

2009
ORDINANCE NO. -1

option B

An Ordinance concerning, the Funding of Jennings Northwest Regional Utilities September 1, 2008, March 1, 2009 and September 1, 2009 Debt Service Payment due to the Indiana Finance Authority for its outstanding 2004 State Revolving Fund Loan and the Funding of the Debt Service Reserve Account for both the 2004 SRF Loan and the 1997 non SRF loan.

WHEREAS, Jennings Northwest Regional Utilities ("Political Subdivision") has established and constructed a sewage works (the "Utility"), that it owns and operates, pursuant to Indiana Code 13-26, as supplemented by other law of the State of Indiana and all as such is in effect on the issue date of the Loan Program Bonds (hereinafter defined) authorized herein (the "Act"); and

WHEREAS, the Board of Trustees of the Political Subdivision ("Board") finds that the Indiana Finance Authority (Finance Authority), a body politic and corporate, not a state agency but an independent instrumentality of the State of Indiana (the "State"), pursuant to IC 13-18-21, has made funds available to the Political Subdivision to: a) fund the Political Subdivision's September 1, 2008, March 1, 2009 and September 1, 2009 debt service payment due to the Finance Authority for its outstanding 2004 State Revolving Fund Loan ("SRF Loan") and b) fully fund the Political Subdivision's debt service reserve account for its 2004 SRF Loan and its 1997 non SRF loan in the form of a loan in the amount (the "Loan Amount") as set forth in Appendix A to the Financial Aid Agreement (the "Financial Aid Agreement"), a copy of which is attached hereto as Exhibit A, which loan will be evidenced by revenue bonds (the "Loan Program Bonds") payable out of the Net Revenues (defined hereinafter as the gross revenues remaining after deduction only for the payment of the reasonable expenses of operation, repair and maintenance) of the Political Subdivision's Utility.

WHEREAS, the Political Subdivision has outstanding bonds ("Outstanding Bonds") payable out of the Net Revenues that permit the issuance of additional bonds ranking on a parity with Outstanding Bonds, and determines the Loan Program Bonds will be issued on a parity with the Outstanding Bonds; and

WHEREAS, the Board now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of said revenue bonds have been complied with in accordance with the provisions of the Act and IC 13-18-21; now, therefore,

BE IT ORDAINED BY THE BOARD OF THE POLITICAL SUBDIVISION THAT:

Section 1. Issuance of Loan Program Bonds. (a) The Political Subdivision shall issue its Utility revenue bonds ("Loan Program Bonds"), in an aggregate principal amount not to exceed \$787,000.

The Loan Program Bonds shall be issued and sold at a price of the par value thereof, shall be issued in fully registered form in denominations of \$1 or integral multiples thereof, numbered consecutively from 1 up, dated as of the date of delivery, and shall bear interest at a rate or rates not exceeding the per annum rate set forth in Appendix A to a Financial Aid Agreement (the exact rate or rates to be determined by negotiation with the Finance Authority). Interest is payable semi-annually, beginning on March 1, 2010. 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 Loan Program Bonds shall mature on March 1 or such other date or dates required by the terms of the Financial Aid Agreement, in such amounts as set forth in Appendix A to a Financial Aid Agreement.

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

(b) The Financial Secretary or fiscal officer of the Political Subdivision (the "Financial Secretary") is authorized to select and appoint a qualified financial institution to serve as Registrar and Paying Agent for the Loan Program Bonds, which Registrar is hereby charged with the responsibility of authenticating the Loan Program Bonds ("Registrar" or "Paying Agent"). The Financial Secretary is hereby authorized to enter into such agreements or understandings with such institution as will enable the institution to perform the services required of a Registrar and Paying Agent and/or any agreement to hold all or any part of the Sinking Fund; provided that if the Bonds are registered in the name of the Finance Authority then the Finance Authority shall approve such institution and agreement. The Financial Secretary 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 Utility Sinking Fund ("Sinking Fund") established to pay the principal of and interest on the Loan Program Bonds and fiscal agency charges.

(c) As to the Loan Program Bonds, if registered in the name of the Finance Authority (and consented to by the Finance Authority) or any other purchaser that does not object to such designation, the Financial Secretary may serve as Registrar and Paying Agent and in such circumstances the Financial Secretary would be hereby charged with the duties of a Registrar and Paying Agent.

(d) While any Loan Program Bonds which are registered in the name of the Finance Authority, the principal of and interest thereon shall be paid by wire transfer to such financial institution if and as directed by the Finance Authority on the due date of such payment or, if such due date is a day when financial institutions are not open for business, on the business day immediately after such due date. So long as the Finance Authority is the owner of any Loan Program Bonds, such Bonds shall be presented for payment as directed by the Finance Authority.

For any Loan Program Bonds not then registered in the name of the Finance Authority or if wire transfer payment is not required, the principal of the Loan Program Bonds shall be payable at the principal office of the Paying Agent and all payments of interest on the Loan Program Bonds shall be paid by check mailed one business day prior to the interest payment date to the registered owners thereof, as of the fifteenth day of the month preceding each payment

("Record Date"), at the addresses as they appear on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by such registered owner on or before such Record Date. If payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall be instructed to wire transfer payments by 1:00 p.m. (Indianapolis time) so such payments are received at the depository by 2:30 p.m. (Indianapolis time).

All payments on the Loan Program 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 Loan Program Bond shall be transferable or exchangeable only upon the books of the Political Subdivision 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 Political Subdivision. The Political Subdivision and the Registrar and Paying Agent for the Loan Program 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) Interest on Loan Program Bonds sold to the Finance Authority shall be paid from the date which is specified in the Financial Aid Agreement and the Loan Program Bonds delivered. Interest on any other Loan Program 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 Loan Program 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.

(g) The Political Subdivision agrees to secure such additional funds and to authorize and issue such additional revenue bonds as are necessary to cause the Loan Amount to be paid in full by March 1, 2019.

Section 2. Redemption of Loan Program Bonds. (a) The Loan Program Bonds may be called for redemption on any date, on sixty (60) days' notice, in whole or in part, in inverse order of maturity and by lot within a maturity, at face value together without any premium, plus accrued interest to the date fixed for redemption. If less than an entire maturity is called for redemption, the Loan Program Bonds to be called for redemption shall be selected by lot by the Registrar.

(b) Notice of redemption shall be given not less than sixty (60) days prior to the date fixed for redemption for Loan Program Bonds, unless such redemption notice is waived by the owner of the Loan Program Bond or Bonds redeemed. Such notice shall be mailed to the address of the registered owner as shown on the registration record of the Political Subdivision as of the date which is sixty-five (65) days prior to such redemption date for Loan Program Bonds. The notice shall specify the date and place of redemption and sufficient identification of the Loan Program Bonds called for redemption. The place of redemption may be determined by the Finance Authority unless they are not registered in its name as of the date of such notice of redemption, then by the Political Subdivision. Interest on the Loan Program 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 3. Execution of Loan Program Bonds; Pledge of Net Revenues and Assessment Fees to Loan Program Bonds. The Loan Program Bonds shall be signed in the name of the Political Subdivision by official(s) required by the Act or if there is no such required official under the Act, then by the manual or facsimile signature of the chief executive official of the Political Subdivision (the "Executive Officer") and attested by the manual or facsimile signature of the Financial Secretary, who shall affix the seal, if existing, of said Political Subdivision to each of said Loan Program 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, may adopt as and for their own proper signatures their facsimile signatures appearing on said Loan Program Bonds. The Loan Program Bonds must be authenticated by an authorized officer of the Registrar.

The Loan Program Bonds, as to both principal and interest, shall be payable from and secured by an irrevocable pledge of the Net Revenues of the Utility of the Political Subdivision, subject to Section 12 herein. The Political Subdivision shall not be obligated to pay said Bonds or the interest thereon except from the Net Revenues of said works, and said Bonds shall not constitute an indebtedness of the Political Subdivision within the meaning of the provisions and limitations of the constitution of the State of Indiana.

Section 4. Form of Bonds. The form and tenor of the Loan Program Bonds shall be substantially as set forth in the attached Exhibit B, all blanks to be filled in properly and all necessary or desirable additions, revisions and deletions to be made prior to delivery thereof.

Section 5. Preparation and Sale of Bonds. The Financial Secretary is hereby authorized and directed to have the Loan Program Bonds prepared, and to cause said Bonds to be executed in the form and manner herein provided. The Financial Secretary is hereby authorized and directed to sell and deliver said Bonds to the Finance Authority in accordance with the provisions of this ordinance and the Financial Aid Agreement. The Loan Program Bonds herein authorized, as and to the extent paid for and delivered to the purchaser, shall be the binding special revenue obligations of the Political Subdivision, payable out of the Net Revenues of the Political Subdivision's Utility to be set aside into the Sinking Fund as herein provided. The proceeds derived from the sale of the Loan Program Bonds shall be and are hereby set aside for funding the Political Subdivision's September 1, 2008, March 1, 2009 and September 1, 2009

debt service payment for the 2004 SRF Loan and for funding the debt service reserve account for the 2004 and 1997 loans hereinbefore referred to, and the expenses necessarily incurred in connection with the Loan Program Bonds. The proper officers of the Political Subdivision are hereby directed to draw all proper and necessary warrants, and to do whatever acts and things which may be necessary to carry out the provisions of this ordinance.

Section 6. Use of Proceeds. The proceeds from the sale of the Loan Program Bonds, shall be used solely to fund the Political Subdivision's September 1, 2008, March 1, 2009 and September 1, 2009 debt service payment for the 2004 SRF Loan and for funding the debt service reserve account for the 2004 and 1997 loans hereinbefore referred to.

Section 7. Revenues. All revenues derived from the operation of the Utility and from the collection of Utility rates and charges, shall be deposited in the Revenue Fund, hereby created or continued, as the case may be, and segregated and deposited as set forth in this ordinance. From these revenues, the proper and reasonable expenses of operation, repair and maintenance of the works shall be paid, the principal and interest of all bonds and fiscal agency charges of registrars or paying agents shall be paid, the hereinafter described Reserve Account shall be funded, and the costs of replacements, extensions, additions and improvements shall be paid.

Section 8. Operation and Maintenance Fund. The Operation and Maintenance Fund is hereby created or continued, as the case may be. There shall be transferred from the Revenue Fund and credited to the Operation and Maintenance Fund on the last day of each calendar month a sufficient amount of the revenues of the Utility so that the balance in this Fund shall be sufficient to pay the expenses of operation, repair and maintenance for the then next succeeding two calendar months. The moneys credited to this Fund shall be used for the payment of the reasonable and proper operation, repair and maintenance expenses of the Utility on a day-to-day basis. Any monies in said Fund may be transferred to the Utility Sinking Fund if necessary to prevent a default in the payment of principal of or interest on the outstanding bonds of the Utility.

Section 9. Utility Sinking Fund. (a) There is hereby created or continued, as the case may be, a sinking fund for the payment of the principal of and interest on revenue bonds which by their terms are payable from the Net Revenues of the Utility and the payment of any fiscal agency charges in connection with the payment of bonds and interest (herein, "Utility Sinking Fund" or "Sinking Fund"). There shall be set aside and deposited in the Sinking Fund, as available, and as hereinafter provided, a sufficient amount of the Net Revenues of the Utility to meet the requirements of the Bond and Interest Account and the Reserve Account hereby created or continued in the Sinking Fund. Such payments shall continue until the balance in the Bond and Interest Account, plus the balance in the Reserve Account hereinafter described, equals the principal of and interest on all of the then outstanding bonds of the Utility to their final maturity.

(b) Bond and Interest Account. There is hereby created or continued, as the case may be, within said Sinking Fund, the Bond and Interest Account. There shall be transferred on the last day of each calendar month from the Revenue Fund and credited to the Bond and Interest Account an amount of the Net Revenues equal to at least (a) 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 (b) one-twelfth (1/12) of the principal of all then outstanding bonds payable from the Net Revenues on the then next succeeding principal payment date, each until the amount so credited shall equal the principal and interest payable during the next succeeding twelve (12) calendar months. There shall similarly be credited to the account any amount necessary to pay the bank fiscal agency charges for paying principal and interest on outstanding bonds as the same become payable. The Political Subdivision 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 principal and interest on the due dates thereof together with the amount of bank fiscal agency charges.

(c) Reserve Account. There is hereby created or continued, as the case may be, within the Sinking Fund, the Reserve Account. The Reserve Account shall constitute the margin for safety and protection against default in the payment of principal of and interest on the Loan Program Bonds and any Parity Bonds, provided that the Reserve Requirement is increased proportionately, and the moneys in the Reserve Account shall be used to pay current principal and interest on the Loan Program 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 made up from the next available Net Revenues remaining after credits into the Bond and Interest Account. Any moneys in the Reserve Account in excess of the Reserve Requirement shall either be transferred to the Improvement Fund or be used for the redemption or purchase of outstanding bonds or installments of principal of fully registered bonds.

Section 10. Utility Improvement Fund. After meeting the requirements of the Operation and Maintenance Fund and the Sinking Fund, any excess revenues may be transferred or credited to a fund designated the Utility Improvement Fund, hereby created or continued, as the case may be, and said Fund shall be used for any pledged payments of principal or interest on the Loan Program Bonds and improvements, replacement, additions and extensions of the Utility. Moneys in the Utility Improvement Fund shall be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal and interest on the then outstanding bonds or, if necessary, to eliminate any deficiencies in credits to or minimum balance in the Reserve Account of the Sinking Fund or may be transferred to the Operation and Maintenance Fund to meet unforeseen contingencies in the operation, repair and maintenance of the Utility.

Section 11. Nature of Loan Program Bonds. In the event conditions for the issuance of revenue bonds of the Utility on a parity with the Outstanding Bonds, if any, set forth in the Existing Ordinance(s) are not met as of the date of the issuance of the Loan Program Bonds, then the Loan Program Bonds will in all respects be junior and subordinate to the rights of the holders of the Outstanding Bonds under said Existing Ordinance(s).

Section 12. Maintenance of Accounts; Investments. The Sinking Fund shall be deposited in and maintained as a separate account or accounts from all other accounts of the Political Subdivision. The Operation and Maintenance Fund and the Utility 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 Political Subdivision and apart from the Sinking Fund account or accounts. All moneys deposited in the accounts shall be deposited, held and secured as public funds in accordance with the public depository laws of the State of Indiana; provided that moneys therein may be invested in obligations in accordance with the applicable laws, including particularly Indiana Code, Title 5, Article 13, as amended or supplemented, and in the event of such investment the income therefrom shall become a part of the funds invested and shall be used only as provided in this ordinance. Nothing in this section or elsewhere in this ordinance shall be construed to require that separate bank accounts be established and maintained for the Funds and Accounts created or continued by this ordinance.

Section 13. Maintenance of Books and Records. The Political Subdivision shall keep proper books of records and accounts, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues collected from said works and all disbursements made on account of the works, also all transactions relating to said works. Copies of all such statements and reports shall be kept on file in the office of the Financial Secretary.

Section 14. Rate Covenant. The Political Subdivision 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 Utility, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses the Utility, or that in any way uses or is served by the Utility, at a level adequate to produce and maintain sufficient revenue (including user and other charges, fees, income or revenues available to the Political Subdivision) to provide for the proper operation, repair and maintenance of the Utility, to comply with and satisfy all covenants contained in this ordinance and to pay all obligations of the Utility and of the Political Subdivision with respect to the Utility. 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 Utility 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 Political Subdivision, and shall be paid by the Political Subdivision as the charges accrue.

Section 15. Additional Bond Provisions. The Political Subdivision reserves the right to authorize and issue additional bonds, payable out of the Net Revenues of its Utility, ranking on a parity with the Loan Program Bonds, for the purpose of financing the cost of future additions, extensions and improvements to the Utility, or to refund obligations, subject to the Political Subdivision obtaining the prior written consent of the Finance Authority.

Section 16. Further Covenants. For the purpose of further safeguarding the interests of the owners of the Loan Program Bonds, it is hereby specifically provided as follows:

(a) So long as any of the Loan Program Bonds are outstanding, the Political Subdivision shall at all times maintain its Utility in good condition, operate the same in an efficient manner and at a reasonable cost, and shall continue to provide Utility service to the ratepayers served by the Utility.

(b) So long as any of the Loan Program Bonds herein authorized are outstanding, the Political Subdivision 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 Political Subdivision may maintain a self-insurance program with catastrophic or similar coverage so long as such program meets the requirements of any applicable laws or regulations and is maintained in a manner consistent with programs maintained by similarly situated municipalities.

All insurance or self-insurance proceeds shall be used either in replacing or restoring the property destroyed or damaged; or if not used for that purpose shall be deposited in the Sinking Fund.

(c) So long as any of the Loan Program Bonds are outstanding, the Political Subdivision shall not mortgage, pledge or otherwise encumber the property and plant of its Utility system, or any portion thereof, or any interest therein without the prior written consent of the Finance Authority. The Political Subdivision shall not sell, lease or otherwise dispose of any part thereof excepting only such machinery, equipment or other property as may be replaced, or shall no longer be necessary for use in connection with said utility.

(d) If the Loan Program Bonds are then registered in the name of the Finance Authority, the Political Subdivision shall not borrow any money, enter into any contract or agreement or incur any other liabilities in connection with the Utility, other than for normal operating expenditures, without prior written consent the Finance Authority if such undertaking would involve, commit or use the revenues of the Utility.

(e) If the Loan Program Bonds are payable from its Sewage Works utility, the Political Subdivision shall take all action or proceedings necessary and proper to require connection of all property where liquid and solid waste, sewage, night soil or industrial waste is produced with available sanitary sewers and the Political Subdivision shall, insofar as possible, cause all such sanitary sewers to be connected and remain connected with said Utility.

(f) The provisions of this ordinance shall constitute a contract by and between the Political Subdivision and the owners of the Loan Program Bonds herein authorized, all the terms of which shall be enforceable by any bondholder by any and all appropriate proceedings in law or in equity. After the issuance of said Bonds, this ordinance shall not be repealed, amended or modified in any respect which will adversely affect the rights of the owners of said Bonds nor shall the Board or any other body of the Political Subdivision adopt any law, ordinance or resolution which in any way adversely affects the rights of such owners so long as any of said Bonds or the interest thereon remain outstanding or unpaid. Except in the case of changes set forth in Section 18(a)-(g), this ordinance 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 Loan Program Bonds; provided, however, that if the Loan

Program Bonds are then registered in the name of the Finance Authority, the Political Subdivision shall obtain the prior written consent of the Finance Authority.

(g) The provisions of this ordinance shall be construed to create a trust in the proceeds of the sale of the Loan Program Bonds herein authorized for the uses and purposes herein set forth, and the owners of the Loan Program Bonds shall retain a lien on such proceeds until the same are applied in accordance with the provisions of this ordinance and of said governing Act. The provisions of this ordinance shall also be construed to create a trust in the portion of the Net Revenues herein directed to be set apart and paid into the Sinking Fund or the Improvement Fund for the uses and purposes of said funds as in this ordinance set forth. The owners of said Bonds shall have all of the rights, remedies and privileges set forth in the provisions of the governing Act, including the right to have a receiver appointed to administer said Utility in the event of default in the payment of the principal of or interest on any of the Loan Program Bonds herein authorized or in the event of default in respect to any of the provisions of this ordinance or the governing Act.

Section 17. Investment of Funds. The Financial Secretary is hereby authorized pursuant to IC 5-1-14-3 to invest moneys pursuant to the provisions of this ordinance. The Financial Secretary shall keep full and accurate records of investment earnings and income from moneys held in the funds and accounts created or referenced herein.

Section 18. Amendments with Consent of Bondholders. Subject to the terms and provisions contained in this Section and Section 17(h), and not otherwise, the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Loan Program Bonds issued pursuant to this ordinance and then outstanding shall have the right, from time to time, anything contained in this ordinance to the contrary notwithstanding, to consent to and approve the adoption by the Political Subdivision of such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the Political Subdivision for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this ordinance, or in any supplemental ordinance; provided, however, that if the Loan Program Bonds are then registered in the name of the Finance Authority, the Political Subdivision shall obtain the prior written consent of the Finance Authority; and provided, further, that nothing herein contained shall permit or be construed as permitting:

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

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

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

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

(e) A reduction in the Reserve Requirement unless the Political Subdivision is directed to do so by the Finance Authority;

If the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Loan Program Bonds outstanding at the time of adoption of such supplemental ordinance shall have consented to and approved the adoption thereof by written instrument to be maintained on file in the office of the Financial Secretary, no owner of any Bond issued pursuant to this ordinance shall have any right to object to the adoption of such supplemental ordinance or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Political Subdivision or its officers from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental ordinance pursuant to the provisions of this section, this ordinance shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this ordinance of the Political Subdivision and all owners of Bonds issued pursuant to the provisions of this ordinance then outstanding, shall thereafter be determined exercised and enforced in accordance with this ordinance, subject in all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this ordinance, the rights and obligations of the Political Subdivision and of the owners of the Loan Program Bonds authorized by this ordinance, and the terms and provisions of the Loan Program Bonds and this ordinance, or any supplemental ordinance, may be modified or altered in any respect with the consent of the Political Subdivision and the consent of the owners of all the Loan Program Bonds issued pursuant to this ordinance then outstanding.

Section 19. Authorization of Financial Aid Agreement. (a) The Political Subdivision, having satisfied all the statutory requirements for the issuance of its bonds, may issue its Loan Program Bonds to evidence a loan from the Finance Authority pursuant to a Financial Aid Agreement between the Political Subdivision and the Finance Authority. A substantially final form of the Agreement is attached hereto and incorporated herein by reference.

(b) The Executive Officer is hereby authorized and directed to execute the Financial Aid Agreement (and any amendments made from time to time) in such form or substance as they shall approve acting upon the advice of counsel. The Executive Officer and the Financial Secretary may also take such other actions or deliver such other certificates as are necessary or desirable in connection with the issuance of the Loan Program Bonds and the other documents needed for the financing as they deem necessary or desirable in connection therewith.

Section 20. Rate Ordinance. The estimates of the rates and charges of the Utility are set forth in the records of the Utility and are incorporated herein by reference.

Section 21. Conflicting Ordinances. All ordinances and parts of ordinances in conflict herewith are hereby repealed; provided, however, that this ordinance shall not be construed as

modifying, amending or repealing the Existing Ordinance(s), if any, or as adversely affecting the rights of the holders of the aforementioned Outstanding Bonds, if any. In the event there is an Existing Ordinance which requires funds of the Utility to be deposited, held or applied in different accounts (or a different manner) than is specified by Sections 8 through 10 herein, or would require the Loan Program Bonds to payable as to either principal or interest, or both, on different dates than herein specified, in order for the Loan Program Bonds to otherwise be deemed valid revenue bond obligations of the Utility in accordance with the intent of this ordinance, then this ordinance (and such terms of the Loan Program Bonds) shall be deemed amended and restated in manner that would preserve the intention of the parties to have the Loan Programs Bonds to valid and binding obligations of the Political Subdivision and result in terms as consistent herewith as reasonably practical. In the event the Political Subdivision is only empowered to adopt resolutions and not ordinances, then each usage of the words ordinance and ordained herein shall be read as resolution and resolved, respectively.

Section 22. Effective Date. This ordinance shall be in full force and effect from and after its passage.

Passed and adopted by the Board of the Political Subdivision of on the ____ day of
_____ 2008.

Presiding Officer

Attest:

Financial Secretary

Reviewed and Approved by President of the Board of the Political Subdivision of
on the ____ day of _____ 2008.

President

EXHIBIT A

FORM OF FINANCIAL AID AGREEMENT

STATE OF INDIANA
DRUG-FREE WORKPLACE CERTIFICATION

Pursuant to Executive Order No. 90-5, April 12, 1990, issued by Governor Evan Bayh, the Indiana Department of Administration requires the inclusion of this certificate in all contracts with and grants from the State of Indiana in excess of \$25,000. No award of a contract or grant shall be made, and no contract, purchase order or agreement, the total amount of which exceeds \$25,000, shall be valid unless and until this certification has been fully executed by the Contractor or Grantee and attached to the contract or agreement as part of the contract documents. False certification or violation of the certification may result in sanctions including, but not limited to, suspension of contract payments, termination of the contract or agreement and/or debarment of contracting opportunities with the State for up to three (3) years.

The Contractor/Grantee certifies and agrees that it will provide a drug-free workplace by:

(a) Publishing and providing to all of its employees a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibitions; and

(b) Establishing a drug-free awareness program to inform employees about (1) the dangers of drug abuse in the workplace; (2) the Contractor's policy of maintaining a drug-free workplace; (3) any available drug counseling, rehabilitation, and employee assistance programs; and (4) the penalties that may be imposed upon an employee for drug abuse violations occurring in the workplace;

(c) Notifying all employees in the statement required by subparagraph (a) above that as a condition of continued employment the employee will (1) abide by the terms of the statement; and (2) notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;

(d) Notifying in writing the contracting State Agency and the Indiana Department of Administration within ten (10) days after receiving notice from an employee under subdivision (c) (2) above, or otherwise receiving actual notice of such conviction;

(e) Within thirty (30) days after receiving notice under subdivision (c) (2) above of a conviction, imposing the following sanctions or remedial measures on any employee who is convicted of drug abuse violations occurring in the workplace: (1) take appropriate personnel action against the employee, up to and including termination; or (2) require such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State or local health, law enforcement, or other appropriate agency; and

(f) Making a good faith effort to maintain a drug-free workplace through the implementation of subparagraphs (a) through (c) above.

THE UNDERSIGNED AFFIRMS, UNDER PENALTIES OF PURJURY, THAT HE OR SHE IS AUTHORIZED TO EXECUTE THIS CERTIFICATION ON BEHALF OF THE DESIGNATED ORGANIZATION.

Printed Name of Organization

Contract/Grant ID Number

Signature of Authorized Representative

Date

Printed Name and Title

EXHIBIT B
FORM OF BONDS

UNITED STATES OF AMERICA
STATE OF INDIANA **COUNTY OF JENNINGS**
JENNINGS NORTHWEST REGIONAL UTILITIES
SEWAGE WORKS REVENUE BOND OF 2008

<u>Interest</u>	<u>Original Date</u>	<u>Authentication Date</u>
<u>Rate</u>		
3.10%	September 1, 2008	September 1, 2008

Registered Owner: Indiana Finance Authority

Principal Sum: Seven Hundred and Eighty Seven Thousand Dollars (\$787,000)

Jennings Northwest Regional Utilities ("Political Subdivision"), in Jennings County, State of Indiana, for value received, hereby promises to pay to the Registered Owner (named above) or registered assigns, solely out of the special revenue fund hereinafter referred to, the Principal Sum set forth above, or so much thereof as may be advanced from time to time and be outstanding as evidenced by the records of the registered owner making payment for this Bond, or its assigns on March 1 in the years and in the amounts as set forth on Exhibit A hereto (unless this Bond be subject to and shall have been duly called for redemption and payment as provided for herein), and to pay interest hereon until the Principal Sum shall be fully paid at the rate per annum specified above from the Original Date set forth above, payable semi-annually beginning on March 1, 2010. 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 Secretary ("Registrar" or "Paying Agent"), in Jennings Northwest Regional Utilities. All payments of principal of and interest, if any, on this Bond shall be paid by wire transfer for deposit to a financial institution as directed by the State on the due date, or, if such due date is a day when financial institutions are not open for business, on the business day immediately after such due date to the registered owner hereof, as of the fifteenth day of the month preceding such payment, at the address as it appears on the registration books kept by the Registrar or Paying Agent, at such other address as is provided to the Paying Agent in writing by the registered owner. 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 of the Political Subdivision within the meaning of the provisions and limitations of the constitution of the State of Indiana, and the Political Subdivision shall not be obligated to pay this Bond or any interest hereon except from the special fund provided from the Net Revenues.

This Bond is one of an authorized issue of Bonds of the Political Subdivision, of like tenor and effect, except as to numbering, interest rate, and dates of maturity, in the total amount of Seven Hundred and Eighty Seven Thousand Dollars (\$787,000) ("Bonds"), numbered from 1 up, issued for the purpose of providing funds to fund the September 1, 2008, March 1, 2009 and September 1, 2009 debt service payment due to the Indiana Finance Authority for the outstanding 2004 SRF Loan and the funding of the debt service reserve account for both the 2004 SRF Loan and the 1997 non SRF loan as authorized by an Ordinance adopted by the Board of the Political Subdivision on the ____ day of _____, 200_, entitled "An Ordinance concerning the funding of Jennings Northwest Regional Utilities September 1, 2008, March 1, 2009 and September 1, 2009 debt service payment due to the Indiana Finance Authority for the outstanding 2004 State Revolving Fund Loan and the funding of the debt service reserve account for both the 2004 SRF loan and the 1997 non SRF loan the issuance of revenue bonds to provide the cost thereof, the collection, segregation and distribution of the revenues of said works, the safeguarding of the interests of the owners of said revenue bonds, other matters connected therewith, and repealing ordinances inconsistent herewith" ("Ordinance"), and in strict compliance with the provisions of IC 8-1.5-2 as in effect on the issue date of the Bonds ("Act").

Pursuant to the provisions of said Act and said Ordinance, the principal and interest of this Bond and all other Bonds of said issue are payable from the Utility Sinking Fund (described by the Ordinance) to be provided from the Net Revenues (defined as the gross revenues of the Utility of the Political Subdivision after deduction only for the payment of the reasonable expenses of operation, repair and maintenance) of the Utility of the Political Subdivision and all additions and improvements thereto and replacements thereof subsequently constructed or acquired. The Bonds of this issue may be junior and subordinate to the Outstanding Bonds subject to Section 12 of the herein defined Ordinance.

The Political Subdivision irrevocably pledges, subject to the prior payment of the Outstanding Bonds as and to the extent, if any, provided in Section 12 of the Ordinance, the Net Revenues of said Utility to the prompt payment of the principal of and interest, if any, on the Bonds authorized by said Ordinance, of which this is one, and any bonds ranking on a parity therewith, to the extent necessary for that purpose, and covenants that it will cause to be fixed, maintained and collected such rates and charges for 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 said works and for the payment of the sums

required to be paid into said Sinking Fund under the provisions of the Act and the Ordinance. If the Political Subdivision or the proper officers of the Political Subdivision shall fail or refuse to so fix, maintain and collect such rates or charges, or if there be a default in the payment of any 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, if any, hereon.

The Political Subdivision further covenants that it will set aside and pay into its Utility Sinking Fund monthly, as available, or more often if necessary, a sufficient amount of the Net Revenues of the works for payment of (a) any interest on all bonds which by their terms are payable from the revenues of the Utility, 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 Utility, as such principal shall fall due, and (d) an additional amount as a margin of safety to create and maintain the debt service reserve required by the Ordinance. Such required payments shall constitute a charge upon the Net Revenues of the Utility, subject to the aforementioned Outstanding Bonds as and to the extent, if any, provided in Section 12 of the Ordinance.

The Bonds of this issue are redeemable at the option of the Political Subdivision on any date on sixty (60) days' notice, in whole or in part, in inverse order of maturity and by lot within a maturity, at face value, without any premium, plus in each case accrued interest, if any, to the date fixed for 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.

Notice of redemption shall be mailed to the address of the registered owner as shown on the registration record of the Political Subdivision, as of the date which is sixty-five (65) days prior to such redemption date, not less than sixty (60) 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 Political Subdivision. Interest, if any, 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 Political Subdivision 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 Political Subdivision shall have no further obligation or liability in respect thereto.

This Bond is transferable or exchangeable only upon the books of the Political Subdivision kept for that purpose at the office of the Registrar, by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this Bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new fully registered Bond or Bonds in 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 Political Subdivision, 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, if any, due hereon.

The Bonds maturing in any one year are issuable only in fully registered form in the denomination of \$1 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 Political Subdivision has caused this bond to be executed in its corporate name by the manual or facsimile signature of its Chairman of Jennings Northwest Regional Utilities' Board, its corporate seal to be hereunto affixed, imprinted or impressed by any means and attested manually or by facsimile by its Financial Secretary.

JENNINGS NORTHWEST REGIONAL
UTILITIES

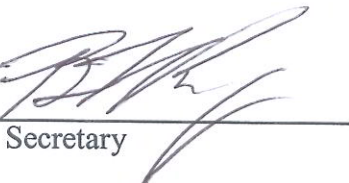
[SEAL]

By:



President, Board of Trustees
Jennings Northwest Regional Utilities

Attest:


Secretary

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

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

Secretary, Jennings Northwest Regional Utilities, as
Registrar

By: 
Secretary

ASSIGNMENT

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

Dated: _____

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

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

EXHIBIT A

Principal Payment Schedule

<u>Date</u>	<u>Principal Amount</u>
March 1, 2010	\$78,700
March 1, 2011	\$78,700
March 1, 2012	\$78,700
March 1, 2013	\$78,700
March 1, 2014	\$78,700
March 1, 2015	\$78,700
March 1, 2016	\$78,700
March 1, 2017	\$78,700
March 1, 2018	\$78,700
March 1, 2019	\$78,700
TOTAL	\$787,000

CERTIFICATE OF COUNSEL

The undersigned hereby certifies as follows. I am the duly appointed and acting counsel for Jennings Northwest Regional Utilities (the "Political Subdivision"). I have examined and am familiar with the proceedings of the Political Subdivision relating to the authorization of the Political Subdivision to borrow funds from the Indiana Finance Authority pursuant to IC 13-18-13 and Political Subdivision's enabling law. This loan is evidenced by the Financial Aid Agreement between the Indiana Finance Authority and the Political Subdivision (the "Financial Aid Agreement") and the Political Subdivision's revenue bonds (the "Bonds") issued in accordance with the approving ordinance or resolution (the "Authorizing Proceeding") adopted by the Board of the Political Subdivision (the "Board").

Based upon the foregoing and upon such other information and documents as I believe necessary to enable me to execute and deliver this Certificate, with respect to Bonds issued, I certify the following representations of fact and opinion:

1. The Political Subdivision is a duly constituted political subdivision of the State of Indiana, validly existing under the constitution and statutes of the State of Indiana, and has the power and authority to carry out and consummate all transactions to issue the Bonds and enter into the Financial Aid Agreement.

2. All actions taken by the Board relating to the Bonds, including without limitation, the adoption of the Authorizing Proceeding and all related proceedings comply with all laws of the State of Indiana, including without limitation, the Indiana Open Door Law, and all ordinances, resolutions, by-laws, rules, and regulations of the Political Subdivision and the Board, and none of the proceedings had or actions taken with regard to the Bonds and Financial Aid Agreement have been repealed, rescinded, or revoked.

3. To the best of my knowledge, as of the date of this Certificate, no notice has been received by the Political Subdivision and no litigation has been filed or threatened in any way affecting the corporate existence, legal capacity, or boundaries of the Political Subdivision or the title of any officers of the Political Subdivision or the Board relating to the Authorizing Proceeding or the Financial Aid Agreement, the proceedings of the Board with respect to the Bonds, the Financial Aid Agreement, or the authorization and issuance of the Bonds or the sale and delivery of the Bonds to the Indiana Finance Authority pursuant to the Financial Aid Agreement, or contesting the powers or authority of the Political Subdivision with respect to the Bonds or the Financial Aid Agreement.

4. I have reviewed the Financial Aid Agreement, the Bonds and all certificates of any or all of the officers and officials of the Political Subdivision executed and delivered in connection with the Bonds, and nothing has come to my attention that would render the representations in any such certificate untrue, inaccurate, or in any way misleading, and I hereby certify that the signatures contained in each thereof are the true, genuine, and correct signatures of the persons who have executed them.

5. The Bonds have been duly authorized, executed, and delivered by the Political Subdivision in accordance with the laws of the State of Indiana and constitute the valid and binding obligations of the Political Subdivision enforceable in accordance with their respective terms, subject to bankruptcy laws, insolvency laws, and other laws affecting creditors' rights.

6. The Financial Aid Agreement has been duly authorized, executed, and delivered by the Political Subdivision and (assuming the due authorization, execution, and delivery by the Indiana Finance Authority) constitutes a valid and binding obligation of the Political Subdivision enforceable in accordance with its terms, subject to bankruptcy laws, insolvency laws, and other laws affecting creditors' rights.

Dated this 19th day of January, 2008.

By: Mary Ann Gay
Attorney