie, Indiana 47305

Dear Members of the Board of Commissioners:

The undersigned, \_\_\_\_\_ (the "Purchaser"), hereby offers to enter into the following agreement with the Sanitary District of the City of Muncie, Indiana (the "Sanitary District"), which, upon acceptance of this offer, will be binding upon the Sanitary District and the Purchaser. This offer is made subject to acceptance on or before 5:00 P.M. Eastern Standard Time, \_\_\_\_\_, 2017.

1. Upon the terms and conditions and upon the basis of the respective representations and covenants hereafter set forth, the Purchaser hereby agrees to purchase from the Sanitary District, and the Sanitary District hereby agrees to sell to the Purchaser all, but not less than all, of the \$ \_\_\_\_\_ in aggregate issued amount of the City of Muncie, Indiana Sanitary District Refunding Revenue Bonds, Series 2017 (the "Bonds"). The Bonds shall be dated as of the date of delivery, shall mature in such amounts, bear interest at such rates to their stated maturities, and be subject to redemption as set forth in **Schedule A** attached hereto and made a part hereof.

2. The initial purchase price of the Bonds shall be \$ \_\_\_\_\_, representing the par amount of the Bonds. The Sanitary District hereby authorizes the Purchaser to pay at Closing from proceeds of the Bonds, on behalf of the Sanitary District, all costs of issuance associated with the issuance of the Bonds in accordance with a closing memorandum to be prepared by the J.J.B. Hilliard, W.L. Lyons, LLC, as placement agent for the Bonds, or H.J. Umbaugh & Associates, LLP, the Sanitary District's municipal advisor.

3. The Bonds shall be authorized and secured by, and issued under, a Bond Resolution, adopted by the Board of Sanitary Commissioners (the "Board") of the Sanitary District on July 5, 2017 (the "Bond Resolution"), drafted by Bose McKinney & Evans LLP, Indianapolis, Indiana, Bond Counsel, and approved by the Purchaser.

4. The Purchaser agrees to provide a "sophisticated investor" letter to the Sanitary District at Closing (as hereinafter defined) in the form set forth in Schedule B attached hereto and made a part hereof.

5. The Bonds, registered in the name of the Purchaser, shall be delivered to the Purchaser at the offices of Bond Counsel, Bose McKinney & Evans LLP, Indianapolis, Indiana, or at such other location as the Purchaser shall direct, on \_\_\_\_\_, 2017, at which time the Purchaser shall pay the payment price in full to an account specified by the Sanitary District. Such delivery and payment is referred to herein as the "Closing".

6. The Purchaser shall have the right to cancel its obligation to purchase the Bonds if between the date hereof and the date of Closing, (i)(A) legislation shall be introduced in Congress, or enacted or actively considered for enactment by the Congress, or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of the Congress by any committee of such House, or (B) a decision by a Federal court of the United States or the United States Tax Court shall be rendered, or a ruling or regulation by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed with respect to Federal taxation upon revenues or other income to be derived by the Corporation or upon interest on obligations of the general character of the Bonds, or (C) other actions or events shall have occurred or transpired, any of which has the purpose or effect, directly or indirectly, of materially adversely affecting the Federal or Indiana income tax or other Indiana tax consequences of any of the transactions contemplated in connection herewith, and in the reasonable judgment of the Purchaser materially adversely affects the market for the Bonds, or (ii) there shall have occurred any outbreak of hostilities or any national or international calamity or crises, including a financial crisis, the effect of which on the financial markets of the United States being such as would in the reasonable judgment of the Purchaser materially adversely affect the market for the Bonds, or (iii) there shall be in force a general suspension of trading on the New York Stock Exchange or a general banking moratorium shall have been declared by Federal, Indiana or New York authorities, the effect of which would, in the reasonable judgment of the Purchaser, materially adversely affect the market for the Bonds, or (iv) there shall have occurred, since the date hereof, any material adverse change in the affairs of the Sanitary District from that reflected in the financial statements of the Sanitary District delivered in connection with the Bonds.

7. The Sanitary District hereby represents and warrants to the Purchaser that it is authorized by law to enter into this Bond Purchase Agreement and the documents herein referred to and to perform all of its obligations to consummate the transactions contemplated hereby and thereby. The Sanitary District agrees that it shall take all necessary action to authorize the execution and delivery of, and shall execute and deliver the Bonds, the Bond Resolution and any and all other agreements, certificates, and documents as may be required to consummate the transactions contemplated hereby. Any certificate signed by an authorized officer of the Sanitary

District and delivered to the Purchaser shall be deemed a representation and warranty by the Sanitary District to the Purchaser as to statements made therein.

8. The Purchaser hereby represents and warrants to the Sanitary District it has been duly authorized to execute this Bond Purchase Agreement, and to carry out the terms of this Bond Purchase Agreement.

9. The obligations of the Purchaser hereunder shall be subject to:

(a) The performance by the Sanitary District of its obligations to be performed hereunder at and prior to the Closing;

(b) The accuracy of the warranties and representations of the Sanitary District,  
and

(c) Delivery to the Purchaser of executed counterparts of the following documents in such number as shall be reasonably required and in form and substance satisfactory to the Purchaser:

(1) The Bond Resolution.

(2) The unqualified approving opinion of Bond Counsel in customary market form, dated the date of Closing, relating to the due authorizations, execution, and delivery of the Bond Resolution, the Bonds (and any documents relating to the issuance and security therefor), the tax-exempt status of interest on the Bonds for Federal income tax purposes, and such other matters as are customarily provided in such opinions.

(3) Such additional legal opinions, bonds, proceedings, and such other documents, including references to the provisions of the Internal Revenue Code of 1986, as amended, as Bond Counsel or the Purchaser may reasonably request to evidence compliance by the Sanitary District with legal requirements, the truth and accuracy of their representations herein, the accuracy and completeness of any offering material as of the Closing and the due performance or satisfaction by the Sanitary District at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the Sanitary District.

10. The Sanitary District shall pay, or cause to be paid, from the proceeds of the sale of the Bonds the fees and disbursements of Bond Counsel, counsel to the Sanitary District, counsel to the Placement Agent, counsel to the Purchaser, financial advisor/verification agent to the Sanitary District, the fees of the rating agencies, if any, the cost of printing and delivery of definitive Bonds, the cost of CUSIP numbers, if any, DTC/Midwest charges, if any, and the costs and expenses of the issuance and delivery of the Bonds. As set forth in Section 2 hereof, the Sanitary District authorizes the Purchaser to pay such costs at Closing, on behalf of the Sanitary District, in accordance with a closing memorandum to be provided by J.J.B. Hilliard, W.L.

Lyons, LLC, as placement agent for the Bonds, or H.J. Umbaugh & Associates, LLP, as municipal advisor to the Sanitary District.

11. All representations, warranties, and agreements of the Sanitary District shall remain in full force and effect regardless of any investigations made by or on behalf of the Purchaser and shall survive the Closing.

12. No recourse under or upon any obligatory covenant or agreement contained in this Bond Purchase Agreement or to be implied therefrom shall be had against any officer, trustee, employees agent or representative of the Sanitary District; and no personal liability whatsoever shall attach to or be incurred by the present or any future officers, directors, employees, agents or representatives of the Sanitary District by reason of any of the obligations, covenants or agreements contained or this Bond Purchase Agreement, or to be implied therefrom.

13. Any notice or other communication to be given to the Sanitary District shall be given by delivering the same in writing at the address set forth above and any notice or other communication to be given to the Purchaser shall be given in writing to \_\_\_\_\_, attention \_\_\_\_\_.

This Bond Purchase Agreement is made solely for the benefit of the parties hereto, and no other person, including any holders of the Bonds, shall acquire or have any right hereunder or by virtue hereof.

The approval and acceptance of this offer by the Sanitary District, as evidenced by the execution of the acceptance clause below, shall cause this document to constitute a contract for the sale by the Sanitary District and the purchase by the Purchaser of the herein-described Bonds, subject to and in accordance with the terms and conditions herein outlined and established.

Respectfully submitted,

\_\_\_\_\_  
, as Purchaser

By: \_\_\_\_\_



*(Signature Page to Bond Purchase Agreement)*

Accepted and agreed to by the Sanitary District of the City of Muncie, Indiana, this  
\_\_\_\_\_ day of \_\_\_\_\_, 2017.

SANITARY DISTRICT OF THE  
CITY OF MUNCIE, INDIANA

By: \_\_\_\_\_  
Name: Dennis Tyler  
Title: Mayor

ATTEST:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Controller

**SCHEDULE A**

Designation: City of Muncie, Indiana  
 Sanitary District Refunding Revenue Bonds, Series 2017  
 Principal Amount: \$ \_\_\_\_\_  
 Denominations: \$100,000 and any \$5,000 integral multiples in excess thereof  
 Dated: \_\_\_\_\_, 2017  
 Maturity and Interest Rate: Maturing on January 1, 2027, with interest payable semiannually on January 1 and July 1 of each year, commencing January 1, 2018, in the amount and at the interest rate, as shown below:

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
01/01/2027*	\$ _____	_____ %

\* Term Bond – Mandatory Sinking Fund Redemption

The Bonds maturing on January 1, 2027 are subject to mandatory sinking fund redemption prior to maturity on the dates and in the amounts set forth below at a price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption:

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
01/01/2018	\$	01/01/2023	\$
07/01/2018		07/01/2023	
01/01/2019		01/01/2024	
07/01/2019		07/01/2024	
01/01/2020		01/01/2025	
07/01/2020		07/01/2025	
01/01/2021		01/01/2026	
07/01/2021		07/01/2026	
01/01/2022		01/01/2027**	
07/01/2022			

\*\* Final Maturity

Optional Redemption:

**SCHEDULE B**

*Form of Sophisticated Investor Letter*

\_\_\_\_\_, 2017

Muncie Sanitary District  
Muncie, Indiana

City of Muncie  
Muncie, Indiana

J.J.B. Hilliard, W.L. Lyons, LLC, as Placement Agent  
Indianapolis, Indiana

H.J. Umbaugh & Associates, LLP  
Indianapolis, Indiana

Bose McKinney & Evans LLP  
Indianapolis, Indiana

Re: \$ \_\_\_\_\_ of City of Muncie, Indiana Sanitary District Refunding Revenue  
Bonds, Series 2017 (the "2017 Bonds")

Ladies and Gentlemen:

The undersigned, \_\_\_\_\_ (the "Purchaser"), hereby represents and warrants to you  
as follows:

1. The Purchaser has purchased on the date hereof at the price of \$ \_\_\_\_\_, with no  
accrued interest, \$ \_\_\_\_\_ in par amount of the 2017 Bonds. We understand the 2017 Bonds  
are issued pursuant to Resolution No. \_\_\_\_\_, adopted on July 5, 2017, by the Board of Sanitary  
Commissioners (the "Board") of the Sanitary District of the City of Muncie, Indiana (the "Sanitary  
District") (the "Bond Resolution").

2. The Purchaser has sufficient knowledge and experience in business and financial  
matters in general, and investments such as the 2017 Bonds in particular, to enable the Purchaser to  
evaluate the 2017 Bonds, the credit of the Sanitary District, and the security and other terms of  
the 2017 Bonds. The Purchaser will make its own independent credit analysis and decision to  
purchase the 2017 Bonds based on independent examination and evaluation of the transaction  
and the information deemed appropriate, without reliance on H.J. Umbaugh & Associates, LLP,  
Bose McKinney & Evans LLP or J.J.B. Hilliard, W.L. Lyons, LLC, or their respective affiliates,  
directors, officers, employees, attorneys or agents.

3. The Purchaser acknowledges that no credit rating has been sought or obtained with respect to the 2017 Bonds.

4. The Purchaser acknowledges that no official statement has been prepared for the 2017 Bonds. The Purchaser has been offered copies of or full access to all documents relating to the 2017 Bonds, including the tax matters disclosure attached hereto, and all records, reports, financial statements and other information concerning the Sanitary District and pertinent to the source of payment for the 2017 Bonds as deemed material by the Purchaser, which the Purchaser as a reasonable investor, has requested and to which the Purchaser, as a reasonable investor, would attach significance in making an investment decision.

5. The Purchaser confirms that its investment in the 2017 Bonds constitutes an investment that is suitable for and consistent with its investment program and that the Purchaser is able to bear the economic risk of an investment in the 2017 Bonds, including a complete loss of such investment.

6. The Purchaser is a qualified institutional buyer within the meaning of Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") purchasing for its own account or for the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, and not with a view to, or in connection with, any distribution, resale, pledging, fractionalization, subdivision or other disposition thereof (subject to the understanding that disposition of Purchaser's property will remain at all times within its control).

7. The Purchaser understands that the 2017 Bonds (i) have not been registered under the Securities Act and (ii) have not been registered or qualified under any state securities or "Blue Sky" laws.

8. The Purchaser has been furnished with and has examined the 2017 Bonds, the Bond Resolution, the tax matters disclosure attached hereto and other documents, certificates and the legal opinions delivered in connection with the issuance of the 2017 Bonds as it has deemed necessary. The Purchaser has investigated the security for the 2017 Bonds and understands that the 2017 Bonds are payable from solely from the Net Revenues (as defined in the Bond Resolution) of the sewage works of the Sanitary District, on a parity with the Outstanding Parity Bonds (as defined in the Bond Resolution). The Purchaser further understands that the Sanitary District has no taxing authority which extends to the raising of revenue for the purpose of paying the 2017 Bonds.

9. The Purchaser understands that the Sanitary District, J.J.B. Hilliard, W.L. Lyons, LLC, their respective counsel, H.J. Umbaugh & Associates, LLP and Bose McKinney & Evans LLP will rely upon the accuracy and truthfulness of the representations and warranties contained herein and hereby consents to such reliance.

10. The Purchaser recognizes that the legal and accounting opinions it has received express the professional judgment of the attorneys and accountants participating in the transaction as to the legal issues addressed therein. It also recognizes that by rendering such opinions, the attorneys do not become insurers or guarantors of that expression of professional

judgment of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of the opinions guarantee the outcome of any legal dispute that may arise out of the transaction.

11. The signatory of this letter is a duly authorized officer of the Purchaser with the authority to sign this letter on behalf of the Purchaser, and this letter has been duly authorized, executed and delivered.

Very truly yours,

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## TAX MATTERS

In the opinion of Bose McKinney & Evans LLP, Indianapolis, Indiana, Bond Counsel (“Bond Counsel”) to the Muncie Sanitary District of the City of Muncie, Indiana (the “Issuer”), under existing laws, regulations, judicial decisions and rulings, interest on the Issuer’s Sanitary District Refunding Revenue Bonds, Series 2017 (the “2017 Bonds”) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). This opinion relates only to the exclusion from gross income of interest on the 2017 Bonds and is conditioned on continuing compliance by the Issuer with the Tax Covenants (as hereinafter defined). The Issuer’s failure to comply with the Tax Covenants could cause interest on the 2017 Bonds to be includable in gross income for purposes of federal income tax, retroactive to the date of issue, and, therefore, no longer excludable from gross income for such purposes.

In the opinion of Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the 2017 Bonds is exempt from income taxation in the State of Indiana (“State”), except for the State financial institutions tax. This opinion relates only to the exemption of interest on the 2017 Bonds for State income tax purposes.

The Code imposes certain requirements which must be met subsequent to the issuance of the 2017 Bonds as a condition to the continued exclusion from gross income of interest on the 2017 Bonds for federal income tax purposes. The Issuer will covenant not to take any action, within its power and control, nor fail to take any action with respect to the 2017 Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the 2017 Bonds pursuant to Section 103 of the Code (collectively, “Tax Covenants”). The bond resolution authorizing the issuance of the 2017 Bonds (the “Bond Resolution”), and certain certificates and agreements to be delivered on the date of delivery of the 2017 Bonds, establish procedures to permit compliance with the requirements of the Code. However, it is not an event of default under the Bond Resolution if the interest on the 2017 Bonds is not excludable from gross income for federal income tax purposes or otherwise pursuant to any provision of the Code which is not in effect on the issue date of the 2017 Bonds.

The interest on the 2017 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the 2017 Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax on certain corporations.

Indiana Code 6-5.5 imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5) which, in general, include all corporations which are transacting the business of a financial institution in the State. The franchise tax will be measured in part by interest excluded from gross income under Section 103 of the Code, minus associated expenses disallowed under Section 265 of the Code.

Although Bond Counsel has rendered an opinion that interest on the 2017 Bonds is excluded from federal gross income and is exempt from State income tax, the accrual or receipt of interest on the 2017 Bonds may otherwise affect a holder’s federal income tax or State tax

liability. The nature and extent of these other tax consequences will depend upon the holder's particular tax status and a holder's other items of income or deduction. Taxpayers who may be affected by such other tax consequences include, without limitation, financial institutions, certain insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the 2017 Bonds. Bond Counsel expresses no opinion regarding any other such tax consequences. Purchasers of the 2017 Bonds should consult their own tax advisors with regard to the state and federal tax consequences of owning the 2017 Bonds other than those consequences set forth in the form of opinion of Bond Counsel.

The 2017 Bonds have not been designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Legislation affecting municipal bonds is considered from time to time by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the 2017 Bonds will not have an adverse effect on the tax-exempt status of the 2017 Bonds or the market price of the 2017 Bonds.

EXHIBIT B  
*Form of Escrow Agreement*

ESCROW AGREEMENT

BETWEEN

THE

MUNCIE SANITARY DISTRICT

AND

---

As Escrow Trustee

SANITARY DISTRICT REFUNDING REVENUE BONDS, SERIES 2017

Dated \_\_\_\_\_, 2017



## ESCROW AGREEMENT

This agreement (the "Escrow Agreement") made and entered into as of \_\_\_\_\_, 2017, by and between the Muncie Sanitary District (the "Sanitary District") and \_\_\_\_\_ (the "Escrow Trustee"), a \_\_\_\_\_, having its principal corporate trust office in \_\_\_\_\_, Indiana, as Escrow Trustee under this Escrow Agreement with the Sanitary District.

### WITNESSETH

WHEREAS, Indiana Code, Title 5, Article 1, Chapter 5 (the "Act"), has been enacted by the legislature of the State of Indiana; and

WHEREAS, the Act declares that the refunding of bonds to effect a savings for the Sanitary District or to relieve the Sanitary District of restrictive covenants which impede additional financings and the issuance of refunding bonds to accomplish the refunding constitute a public purpose; and

WHEREAS, the Act provides that the proceeds of the refunding bonds may be secured by a trust agreement between the Sanitary District and a corporate trustee; and

WHEREAS, the execution and delivery of this Escrow Agreement has been in all respects duly and validly authorized by Resolution No. \_\_\_\_\_ duly passed and adopted by the Board of Sanitary Commissioners of the Sanitary District (the "Board") on July 5, 2017 (the "Resolution"); and

WHEREAS, the Sanitary District has heretofore issued, pursuant to Resolution No. 2007-12 adopted by the Board on April 24, 2007 (the "2007 Resolution"), its Sanitary District Revenue Bonds of 2007, dated May 31, 2007, now outstanding in the principal amount of \$3,075,000 (the "Refunded Bonds"); and

WHEREAS, the Sanitary District has concurrently with the execution and delivery of this Escrow Agreement, executed, issued and delivered pursuant to the Resolution, its Sanitary District Refunding Revenue Bonds, Series 2017 (the "Bonds") in the principal amount of \$ \_\_\_\_\_, and the Sanitary District has deposited with the Escrow Trustee (a) certain hereinafter described securities or evidences thereof in the amount of \$ \_\_\_\_\_ (the "Government Obligations") purchased from proceeds of the Bonds in the amount of \$ \_\_\_\_\_ and funds on hand of the Sanitary District in the amount of \$ \_\_\_\_\_ and (b) cash in the amount of \$ \_\_\_\_\_ funded from proceeds of the Bonds (the "Cash Requirement"), in a total amount sufficient to pay the Refunded Bonds from the date of delivery of the Bonds to \_\_\_\_\_, 2017, the earliest redemption date of the Refunded Bonds, with accrued interest to such date;

NOW THEREFORE, THIS AGREEMENT WITNESSETH: That in order to secure the payment of the principal of and interest on the Refunded Bonds according to their tenor, purport

and effect, and in order to secure the performance and observance of all the covenants and conditions herein and in the Refunded Bonds and Bonds, and for and in consideration of the mutual covenants herein contained, and of the acceptance by the Escrow Trustee of the trust hereby created, the Sanitary District has executed and delivered this Escrow Agreement.

TO HAVE AND TO HOLD the same unto the Escrow Trustee, and its successor or successors and its or their assigns forever;

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, to secure the payment of the Refunded Bonds and the interest payable thereon, and to secure also the observance and performance of all the terms, provisions, covenants and conditions of this Escrow Agreement, and for the equal and ratable benefit and security of all and singular the owners of all Refunded Bonds without preference, priority or distinction as to lien or otherwise of any one Refunded Bond or as between principal and interest; and it is hereby mutually covenanted and agreed that the terms and conditions upon which the Refunded Bonds are to be paid, and a portion of the proceeds of the Bonds invested, and the trusts and conditions upon which the pledged Government Obligations and Cash Requirement are to be held and disbursed, are as follows:

1. The Escrow Trustee acknowledges receipt from the Sanitary District of the Government Obligations, as set forth in Exhibit A attached hereto, together with the Cash Requirement, to be applied on the principal of and interest on the Refunded Bonds in accordance with the schedule set forth in Exhibit B attached hereto. The Government Obligations have been deposited with the Escrow Trustee and will bear interest at such rates and will mature at such times and in such amounts so that, when paid according to their respective terms, together with the Cash Requirement, sufficient moneys will be available for the payment of principal of and interest on the Refunded Bonds until \_\_\_\_\_, 2017, the earliest date upon which the Refunded Bonds may be called for redemption, and the cost of redeeming the Refunded Bonds at a redemption price of 100% of principal amount.

2. (a) A Trust Account is created hereby for the Refunded Bonds (the "Trust Account"). For purposes of securing payment for the Refunded Bonds, the Government Obligations and the Cash Requirement set forth on Exhibit A will be held in trust by the Escrow Trustee in the Trust Account and such Government Obligations on deposit with the Escrow Trustee, including interest to be earned thereon, together with the Cash Requirement, are pledged solely and irrevocably for the benefit of the owners of the Refunded Bonds. Pursuant to this Section, the Sanitary District irrevocably instructs the Escrow Trustee to duly call the Refunded Bonds on or before \_\_\_\_\_, 2017 for redemption on \_\_\_\_\_, 2017, and the Escrow Trustee hereby agrees to follow this instruction.

(b) The Escrow Trustee and the Sanitary District agree to redeem on \_\_\_\_\_, 2017, all outstanding Refunded Bonds due on \_\_\_\_\_, 2017 and thereafter. The Escrow Trustee shall complete the notice attached as Exhibit C and mail the

notice to all registered owners of the Refunded Bonds at least thirty (30) days prior to \_\_\_\_\_, 2017, substantially in the form attached to this Escrow Agreement as Exhibit C. The Escrow Trustee serves as the paying agent for the Refunded Bonds and shall effectuate timely payments under this Escrow Agreement.

(c) Any balance remaining in the Trust Account after payment of all the Refunded Bonds shall be deposited with the Sanitary District and used by the Sanitary District to pay debt service on the Bonds.

(d) The mathematical calculations of the adequacy of the Trust Account to fully provide for all payments enumerated in this Escrow Agreement will be computed at the time of delivery of the Bonds by H.J. Umbaugh & Associates, LLP (the "Verification Report").

3. The Sanitary District covenants that the proceeds from the sale of Bonds, any moneys attributable to the proceeds of the Bonds or the Refunded Bonds, amounts received from the investment of the proceeds of the Bonds, any other amounts treated as proceeds of the Bonds under the applicable provisions of the Internal Revenue Code of 1986 as existing on the date of the issuance of the Bonds (the "Code"), to the extent applicable to the Bonds or held in funds or accounts under the 2007 Resolution or the Resolution, shall not be invested or otherwise used in a manner which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code and the regulations and rulings promulgated thereunder.

4. The Escrow Trustee hereby accepts the trusts imposed upon it by this Escrow Agreement and agrees to perform these trusts as a corporate trustee ordinarily would perform such trusts under a corporate indenture. The Escrow Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall not be answerable for the conduct of the same if appointed in accordance with the standard specified above, and shall be entitled to advice of counsel concerning all compensation to all such attorneys, certified public accountants, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Escrow Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Sanitary District). The Escrow Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

The Escrow Trustee shall be entitled to payment and/or reimbursement in accordance with the schedule attached hereto as Exhibit D in connection with services under this Escrow Agreement including costs incurred under the preceding paragraph. Such fees shall not constitute a lien against the Trust Account. If, after the Refunded Bonds are paid, there are insufficient funds to pay such fees, the Sanitary District is responsible for the payment of such Escrow Trustee fees and paying agent fees.

5. The Escrow Trustee shall have the power to sell, transfer, request the redemption or otherwise dispose of some or all of the Government Obligations in the Trust Account and to substitute other Government Obligations of equal or greater security identified in the Verification

Report therefor provided that the Escrow Trustee shall receive (i) the unqualified opinion of nationally recognized municipal bond attorneys prior to any such actions to the effect that such disposition and substitution would not cause any of the Refunded Bonds or the Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code, or any other regulations and rulings to the extent applicable to the Refunded Bonds of the Bonds; and (ii) the unqualified opinion of a certified public accountant or a firm of certified public accountants to the effect that such disposition and substitution shall not reduce the sufficiency and adequacy of the Trust Account to fully provide for all payments enumerated in this Escrow Agreement.

6. This Escrow Agreement is made for the benefit of the Sanitary District and the holders from time to time of the Refunded Bonds, and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Trustee and the Sanitary District, provided, however, that the Sanitary District and the Escrow Trustee may, without the consent of, or notice to, such holders, amend this Escrow Agreement or enter into such agreements supplemental to this Escrow Agreement, in their sole judgment and discretion, as shall not materially adversely affect the rights of such holders, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Escrow Agreement; (ii) to grant to, or confer upon, the Escrow Trustee for the benefit of the holders of the Refunded Bonds, any additional rights, remedies, powers, security or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Trustee; and (iii) to include under this Escrow Agreement additional funds, securities or properties.

7. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the City or the Escrow Trustee to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

8. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

9. This Escrow Agreement shall be construed and enforced under the laws of the State of Indiana, without regard to conflict of law principles.

10. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Escrow Agreement, shall be a legal holiday or a day on which banking institutions in the city in which is located the principal office of the Escrow Trustee are authorized by law to remain 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 authorized to remain closed, with the same force and effect as if done on the nominal date provided in this Escrow Agreement, and no interest shall accrue for the period after such nominal date.

11. This Escrow Agreement shall not be assigned by the Escrow Trustee or any successor thereto without the prior written consent of the Sanitary District.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed for and on their behalf the day and year first hereinabove written.

**MUNCIE SANITARY DISTRICT**

\_\_\_\_\_  
Dennis Tyler, Mayor

\_\_\_\_\_  
\_\_\_\_\_, Controller

[ \_\_\_\_\_ ]

By: \_\_\_\_\_

Printed: \_\_\_\_\_

Title: \_\_\_\_\_

Attest:

By: \_\_\_\_\_

**EXHIBIT A**

Attached to and made a part of the  
Escrow Agreement executed by the  
Muncie Sanitary District and

\_\_\_\_\_,  
as Escrow Trustee  
Dated \_\_\_\_\_, 2017

SCHEDULE OF GOVERNMENT OBLIGATIONS

<u>Type</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Coupon Rate</u>
SLGS	__ / __ / 2017	\$ _____	____ %

Cash in the amount of \$ \_\_\_\_\_



**EXHIBIT B**

PAYMENT OF PRINCIPAL AND INTEREST  
ON REFUNDED BONDS

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Redemption Premium</u>	<u>Total Payment</u>
___/___/2017	\$ _____	\$ _____	\$0.00	\$ _____

EXHIBIT C

**NOTICE OF REDEMPTION TO THE HOLDERS OF THE  
MUNCIE SANITARY DISTRICT REVENUE BONDS OF 2007**

**NOTICE IS HEREBY GIVEN** to the registered owners of the Three Million Seventy-Five Thousand Dollars (\$3,075,000) in aggregate principal amount of Sanitary District Revenue Bonds of 2007, of the Muncie Sanitary District (the "Sanitary District"), dated May 31, 2007, and maturing semiannually on January 1 and July 1 through January 1, 2027, inclusive (the "Refunded Bonds"), that the Refunded Bonds will be redeemed on \_\_\_\_\_, 2017, at the price of one hundred percent (100%) of the par amount thereof (the "Redemption Price"), plus accrued and unpaid interest to \_\_\_\_\_, 2017.

Payment of the Redemption Price of and accrued interest on the Refunded Bonds will be made upon presentation and surrender of the Refunded Bonds at the corporate trust operations office of \_\_\_\_\_ (the "Escrow Trustee").

The Refunded Bonds will cease to bear interest on \_\_\_\_\_, 2017, whether or not presented for payment on that date.

**IMPORTANT:** Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act") unless the Escrow Trustee has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your Refunded Bonds for payment.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2017.

\_\_\_\_\_

Mail to registered owners at least thirty (30) days prior to \_\_\_\_\_, 2017.

EXHIBIT D

ESCROW TRUSTEE FEES

EXHIBIT C  
*Form of Undertaking*

**CONTINUING DISCLOSURE UNDERTAKING AGREEMENT**

This CONTINUING DISCLOSURE UNDERTAKING AGREEMENT (the “Disclosure Agreement”), dated as of \_\_\_\_\_, 2017, is executed and delivered by SANITARY DISTRICT OF THE CITY OF MUNCIE, INDIANA (the “Obligor” or “Issuer”), in connection with the issuance by the Obligor of its Sewage Works Refunding Revenue Bonds, Series 2017 in the aggregate principal amount of \$ \_\_\_\_\_ (the “Bonds”). The Bonds are being issued pursuant to Indiana Code 36-9-25 and Indiana Code 5-1-5, each as amended, and Resolution No. \_\_\_\_\_, adopted on July 5, 2017 by the Board of Sanitary Commissioners of the Issuer (the “Resolution”) (collectively, the “Bond Proceedings”). Pursuant to the Resolution, the Bonds will be secured by the Net Revenues (as defined in the Resolution) of the sewage works of the Issuer, on a parity with the Outstanding Parity Bonds (as defined in the Resolution). The Obligor covenants and agrees as follows:

Section 1. Purpose of the Disclosure Agreement.

(a) This Disclosure Agreement is being executed and delivered by the Obligor for the benefit of the Bondholders and the Beneficial Owners and in order to assist the Participating Underwriter in complying with the Rule.

(b) In consideration of the purchase and acceptance of any and all of the Bonds by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Agreement shall be deemed to be and shall constitute a contract between the Obligor and the Bondholders and Beneficial Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Obligor shall be for the benefit of the Bondholders and Beneficial Owners of any and all of the Bonds.

(c) The Obligor hereby determines that it will be an obligated person with respect to more than \$10,000,000 in aggregate amount of outstanding municipal securities, including the Bonds and excluding municipal securities that were offered in a transaction exempt pursuant to subsection (d)(1) of the Rule.

Section 2. Definitions. In addition to the definitions set forth in the Bond Proceedings, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

“EMMA” means an Internet-based electronic filing system called the “Electronic Municipal Market Access” system as described in 1934 Act Release No. 59062 created and operated by the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org).

“Listed Events” shall mean any of the events listed in Section 5(a) and (b) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the 1934 Act which is the sole central repository through the operation of EMMA.

“1934 Act” shall mean the Securities Exchange Act of 1934, as amended.

“Official Statement” shall mean the Official Statement for the Bonds dated \_\_\_\_\_, 2017.

“Participating Underwriter” shall mean J.J.B. Hilliard, W.L. Lyons, LLC.

“Rule” shall mean Rule 15c2-12 (17 CFR Part 240, §240.15c2-12) promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

“SEC” shall mean the United States Securities and Exchange Commission.

“Securities Counsel” shall mean legal counsel expert in federal securities law.

“State” shall mean the State of Indiana.

### Section 3. Provision of Financial Information.

(a) The Obligor hereby undertakes to provide the following financial information:

- (1) To the MSRB through EMMA, the report of the Indiana State Board of Accounts (“SBOA”), which may consist of either the Independent Accountant’s Report or the Independent Auditor’s Report, and the financial statements of the Obligor, as audited or examined by the SBOA, on an annual basis for each fiscal year, together with an opinion of the SBOA and all notes thereto (collectively, the “SBOA Report”), by the June 30 immediately following each annual period. Such disclosure of the SBOA Report shall first occur by June 30, 2018, and shall be made by June 30 of every year thereafter, if the SBOA Report is delivered to the Obligor by June 30 of each annual

period. If, however, the Obligor has not received the SBOA Report by June 30, the Obligor agrees to (i) post a voluntary notice to the MSRB by June 30 of such annual period that the SBOA Report has not been received, and (ii) post the SBOA Report within 60 days of the Obligor's receipt thereof; and

- (2) To the MSRB through EMMA, no later than June 30 of each year, beginning June 30, 2018, the most recent annual financial information for the Obligor including (i) unaudited financial statements of the Obligor, and (ii) operating data (excluding any demographic information or forecast) of the general type included under the following headings in Appendix A in the Final Official Statement (together, with the SBOA Report, the "Annual Information"), provided, however, that the updated Annual Information may be provided in such format as the Obligor deems appropriate:

#### Section 28.LARGE USERS

(b) If any Annual Information relating to the Obligor referred to in paragraph (a) of this Section 3 no longer can be generated because the operations to which they related have been materially changed or discontinued, a statement to that effect, provided by the Obligor to the MSRB, along with any other Annual Information required to be provided under this Disclosure Agreement, shall satisfy the undertaking to provide such Annual Information. To the extent available, the Obligor shall cause to be filed along with the other Annual Information, operating data similar to that which can no longer be provided.

(c) The disclosure may be accompanied by a certificate of an authorized representative of the Obligor in the form of Exhibit A attached hereto.

(d) The Obligor agrees to make a good faith effort to obtain Annual Information. However, failure to provide portions of Annual Information because it is unavailable through circumstances beyond the control of the Obligor shall not be deemed to be a breach of this Disclosure Agreement. The Obligor further agrees to supplement the Annual Information filing when such data is available.

Section 29. (e) Annual Information required to be provided pursuant to this Section 3 may be provided by a specific reference to such Annual Information already prepared and previously provided to the MSRB. Any information included by reference shall also be (i) available to the public on EMMA, or (ii) filed with the SEC.

(f) The Obligor and any Dissemination Agent (as described in Section 7) appointed by the Obligor, must file all filings under this Disclosure Agreement with the MRSB through EMMA in an electronic format in the form of a word searchable portable document format

(PDF).

(g) If, for any reason, the Obligor fails to provide the Annual Information as required by this Agreement, the Obligor shall provide notice of such failure in a timely manner to EMMA in the form of the notice attached as Exhibit B.

Section 30. Section 4. Accounting Principles. The financial information will be prepared on a cash basis as prescribed by the SBOA, as in effect from time to time, as described in the auditors' report and notes accompanying the audited financial statements of the Obligor or those mandated by state law from time to time. The SBOA Report, as described in Section 3(a)(1) hereof, is either (i) an audit of the Obligor's financial statements conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, or (ii) an examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

Section 5. Reporting of Listed Events.

Section 31. (a) The Obligor shall disclose the following events to the MSRB through EMMA, within 10 business days of the occurrence of any of the following events, if material (which determination of materiality shall be made by the Obligor in accordance with the standards established by federal securities laws):

- (1) non-payment related defaults;
- (2) modifications to rights of Bondholders;
- (3) bond calls;
- (4) release, substitution or sale of property securing repayment of the Bonds;
- (5) the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the obligated person, or entry into or termination of a definitive agreement relating to the foregoing; and
- (6) appointment of a successor or additional trustee or the change of name of a trustee.

The disclosure may be accompanied by a certificate of an authorized representative of the Obligor in the form of Exhibit C attached hereto.

(b) The Obligor shall disclose the following events to the MSRB through EMMA, within 10 business days of the occurrence of any of the following events, regardless of materiality:

- (1) principal and interest payment delinquencies;
- (2) unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) substitution of credit or liquidity providers, or their failure to perform;
- (5) defeasances;
- (6) rating changes;
- (7) adverse tax opinions or events affecting the status of the Bonds, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material events, notices or determinations with respect to the tax status of the Bonds;
- (8) tender offers; and
- (9) bankruptcy, insolvency, receivership or similar event of the obligated person.

The disclosure shall be accompanied by a certificate of an authorized representative of the Obligor in the form of Exhibit C attached hereto.

(c) If the Obligor determines that the occurrence of a Listed Event must be filed as set forth above, the Obligor shall promptly cause a notice of such occurrence to be filed with the MSRB through EMMA. In connection with providing a notice of the occurrence of a Listed Event described above in subsection (b)(5), the Obligor shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) The Obligor acknowledges that the “rating changes” referred to above in subsection (b)(6) may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the Obligor is liable.

(e) The Obligor acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the Obligor does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.



Section 6. Termination of Reporting Obligation.

(a) The Obligor's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, the prior redemption or the payment in full of all of the Bonds. If the Obligor's obligation to pay the principal of and interest on the Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Obligor, and the Obligor shall have no further responsibility hereunder.

(b) This Disclosure Agreement, or any provision hereof, shall be null and void in the event that the Obligor (i) receives an opinion of Securities Counsel, addressed to the Obligor, to the effect that those portions of the Rule, which require such provisions of this Disclosure Agreement, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) delivers notice to such effect to the MSRB through EMMA.

Section 7. Dissemination Agent. The Obligor, from time to time, may appoint or engage an agent to assist it in carrying out its obligations under this Disclosure Agreement (the "Dissemination Agent") and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If a Dissemination Agent is appointed or engaged by the Obligor, the Obligor shall provide prior written notice thereof (as well as notice of replacement or dismissal of such Dissemination Agent) to the MSRB.

Section 8. Amendment; Waiver.

(a) Notwithstanding any other provisions of this Disclosure Agreement, this Disclosure Agreement may be amended, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(1) if the amendment or waiver relates to a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the Obligor, or type of business conducted by the Obligor or in connection with the refunding referred to in the Official Statement;

(2) this Disclosure Agreement, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) the amendment or waiver either (A) is approved by the Bondholders in the same manner as provided in the Resolution for amendments to the Resolution with the

consent of the Bondholders, or (B) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Disclosure Agreement, the Obligor shall describe such amendment or waiver in the next Annual Information and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the financial information required to be included in the Annual Information pursuant to Section 3 of this Disclosure Agreement, the first Annual Information that contains the amended financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of financial information being provided. Further, if the annual financial information required to be provided in the Annual Information can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Information that does not include such information.

(c) If the amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 3 of this Disclosure Agreement, the Annual Information for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be sent by the Obligor, or the Dissemination Agent at the written direction of the Obligor, to the MSRB through EMMA.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Obligor from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Information or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Obligor chooses to include any information in any Annual Information or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Obligor shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Information or notice of occurrence of a Listed Event.

Section 10. Failure to Comply. In the event of a failure of the Obligor or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the Obligor or the Dissemination Agent under this Disclosure Agreement, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Disclosure Agreement

shall not constitute a default with respect to the Bonds or under the Resolution. Notwithstanding the foregoing, if the alleged failure of the Obligor to comply with this Disclosure Agreement is the inadequacy of the information disclosed pursuant hereto, then the Bondholders and the Beneficial Owners (on whose behalf a Bondholder has not acted with respect to this alleged failure) of not less than twenty percent (20%) of the aggregate principal amount of the then outstanding Bonds must take the actions described above before the Obligor shall be compelled to perform with respect to the adequacy of such information disclosed pursuant to this Disclosure Agreement.

Section 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Obligor, the Dissemination Agent, if any, the Participating Underwriter, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

Section 12. Additional Disclosure Obligations. The Obligor acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the Obligor, and that under some circumstances, compliance with this Disclosure Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Obligor under such laws.

Section 13. Prior Undertakings. Except as otherwise disclosed in the Official Statement, during the past five (5) years the Obligor has not failed to comply, in all material respects, with any previous undertakings.

Section 14. Governing Law. This Disclosure Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Agreement shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Agreement addresses matters of federal securities laws, including the Rule, this Disclosure Agreement shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

Section 15. Severability. If any portion of this Disclosure Agreement is held or deemed to be, or is, invalid, illegal, inoperable or unenforceable, the validity, legality, operability or enforceability of the remaining portions of this Disclosure Agreement shall not be affected, and this Disclosure Agreement shall be construed as if it did not contain such invalid, illegal, inoperable or unenforceable portion.

*Signature Page to Continuing Disclosure Undertaking Agreement*

**SANITARY DISTRICT OF THE  
CITY OF MUNCIE, INDIANA, as Obligor**

By: \_\_\_\_\_  
Dennis Tyler, Mayor

ATTEST:

\_\_\_\_\_  
\_\_\_\_\_, Controller

3228698v1

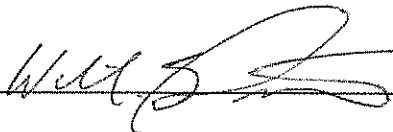
EXHIBIT A

**CERTIFICATE RE: ANNUAL FINANCIAL INFORMATION DISCLOSURE**

Name of Issuer/Obligor: Sanitary District of the City of Muncie, Indiana  
Name of Bond Issue: Sanitary District Refunding Revenue Bonds, Series 2017  
Date of Bonds: July 5, 2017

The undersigned, on behalf of the above referenced Obligor, as the Obligor under the Continuing Disclosure Undertaking Agreement, dated July 5, 2017 (the "Disclosure Agreement"), hereby certifies that the information enclosed herewith constitutes the Annual Information (as defined in the Disclosure Agreement) which is required to be provided pursuant to Section 3(a) of the Disclosure Agreement.

SANITARY DISTRICT OF THE  
CITY OF MUNCIE, INDIANA

By 

Its \_\_\_\_\_

Dated: 7/5/17

**EXHIBIT B**

**NOTICE OF FAILURE TO FILE INFORMATION**

Name of Issuer/Obligor: Sanitary District of the City of Muncie, Indiana

Name of Bond Issue: Sanitary District Refunding Revenue Bonds, Series 2017

Date of Bonds: July 5, 2017

NOTICE IS HEREBY GIVEN that the Obligor has not provided the Annual Information as required by Section 3(a) of the Continuing Disclosure Undertaking Agreement of the Obligor, dated July 5, 2017.

SANITARY DISTRICT OF THE  
CITY OF MUNCIE, INDIANA

By 

Its \_\_\_\_\_

Dated: 7/5/17

EXHIBIT C

**CERTIFICATE RE: EVENT DISCLOSURE**

The undersigned, on behalf of the Sanitary District of the City of Muncie, Indiana, as Obligor under the Continuing Disclosure Undertaking Agreement, dated July 5, 2017, 2017 (the "Disclosure Agreement"), hereby certifies that the information enclosed herewith constitutes notice of the occurrence of an event which is required to be provided pursuant to Section 5 of the Disclosure Agreement.

Dated: July 5, 2017

SANITARY DISTRICT OF THE  
CITY OF MUNCIE, INDIANA

By: 

Name: William B. Smith

Title: Board President