

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

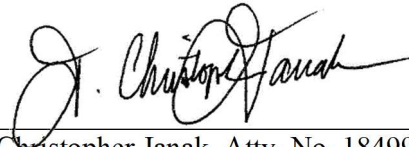
IN THE MATTER OF THE PETITION OF
THE CITY OF ANDERSON, INDIANA, FOR
APPROVAL TO ISSUE BONDS AND ADJUST
ITS RATES AND CHARGES

CAUSE NO. 46171

PREFILED DIRECT TESTIMONY AND EXHIBITS
OF JENNIFER Z. WILSON

Prefiled Direct Testimony of Jennifer Z. Wilson	<u>Petitioner's Exhibit 3</u>
Revenue Requirement Report dated October 10, 2024	<u>Attachment JZW-1</u>
Ordinance No. 37-24 (Bond Ordinance)	<u>Attachment JZW-2</u>
Non-Recurring Rates and Charges Report dated October 15, 2024	<u>Attachment JZW-3</u>
Ordinance No. 38-24 (Rate Ordinance)	<u>Attachment JZW-4</u>
Calculation of Recommended System Development Charge (SDC) dated October 16, 2024	<u>Attachment JZW-5</u>

Respectfully submitted,



J. Christopher Janak, Atty. No. 18499-49
Nikki G. Shoultz, Atty. No. 16509-41
Jacob Antrim, Atty No. 36762-49
BOSE MCKINNEY & EVANS LLP
111 Monument Circle, Suite 2700
Indianapolis, IN 46204
(317) 684-5000 | (317) 684-5173 Fax
cjanak@boselaw.com | jantrim@boselaw.com

Timothy S. Lanane, Atty. No. 8664-48
Paul Podlejski, Atty. No. 30809-48
City of Anderson, Indiana
22 W. 8th Street
Anderson, IN 46016

ph. (765) 610-8415

tlanane@cityofanderson.com

ppodlejski@cityofanderson.com

Counsel for the City of Anderson

Exhibit 3

**STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION**

**IN THE MATTER OF THE PETITION OF
THE CITY OF ANDERSON, INDIANA, FOR
APPROVAL TO ISSUE BONDS AND ADJUST
ITS RATES AND CHARGES**

CAUSE NO. _____

**VERIFIED PREFILED DIRECT TESTIMONY
OF
JENNIFER Z. WILSON**

**ON BEHALF OF
THE CITY OF ANDERSON, INDIANA**

I.

INTRODUCTION

1
2
3 **1. Q PLEASE STATE YOUR NAME AND ON WHOSE BEHALF, YOU ARE**
4 **TESTIFYING.**

5 A My name is Jennifer Z. Wilson, and I am testifying on behalf of the Petitioner, the City
6 of Anderson, Indiana's ("Anderson") Municipal Water Utility ("Petitioner" or "Utility").

7 **2. Q BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

8 A I am a Consulting Director with Crowe LLP ("Crowe"), a certified public accounting and
9 consulting firm. Crowe's Consulting Public Sector Municipal Advisory practice and its
10 predecessor, Municipal Consultants, have been providing rate and financial consulting
11 services to various types of utility companies for over fifty-five years. My business
12 address is 3815 River Crossing Parkway, Suite 300, Indianapolis, Indiana 46240.

13 **3. Q PLEASE SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL**
14 **QUALIFICATIONS.**

15 A I received a bachelor's degree in accounting from Indiana University in 1992. During
16 my employment, I have attended numerous seminars and conferences pertaining to
17 accounting, utility, and rate issues. Universities, utility associations, accounting
18 organizations, state regulatory associations, governmental entities, and other
19 organizations sponsored these seminars. I am a Certified Public Accountant licensed in
20 the State of Indiana and am a member of the Indiana CPA Society and the American

1 Institute of Certified Public Accountants. I am designated by the Municipal Securities
2 Rulemaking Board ("MSRB") as a Municipal Advisor Representative and a Municipal
3 Advisor Principal.

4 **4. Q WHAT IS A DESIGNATION OF MUNICIPAL ADVISOR BY THE MSRB?**

5 A As part of its expanded mandate under the Dodd-Frank Wall Street Reform and
6 Consumer Protection Act, the MSRB implemented the first qualifying examination for
7 municipal advisors. MSRB Rule G-3, effective April 27, 2015, created two
8 classifications of municipal advisor professionals, representative and principal, with
9 firms required to designate at least one principal to oversee the municipal advisory
10 activities of the firm. All municipal advisor representatives and principals are required
11 to take and pass the Series 50 exam to demonstrate the level of knowledge needed to be
12 sufficiently qualified to perform municipal advisory activities. Furthermore, the MSRB
13 restricts any party from providing advice concerning the issuance of debt to only those
14 qualified as a municipal advisor representative or municipal advisor principal. I passed
15 the Series 50 Pilot exam in 2016 and, because of that, am a Series 50-qualified municipal
16 advisor representative. I passed the Series 54 Pilot exam in 2019 to demonstrate the level
17 of knowledge to serve as a municipal advisor principal. My firm has designated me as a
18 municipal advisor principal.

1 **5. Q HOW LONG HAVE YOU BEEN EMPLOYED BY CROWE AND IN WHAT**
2 **CAPACITIES?**

3 A I have been employed by Crowe since 1992 after graduating from Indiana University.
4 During my employment, I have been responsible for supervising and performing
5 numerous projects including utility rate engagements, feasibility studies, cost of service
6 studies, utility financial analysis, rate evaluation, revenue sufficiency reviews, and other
7 projects related to a variety of utility issues.

8 I have served as a municipal advisor on both competitive and negotiated bond sales
9 including debt issuance through agencies of the State of Indiana by the Indiana Bond
10 Bank and by the Indiana Finance Authority through the State Revolving Fund Loan
11 Program. While at Crowe, the engagements that I have worked on and been responsible
12 for have included water, sewer, stormwater, and electric utilities that were established as
13 not-for-profit, for-profit, governmental, or quasi-governmental entities. I have prefiled
14 and given oral testimony before the Indiana Utility Regulatory Commission
15 ("Commission").

16 **6. Q HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE INDIANA UTILITY**
17 **REGLATORY COMMISSION?**

18 A Yes, I have. I testified on behalf of the City of Fort Wayne in its water rate case and
19 financing cases, Cause Nos. 42979 and 42724. I have also testified on behalf of the City
20 of South Bend in Cause No. 42779, the City of New Castle Water Utility in Cause No.

1 42984, the City of Lafayette in Cause No. 45006, the Crawfordsville Electric Light &
2 Power in Cause No. 45420, the City of Bloomington Water Utility in Cause No. 45533,
3 Granger Water Utility LLC in Cause No. 45568, the City of Marion Municipal Water
4 Utility in Cause No. 45838, the Town of Winfield in Cause No. 45992, American
5 Suburban Utilities in Cause No. 46017, and most recently for the City of Anderson Water
6 Utility Cause No. 46087.

7 **7. Q PLEASE DESCRIBE YOUR AND YOUR FIRM'S RELATIONSHIP AND**
8 **INVOLVEMENT WITH ANDERSON.**

9 A Crowe has been the municipal advisor for Anderson for over thirty years. Over the
10 years, Crowe has performed a number of engagements for Anderson, including, but not
11 limited to, the issuance of debt, continuing disclosure filings, utility rate analysis, and
12 other utility related projects. I have worked on the City of Anderson engagements since
13 starting at Crowe in 1992. I have been the primary contact for all utility related
14 engagements since 2017.

15 **II.**
16 **PREPARATION OF ACCOUNTING REPORT**

17 **8. Q WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS CAUSE?**

18 A The purpose of my testimony is to present the revenue requirements of the Utility based
19 on our analysis of the Utility's books, records, and other information, provide support for
20 the non-recurring charges, and respond to the accounting changes required by
21 Commission in the Order in Cause No. 44510. The October 10, 2024, Revenue

1 Requirements Report ("Report"), which is included as **Attachment JZW -1**, documents
2 the results of the revenue requirements analysis that was performed by Crowe under my
3 supervision.

4 **9. Q WERE THE SCHEDULES WHICH ARE INCLUDED IN THE REPORT**
5 **PREPARED BY YOU OR UNDER YOUR DIRECT SUPERVISION?**

6 A Yes. I either prepared the schedules or provided supervision as to their preparation.

7 **10. Q WHAT WERE THE SOURCES OF THE DATA USED TO PREPARE THE**
8 **SCHEDULES OF THE REPORT?**

9 A The data used to prepare the schedules was provided by the Utility from the Utility's
10 business records, from Utility files maintained by Crowe, or it is data that is part of
11 normal business information that is available to individuals working in the utility rate
12 and financing field. Based upon my experience, the type of data used in the schedules of
13 the Report is consistent with industry standards and is used in the normal course of
14 business for such purposes. Also, the schedules summarize the results of our analysis
15 using such data.

16 **11. Q PLEASE DESCRIBE SOME OF THE MATERIALS YOU REVIEWED IN**
17 **ORDER TO PREPARE YOUR TESTIMONY IN THIS CAUSE.**

18 A Some of the materials I reviewed to prepare my testimony in this Cause includes, but is
19 not limited to, the Utility's books and records, minutes of meetings of Anderson's

1 Common Council, Utility files maintained by Crowe which are kept in the normal course
2 of business, files of the Utility, our files regarding previous rate cases, and other materials
3 which are normally examined during an engagement to analyze utility rates, charges, and
4 a proposed financing.

5 **III.**
6 **DETAILS OF REPORT, PROPOSED RATE ADJUSTMENT,**
7 **AND FINANCING OF IMPROVEMENTS**

8 **12. Q WHAT INCREASE IN OPERATING REVENUES IS REQUIRED FOR THE**
9 **UTILITY TO MEET ITS PRO FORMA REVENUE REQUIREMENTS?**

10 A The Statement of Revenue Requirements on page thirty-four of the Report shows a
11 proposed five-phase revenue increase over an approximate four year-four month time
12 period. Petitioner is proposing a 24.1% increase in Phase I that would be effective upon
13 receipt of the Commission's order anticipated to be received in late summer 2025; a 5.2%
14 increase in Phase II that would be effective January 1, 2026; a 24.5% increase in Phase
15 III that would be effective January 1, 2027; a 19.2% increase in Phase IV that would be
16 effective January 1, 2028; and a 14.3% increase in Phase V that would be effective
17 January 1, 2029. The increases in operating revenues are required in order for the Utility
18 to meet its pro forma revenue requirements for: Operation and Maintenance Expenses;
19 Taxes Other Than Income Taxes; Current Annual Lease Payments, Current Annual Debt
20 Service Payments, Annual Debt Service on the Proposed Debt to be issued in 2025, 2026,
21 and 2027; Annual Debt Service Reserve Funding on the Proposed Debt to be issued in
22 2025, 2026, and 2027; an annual amount to increase the current balance of the Operating

1 Fund to meet the industry standard of two months of operation and maintenance
2 expenses; and an annual amount for Extensions and Replacements.

3 The differences between the five phases of proposed revenue requirements is due to the
4 schedule of the payments on the Current Annual Lease Payment, the Current Annual
5 Debt Service Payments, the proposed debt service payments on Estimated Annual Debt
6 Service on the Proposed Debt (to be defined herein), the amount available for the Annual
7 Debt Service Reserve Funding on the Proposed Debt, the Operating Fund balance Build
8 Up, and the amount available for Extensions and Replacements.

9 In Phase I which is expected to be implemented in late summer in the year 2025, the
10 Utility will not have begun paying interest or principal on the Proposed Debt to be issued
11 in 2025, 2026, and 2027 nor begin funding the debt service reserves for the Proposed
12 Debt nor fund the build-up in the Operating Fund balance.

13 In Phase II with an implementation date of January 1, 2026, the Utility will make a
14 minimal \$1,000 principal payment on the proposed Waterworks Revenue Bonds, Series
15 2025 ("2025 Bonds"), begin funding the debt service reserve for the increase in the debt
16 service reserve requirement due to the 2025 Bonds, and start funding the Operating Fund
17 Balance Build Up.

18 In Phase III with an implementation date of January 1, 2027, the Utility will make a
19 minimal \$1,000 principal payment and pay a half year of interest payment on the 2025
20 Bonds, continue funding the funding the debt service reserve for the increase in the debt
21 service reserve requirement due to the 2025 Bonds, make a minimal \$1,000 principal

1 payment on the proposed Waterworks Revenue Bonds, Series 2026A (“2026A Bonds”),
2 make a minimal \$1,000 principal payment on the proposed Waterworks Revenue Bonds,
3 Series 2026B (“2026B Bonds”) (together with the 2026A Bonds, the “2026 Bonds”), pay
4 interest on the 2026 Bonds, begin funding the debt service reserve for the increase in the
5 debt service reserve requirement due to the 2026 Bonds, and continue funding the
6 Operating Fund Balance Build Up.

7 In Phase IV with an implementation date of January 1, 2028, the Utility will make
8 principal payments on the 2025 Bonds at an amount consistent with level debt service,
9 continue funding the funding the debt service reserve for the increase in the debt service
10 reserve requirement due to the 2025 Bonds, make a minimal \$1,000 principal payment
11 on the 2026A Bonds and 2026B Bonds, pay interest on the 2026 Bonds, continue funding
12 the debt service reserve for the increase in the debt service reserve requirement due to
13 the 2026 Bonds, make a make a minimal \$1,000 principal payment proposed Waterworks
14 Revenue Bonds, Series 2027 (“2027 Bonds”) (together with the 2025 Bonds and the 2026
15 Bonds, the “Proposed Bonds”), pay interest on the 2027 Bonds, begin funding the debt
16 service reserve for the increase in the debt service reserve requirement due to the 2027
17 Bonds, and complete funding the Operating Fund Balance Build Up.

18 In Phase V with an effective implementation date of January 1, 2029, the Utility will
19 continue paying level debt service on the 2025 Bonds, and will also begin paying debt
20 service payments on the 2026 Bonds and 2027 Bonds at an amount consistent with level

1 debt service as well as continue funding the debt service reserve for the increase in the
2 debt service reserve requirement due to the Proposed Bonds.

3 The Extensions and Replacements for Phases I through IV has been limited to \$1,000,000
4 annually and increased to \$2,842,400 for Phase V as the calculated annual extensions
5 and replacements as shown in the Capital Improvement Plan (CIP) included on page 16
6 and 17 of the Report.

7 **13. Q WHAT IS THE PURPOSE OF A FIVE-PHASE REVENUE INCREASE?**

8 A A five-phase revenue increase tempers the impact of annual revenue increases and allows
9 customers to experience less “rate shock” relative to a single-phase revenue increase. A
10 five-phase revenue increase is particularly important in context of the proposed changes
11 in rates and charges across customer classes as a result of the cost of service study
12 included in Petitioner’s Exhibit 4 that is attached to the prefiled testimony of Petitioner’s
13 witness, Mr. Mark Beauchamp. A five-phase revenue increase balances the needs of the
14 Utility with the challenges of customers absorbing increased rates and charges.

15 **14. Q PLEASE PROVIDE AN EXPLANATION OF PAGE TWO AND THREE OF**
16 **THE REPORT.**

17 A Pages two and three present the Balance Sheets of the Utility as of December 31, 2021,
18 2022, and 2023.

1 **15. Q PLEASE EXPLAIN PAGES FOUR THROUGH SEVEN OF THE REPORT.**

2 A Pages four through seven present the current outstanding bonds and leases. Page four
3 presents the Waterworks Revenue Bonds, Series 2016 (“2016 Bonds”) Amortization
4 Schedule of outstanding debt. Page five presents the Waterworks Refunding Revenue
5 Bonds, Series 2016 (“2016 Refunding Bonds”) Amortization Schedule of outstanding
6 debt. Page six presents the Water Department Equipment Lease #2 (“Equipment Lease
7 #2”) Amortization Schedule of outstanding lease payments. Page seven presents the
8 Combined Amortization Schedule of all currently outstanding bonds and leases.

9 **16. Q PLEASE EXPLAIN PAGES EIGHT AND NINE OF THE REPORT.**

10 A Pages eight and nine present the Utility’s Statements of Income for the twelve months
11 ended December 31, 2023, 2022, and 2021. The twelve months ended December 31,
12 2023, has been used as the test year (“Test Year”) in this Cause. With the appropriate
13 adjustments summarized on pages ten and eleven, including the detail shown on pages
14 twelve through fifteen of the Report, the test year used in this Cause reasonably reflects
15 current operations and is sufficiently reliable for ratemaking purposes.

16 **17. Q PLEASE EXPLAIN PAGES TEN AND ELEVEN OF THE REPORT.**

17 A As stated previously, pages ten and eleven present the Adjusted Statement of Income that
18 summarizes by functional expense the adjustments detailed on pages twelve through
19 fifteen. It begins with the Utility’s historical test year financial information and makes
20 appropriate adjustments for items that are fixed, known, and measurable. The results of

1 the calculations demonstrate that, without the rate relief requested in this Cause, the
2 Utility would generate a net operating loss of approximately \$1,141,208 in a pro forma
3 twelve-month period. The Utility's adjusted net operating income would normally be
4 used to pay the combined principal and interest payments on the Proposed Bonds. With
5 a net operating loss, there is no amount available to fund the estimated maximum annual
6 debt service on the currently outstanding bonds and the Proposed Bonds at approximately
7 \$8,666,850.

8 **18. Q PLEASE DESCRIBE EACH ADJUSTMENT DETAILED ON PAGES TWELVE**
9 **THROUGH FIFTEEN.**

10 A Adjustment (1) is made to adjust Operation and Maintenance Expenses to annualize
11 wages of union employees due to increases in salaries from settlement of union contracts
12 and retroactive payment. Retroactive pay for settlement of union contracts went into
13 effect midway through the Test Year. Salaries and wages for union employees were
14 annualized based on earnings during the final quarter of the year, adjusted for longevity
15 payments received during December.

16 Adjustment (2) is made to adjust Operation and Maintenance Expenses for the three
17 percent (3%) increase in union salaries and wages effective in 2024 and the increase in
18 longevity payments.

19 Adjustment (3) is made to adjust Operation and Maintenance Expenses for the three
20 percent increase in non-union salaries and wages effective January 2024 and the increase

1 in longevity payments. The 2024 increase was approved by the Common Council of the
2 City in multiple ordinances.

3 Adjustment (4) is made to adjust Operation and Maintenance Expenses for open
4 employee positions to be filled. Twelve additional employee positions as provided by
5 Management of the Utility will be filled on or shortly after approval of rates before the
6 Indiana Utility Regulatory Commission. The adjustment assumes hourly rates/salary
7 provided by Management and 2,080 working hours.

8 Adjustment (5) is made to adjust Administrative and General Expenses – Other Insurance
9 for estimated employer share of insurance costs associated with twelve additional
10 positions filled during the Test Year and open positions to be filled, as provided by
11 Management of the Utility.

12 Adjustment (6) is made to adjust Administrative and General Expense – Employee
13 Pensions and Benefits for the estimated increase in PERF expenses in 2024. The PERF
14 contribution rate of 11.2% will remain constant, but the expense amount will increase
15 with increased salaries and wages in 2024. All salaries and wages of the Utility are
16 subject to PERF contributions.

17 Adjustment (7) is made to adjust Source of Supply Expense to annualize the tank
18 maintenance expense. The contract with Suez for well maintenance is scheduled to
19 increase in 2024.

1 Adjustment (8) is made to adjust Administrative and General – Contractual Services to
2 the 2024 budget due to union arbitration services incurred during the test year.
3 Management of the Utility does not anticipate similar levels of union arbitration expenses
4 incurred during the Test Year in a typical operating year.

5 Adjustment (9) is made to adjust Administrative and General – Contractual Services for
6 capital expenditures and non-recurring expenses. Engineering fees billed from CHA and
7 hydrogeological consulting services billed from Eagon & Associates relate to capital
8 projects and will be funded from ongoing extensions and replacements or bond issuances
9 in the future. Rate case expenses charged by Bose McKinney and Evans LLP will be
10 recovered by the Utility through Adjustment 12.

11 Adjustment (10) is made to adjust Operation and Maintenance Expenses – General
12 Liability Insurance for the 2024 amount. The budgeted 2024 amount is representative of
13 future levels of expense.

14 Adjustment (11) is made to adjust Administrative and General – Rental for 2024
15 budgeted rental payments not made during the Test Year. The budgeted 2024 amount is
16 representative of future levels of expense.

17 Adjustment (12) is made to adjust Operation and Maintenance Expenses for the
18 amortization of rate case expenses based on estimated rate case expenses provided by
19 Crowe LLP, Utility Financial Solutions, and Bose, McKinney, & Evans LLP. Rate case
20 expenses are amortized over a four-year time period.

1 Adjustment (13) is made to adjust Taxes Other Than Income Taxes for an increase to
2 contribution in lieu of property taxes. The Pro Forma Contribution in Lieu of Taxes is
3 calculated based on the sum of Net Utility Plant in Service plus Construction Work in
4 Progress from the Utility's records as of December 31, 2023, multiplied by the City's
5 corporate property tax rate for 2024 per \$100 of assessed valuation. The portion of the
6 Utility Plant in Service located outside the City's corporate boundaries for the Lafayette
7 Water Treatment Plant has been excluded from the Contribution in Lieu of Taxes
8 calculation.

9 Adjustment (14) is made to adjust Taxes Other Than Income Taxes for the estimated
10 increase in FICA tax from 2024 Salary and Wage increases. The FICA rate of seven and
11 sixty-five hundredths (7.65%) will remain constant.

12 **19. Q PLEASE EXPLAIN PAGE SIXTEEN AND SEVENTEEN.**

13 A Pages sixteen and seventeen shows the CIP which lists each capital project and the source
14 of funding for the capital items. The CIP is provided by the Utility and described in
15 Petitioner's Exhibit 2 within the testimony of Petitioner's witness, Ms. Lori Young. It
16 outlines a CIP to be implemented over the five-phase revenue increase and includes the
17 projects to be funded by the Proposed Bonds.

18 **20. Q HOW WILL THE UTILITY FUND THE PROJECTS IN THE CIP?**

19 A The CIP in the Report aligns with the timing of funding through the Phases I-V revenue
20 increases. The total cost of the CIP is \$164,011,400 for the five-phase period with

1 \$28,169,000 expected to be funded by the American Rescue Plan Act (ARPA) and Tax
2 Increment Financing (TIF) revenues for projects currently underway or funded in the
3 year 2025, \$113,442,000 of the projects in the CIP are expected to be funded by the
4 Proposed Bonds along with an additional \$16,558,000 set as the Contingency Amount in
5 Ordinance No. 37-24 (the "Bond Ordinance"), included as **Attachment JZW-2**. The
6 extensions and replacements to be funded with annual cash revenues is approximately
7 \$5,842,400 over the five-phase period. The allocation of the CIP between the Proposed
8 Bonds and extensions and replacements allows the Utility to rely on bond proceeds for
9 larger projects and minimize rate shock to customers by building up extensions and
10 replacements from \$1,000,000 in Phases 1 through IV to the full amount of \$2,842,400
11 in the fifth phase of revenue increase.

12 **21. Q PLEASE EXPLAIN PAGES EIGHTEEN AND TWENTY-THREE.**

13 A Pages eighteen and twenty-three show the estimated sources and uses of funds for the
14 Proposed Waterworks Revenue Bond Anticipation Note, Series 2024 (the "2024
15 BAN") and the Proposed Waterworks Revenue Bond Anticipation Note, Series 2025
16 (the "2025 BAN"), respectively. The project funds for each BAN were provided by the
17 Utility to fund the engineering design and bidding for the projects to be funded by the
18 Proposed Bonds. The costs of issuances for each BAN are estimated based on similar
19 transactions including: (i) Underwriter's Discount, which is set at one percent (1%) of
20 par of the BAN; and (ii) other costs of issuance including bond counsel fees, municipal
21 advisor fees, and registrar and paying agent fees. The 2024 BAN is proposed to be

1 taken out by the 2025 Bonds with the interest on the 2024 BAN being paid from the
2 proceeds of the 2025 Bonds. The 2025 BAN is proposed to be taken out by the 2026
3 Bonds with the interest on the 2025 BAN being paid from the proceeds of the 2026
4 Bonds.

5 **22. Q PLEASE EXPLAIN PAGES NINETEEN AND TWENTY-FOUR.**

6 Pages nineteen and twenty-four are the Estimated Amortization Schedules for the
7 Proposed BANs. The Bond Ordinance allows for seven percent (7%) maximum
8 permissible interest rate for the Proposed BANs. The 2024 BANs are structured so that
9 all principal and interest is paid on the proposed issuance date of the 2025 Bonds
10 currently estimated to be December 1, 2025. Principal and interest for the 2024 BAN
11 are listed in the Estimated Uses of Funds for the 2025 Bonds on page 20 of the Report.
12 The 2025 BANs are structured so that all principal and interest is paid on the proposed
13 issuance date of the 2026 Bonds currently estimated to be December 1, 2026. Principal
14 and interest for the 2025 BAN are listed in the Estimated Uses of Funds for the Series
15 2026 Bonds on page 25 of the Report.

16 **23. Q PLEASE EXPLAIN PAGES TWENTY, TWENTY-FIVE, TWENTY-SIX, AND**
17 **TWENTY-NINE.**

18 A Pages twenty, twenty-five, twenty-six, and twenty-nine show the estimated sources and
19 uses of funds for the 2025 Bonds, 2026A Bonds, 2026B Bonds, and 2027 Bonds,
20 respectively. The project funds were provided by the Utility in the CIP. The BAN

1 Principal and Interest pays off the BAN issued for the design and engineering expenses.
2 The non-construction costs are for engineering consultant expenses related to the project
3 and capitalized interest. The costs of issuance are estimates based on similar transactions.
4 Non-construction costs listed on the Uses of Funds section include: (i) Engineering
5 Contract Administration & Post Construction; (ii) Construction Observation; (iii) Labor
6 Standards. The 2025 Bonds include funding Capitalized Interest. Costs of issuance
7 include fees for bond counsel, municipal advisor, parity report, State Revolving Fund
8 (SRF) Loan Counsel, and IURC regulatory expenses. The 2025 Bonds Uses of Funds
9 section includes the total principal and interest for the 2024 BAN, and the 2026 Bonds
10 Uses of Funds section includes the total principal and interest for the 2025 BAN.

11 The Utility is requesting the Commission's approval to issue up to \$130 Million in
12 revenue bonds at rates not to exceed seven percent (7%) per annum. The par amount
13 requested is \$16,558,000 greater than the aggregate par amount of \$113,442,000 detailed
14 on the sources of funds for the Proposed Bonds.

15 **24. Q EXPLAIN WHY THE PRINCIPAL AMOUNT IN THE BOND ORDINANCE IS**
16 **GREATER THAN THE SUM OF THE COMBINED PAR AMOUNTS SHOWN**
17 **IN THE SOURCES AND USES OF FUNDS FOR THE PROPOSED BONDS.**

18 A The par amount request is \$16,558,000 greater than the aggregate par amount of
19 \$113,442,000 detailed in the sources of funds for the Proposed Bonds. The reason for
20 the difference is two-fold. First, the extra borrowing amount would allow for additional
21 project contingency in case the project bids come in higher than presented in the CIP.

1 Second, the additional amount provides the Utility with the ability to leverage bonding
2 capacity for additional projects in the event the Utility is able to bond with a State
3 Revolving Fund Loan Program ("SRF Program") subsidized rate or the Utility qualifies
4 for a grant or zero interest rate loan through the SRF Program. Typically, the SRF
5 Program structures its grants as a forgivable loan which will be treated as the issuance
6 of long-term debt.

7 **25. Q PLEASE EXPLAIN PAGES TWENTY-ONE, TWENTY-TWO, TWENTY-SIX,**
8 **TWENTY-SEVEN, TWENTY-EIGHT, THIRTY, AND THIRTY-ONE.**

9 A. Pages twenty-one, twenty-two, twenty-six, twenty-seven, twenty-eight, thirty, and thirty-
10 one are the Estimated Amortization Schedules for the Proposed Bonds. The Bond
11 Ordinance allows for seven percent (7%) maximum permissible interest rate for the
12 Proposed Bonds. The 2025 Bonds are structured so the first interest payment will occur
13 on July 1, 2026, and the first principal payment will occur on January 1, 2027.
14 Subsequently, the principal payments will occur annually each January for a total of
15 thirty-five (35) years. The interest payments on July 1, 2026, January 1, 2027, and July 1,
16 2027 are proposed to be capitalized and funded by the proceeds of the 2025 Bonds. The
17 capitalization of interest allows the Utility to exclude the interest expense for the 2025
18 Bonds for the Phase II revenue requirement in the year 2026 and only include a half year
19 of interest on the 2025 Bonds for the Phase III revenue requirement in the year 2027.
20 The use of capitalized interest allows for a gradual increase in the 2025 Bonds annual
21 debt service over four-phases of the implementation of revenue increase. The full amount

1 of principal and interest on the 2025 Bonds is included within Phase IV revenue
2 requirements.

3 The 2026A and 2026B Bonds, collectively the "2026 Bonds", are also structured to
4 phase-in to full annual level debt service by Phase V. The first interest payments for the
5 2026A and 2026B Bonds are planned to occur on July 1, 2027, and the first principal
6 payment are planned occur on January 1, 2028. Subsequently, the principal payments
7 will occur annually each January 1 for a total of twenty (20) years for the 2026A Bonds
8 and a total of thirty-five (35) years for the 2026B Bonds. The first two maturities on
9 January 1, 2028, and January 1, 2029, for the 2026A Bonds and 2026B Bonds have been
10 set at minimal par amounts of \$1,000. This allows the Utility to gradually increase the
11 principal and interest on the 2026 Bonds within the Phase III revenue requirements in the
12 year 2027 and Phase IV revenue requirements in the year 2028. The full amount of level
13 annual debt service on the 2026A and 2026B Bonds is included within Phase V revenue
14 requirements in the year 2029.

15 The 2027 Bonds are also structured to gradually increase with a minimal principal
16 amount in Phase IV revenue increase in the year 2028 to the full annual debt service at
17 level debt by Phase V revenue increase in the year 2029. The first interest payment is
18 planned to occur on July 1, 2028, and the first principal payment is planned to occur on
19 January 1, 2029, at a minimal amount of \$1,000. Subsequently, the principal payments
20 will occur annually each January 1 for a total of thirty-five (35) years.

1 **26. Q IS THE ISSUANCE OF THE PROPOSED BONDS A REASONABLE METHOD**
2 **OF FINANCING THE PROJECTS?**

3 A. As can be seen on pages twenty-one, twenty-two, twenty-seven, twenty-eight, thirty, and
4 thirty-one, the 2025 Bonds, 2026B Bonds, and 2027 Bonds are to be issued for a term of
5 thirty-five (35) years and will fund the Mains and Services capital projects listed on the
6 CIP. As can be seen on page twenty-six, the 2026A Bonds are to be issued for a term of
7 twenty (20) years and will fund the Plant Capital Project on the CIP. It is anticipated that
8 the improvements funded by the proceeds from the Proposed Bonds will benefit
9 customers well into the future and specifically during the time the Proposed Bonds will
10 be outstanding. The issuance of the Proposed Bonds to fund the needed improvements
11 is both reasonable and appropriate.

12 **27. Q IS THE UTILITY CONSIDERING ISSUING BONDS THROUGH THE SRF**
13 **PROGRAM?**

14 A. Yes. The Utility will be submitting an application to the SRF Program for the issuance
15 of the 2025 Bonds, 2026 Bonds, and 2027 Bonds. SRF allows a term of thirty-five (35)
16 years for pipe related projects and limits the term for non-pipe related projects to twenty
17 (20) years.

18 **28. Q WHAT IS THE PROCESS TO ISSUE A SRF PROGRAM LOAN?**

19 A. The process for an SRF Program Loan starts with the Utility submitting an application
20 and preliminary engineering report to the SRF Program by their submission date (usually

1 in late winter/early spring of a year). The SRF Program then evaluates and prioritizes
2 the request with all the other projects submitted by other water utilities throughout the
3 State of Indiana. The SRF Program publishes its ranking of the various projects in the
4 SRF Program's Project Priority List ("PPL") as of July 1 in early July of each year for the
5 upcoming State fiscal year (July of the current year to June of the subsequent year).

6 The PPL lists which projects are within the fundable range for program funds (i.e.
7 subsidized loans). Program funds are low interest rate loans that in the past few years
8 have ranged as low as two percent (2%) based upon the entity's median household
9 income and the monthly charge per 4,000 gallons. The Utility could be listed on the PPL
10 for Drinking Water SRF (DWSRF) or the DWSRF PPL for Lead Service Line
11 Replacement (LSLR) depending on the type of project for which it applies. The fundable
12 range is listed on the respective PPL including the limitations of the type of funding. In
13 the DWSRF PPL for non-LSLR projects listing for July 1, 2024, ten communities were
14 listed in the fundable range for a listed maximum of \$7.5 Million at a subsidized rate and
15 the remaining amount of the loan at a SRF Program pool loan rate. If the Utility is within
16 the fundable range for the subsidized rate, the Utility must commit by a set time period
17 (historically has been requested by mid-August) as to which quarter the project will be
18 bid and the loan be closed between July of the current year and March of the following
19 year. The SRF Program, at its discretion, may allow for some closings to occur in April
20 to June of the following year.

1 SRF will then offer to select communities below the fundable range the option to close
2 a SRF pool loan. A pool loan interest rate is offered by the SRF program usually at the
3 time that SRF issues its debt in the open market which has generally occurred in the fall
4 or the spring of each year. A pool loan is still advantageous to the selected communities
5 since SRF allows thirty-five year financings and eliminates the need for community to
6 pay underwriter's discount (typically at one percent (1%) of the par amount of the loan),
7 rating fees, and other fees associated with an open market financing. However, not all
8 communities on the PPL will be offered the opportunity to close on a SRF Program pool
9 loan.

10 The SRF Program has guidelines detailing deadlines for the receipt of construction bids,
11 the filing of due diligence reports, and completion of the other items required to proceed
12 with a loan closing.

13 **29. Q WHEN IS THE UTILITY HOPING TO CLOSE ON A LOAN WITH THE SRF**
14 **PROGRAM?**

15 A. The Utility hopes to obtain a Commission order authorizing it to issue the Proposed
16 Bonds (and adjust its rates) in late summer and close with the SRF Program before the
17 end of the year on the 2025 Bonds. The Utility hopes to secure SRF Program financing
18 on the 2026 Bonds in the fall of 2026 and on the 2027 Bonds in the fall of 2027.

1 **30. Q WHEN WILL THE UTILITY KNOW IF IT HAS SECURED EITHER A**
2 **SUBSIDIZED RATE OR A POOLED RATE LOAN FROM SRF?**

3 A. The Utility will not know where it will rank on the PPL until the PPLs are released in
4 early July of each year. If it is in the fundable range, the Utility will need to commit to a
5 closing with the SRF Program by mid-August. If it is not in the fundable range, the
6 Utility will wait to find out from the SRF Program if it will be allowed to close on a pool
7 loan. There is much competition for the SRF Program funds for both the subsidized loan
8 rate and the pool program. The most recent DWSRF PPL provided in July of 2024 lists
9 over eighty-eight communities with estimated total project costs of approximately \$1.3
10 billion dollars competing for \$75 million of subsidized loan program funds. Thus, there
11 is uncertainty as to whether the Utility will qualify for SRF Program's subsidized rate and
12 the amount of funding that the SRF Program will provide at that subsidized rate. If a
13 utility is not in the fundable range, it may receive funding through the SRF pool program
14 where SRF will include a utility's bond issuance with other utilities (that did not obtain
15 subsidized rate funds) in a bond issue on the open market. In a pooled loan scenario, the
16 SRF Program is able to pledge the credit of the State of Indiana which often results in an
17 interest rate that is lower than what the Utility could achieve on its own and it also
18 eliminates the cost of issuance expenses of rating fees, insurance fees, and underwriter's
19 discount. However, inclusion in a SRF Program pooled financing transaction is
20 conditioned on the SRF Program having capacity to include the Utility in a pooled loan.
21 Thus, there is no certainty that the Utility will be awarded a subsidized rate loan or that
22 SRF will have the capacity to include the Utility in a pooled financing.

1 **31. Q WHAT OPTIONS ARE AVAILABLE TO THE UTILITY IF THE 2025 BONDS,**
2 **2026 BONDS, AND 2027 BONDS ARE NOT FUNDED BY A SRF LOAN?**

3 A If the Utility is not able to secure a SRF loan for either the subsidized interest rate or the
4 pool loan, the Utility has the option to apply to the Indiana Bond Bank (IBB) to be
5 included in the Community Funding Resource Program (CFR). The benefit of issuing
6 through the IBB CFR program is that the IBB will allow a maximum of 25 years on the
7 debt issuance and there is no cost of issuance expenses of rating fees, insurance fees, and
8 underwriter's discount. The Utility will also have the option to issue debt in the open
9 market. Bonds similar to the type of debt that the Utility proposes are typically sold for
10 a term of twenty years but could possibly be issued for up to thirty years.

11 **32. Q WHY HAS THE UTILITY USED A FIVE PERCENT (5%) COUPON RATE**
12 **FOR THE PROPOSED BONDS AMORTIZATION SCHEDULES?**

13 A The amortization schedules for the Proposed Bonds are listed at a five percent coupon
14 rate to provide the Utility with flexibility to issue debt at a higher interest rate in the open
15 market. Most open market bonds will list a coupon of five percent with the yield lower
16 than the coupon rate resulting in a premium amount.

17 The five percent (5%) coupon also allows a higher coupon rate that SRF Program may
18 propose in a SRF Program pool issuance since the Proposed Bonds are not anticipated to
19 be issued until the fall of 2025, fall of 2026, and the fall of 2027. In the most recent PPL,
20 SRF Program limited the amount of funding available for the subsidized rate loans to

1 \$7.5 million and awarded lead service line awards to \$2.5 million grant (no requirement
2 to repay) and \$2.5 million zero percent (0%) coupon rate. The Utility is requesting
3 funding far in excess of the limitations that the SRF Program has recently provided.
4 Thus, the Utility is expected to be a part of the SRF Program pool financing for a large
5 portion of the Proposed Bond issuance financings.

6 **33. Q WHAT IS THE ESTIMATED EFFECT OF NOT ISSUING THROUGH THE**
7 **SRF PROGRAM FOR THE PROPOSED BONDS?**

8 A. At a shorter term length (20, 25, or 30 years) for the 2025 Bonds, 2026B Bonds, and 2027
9 Bonds, the debt service requirement will be greater than the amount currently listed in
10 the revenue requirements which has been calculated for thirty-five years at five percent
11 (5%) interest coupon. In order to offset the potential greater debt service with the IBB
12 or through an open market bond, the Utility may pursue funding the debt service reserve
13 requirement with a surety policy freeing up the amount for the debt service reserve
14 requirement to be used for the debt service.

15 **34. Q WILL THE UTILITY COMMIT TO A DEBT SERVICE TRUE-UP?**

16 A. Yes. The Utility will pursue getting the best financing terms available. The Utility
17 agrees to true up the combination of the debt service and funds balances required by
18 the Bond Ordinance (debt service reserve and operating fund balance) at the time of
19 issuance of the Proposed Bonds.

1 **35. Q HOW HAS THE OPERATING FUND BALANCE BUILD UP REVENUE**
2 **REQUIREMENT BEEN CALCULATED?**

3 A. The Operating Fund Balance Build Up revenue requirement is calculated so the Utility
4 will be in compliance with the bond ordinances that authorized the issuance of the 2016
5 Bonds and 2016 Refunding Bonds. Section 10 of Ordinance No. 3-16 that authorized
6 the issuance of the 2016 Bonds and Section 11 Ordinance No. 4-16 that authorized the
7 issuance of the 2016 Refunding Bonds states that the Operating and Maintenance Fund
8 balance shall be “sufficient to pay the expenses of operation and maintenance of the
9 waterworks for the then next succeeding two (2) calendar months.” Two months of the
10 annual adjusted operation and maintenance expenses of \$10,327,225 and annual
11 adjusted taxes other than income taxes of \$908,049 calculates to \$1,872,546
12 $((\$10,327,225 + \$908,049) / 12 \times 2)$. The balance in the Operating Fund, Well and Tank
13 Maintenance Fund and Contribution in Lieu of Taxes Fund was \$1,317,168 as of
14 December 31, 2023 $(\$507,019 + \$170,489 + \$639,660)$. The difference between the
15 calculated required balance of \$1,872,546 and the actual balance as of December 31,
16 2023, of \$1,317,168 is a deficit of \$555,375 $(\$1,872,546 - \$1,317,168)$. The Utility
17 intends to fund this deficit over a three year time period during Phase II revenue
18 increase in the year 2026, Phase III revenue increase in the year 2027, and Phase IV
19 revenue increase in the year 2028 at an annual amount of \$185,126 within each phase.

1 **36. Q WHAT IS THE UTILITY'S PHASE I PROPOSED REVENUE**
2 **REQUIREMENT?**

3 A The Utility's Phase I pro forma revenue requirement total is \$13,691,464, as shown on
4 the Statement of Revenue Requirements on page thirty-four of the Report. After
5 deducting the adjusted operating revenues, the Utility has a revenue shortfall of
6 \$2,616,595. Phase I revenue requirements necessitate a 24.1% increase in operating
7 revenues. Phase I is to be effective upon receipt of the Commission's order expect in late
8 summer of the year 2025.

9 **37. Q WHAT IS THE UTILITY'S PHASE II PROPOSED REVENUE**
10 **REQUIREMENT?**

11 A The Utility's Phase II pro forma revenue requirement total is \$14,393,266, as shown in
12 the second column on the Statement of Revenue Requirements on page thirty-four of the
13 Report. After deducting the adjusted operating revenues accounting for the Phase I
14 increase, the Utility has a revenue shortfall of \$697,893. The Phase II revenue
15 requirements necessitate a 5.2% incremental increase in operating revenues above the
16 Phase I increase for the Utility to fully fund its Phase II revenue requirements. Phase II
17 revenue increase is to be effective January 1, 2026.

1 **38. Q WHAT IS THE UTILITY'S PHASE III PROPOSED REVENUE**
2 **REQUIREMENT?**

3 A The Utility's Phase III pro forma revenue requirement total is \$17,869,843, as shown in
4 the third column on the Statement of Revenue Requirements on page thirty-four of the
5 Report. After deducting the adjusted operating revenues accounting for the Phase I and
6 Phase II increases, the Utility has a revenue shortfall of \$3,472,784. The Phase III
7 revenue requirements necessitate a 24.5% incremental increase in operating revenues
8 above the Phase I and Phase II increases for the Utility to fully fund its Phase III revenue
9 requirements. The Utility proposes that the Phase III revenue increase be effective
10 January 1, 2027.

11 **39. Q WHAT IS THE UTILITY'S PHASE IV PROPOSED REVENUE**
12 **REQUIREMENT?**

13 A The Utility's Phase IV pro forma revenue requirement total is \$21,276,397, as shown in
14 the fourth column on the Statement of Revenue Requirements on page thirty-four of the
15 Report. After deducting the adjusted operating revenues accounting for the Phase I,
16 Phase II, and Phase III increases, the Utility has a revenue shortfall of \$3,401,404. The
17 Phase IV revenue requirements necessitate an 19.2% incremental increase in operating
18 revenues above the Phase I, Phase II, and Phase III increases for the Utility to fully fund
19 its Phase IV revenue requirements. Phase IV revenue increase is to be effective January 1,
20 2028.

1 results of the non-recurring charges analysis that was performed by Crowe under my
2 supervision. The Non-recurring Charges Report estimates the Utility's cost to provide
3 miscellaneous and non-recurring services to its customers and documents the process to
4 deliver such services. The following miscellaneous and non-recurring services
5 included in the Non-recurring Charges Report are (i) bad check/return check item
6 charge, (ii) service call charge during regular hours and overtime hours, (iii)
7 reconnection charge during regular hours and overtime hours, and (iv) water tap fees –
8 residential charge. The charges for penalty for late payment charge and meter
9 tampering charge are unchanged from the amount in the tariff. The Non-Recurring
10 Charges Report supports the Non-Recurring Rates and Charges listed in Ordinance No.
11 38-24 which is included as Attachment JZW-4.

12 **43. Q PLEASE EXPLAIN HOW THE CHARGES IN THE NON-RECURRING**
13 **CHARGES REPORT WERE CALCULATED.**

14 The following four components are outlined for each of the non-recurring rates and
15 charges analyzed within the Non-Recurring Charges Report: (i) Current Charge, (ii)
16 Process Description, (iii) Additional Information, and (iv) Cost Buildup. The current
17 charge is included to provide the reader with an understanding of the present charge
18 structure. The process description for each charge contains a general description of the
19 steps taken by the Utility to perform each service as well as the role performing the
20 function. Process steps are intended to identify material cost components of the Utility
21 rather than detailed operating procedures. The Additional Information section of each

1 charge contains general information that clarifies the process steps taken by the Utility
2 or other factors that were gathered while developing cost estimates deemed pertinent to
3 the analysis. The Cost Buildup section reflects the Labor, Materials, Equipment, and
4 Other Charges the Utility incurs to deliver each service. The Labor component
5 includes both an Hourly Rate for each employee, as well as an Overhead Rate. The
6 Overhead Rate allocates indirect labor costs, including employee benefits, management
7 costs, administrative costs, and other indirect labor expenses (together, "Indirect Labor
8 Costs"), to the direct labor component identified in the Process Description of each
9 respective charge. The Overhead Rate is 87.47% of the hourly rate for each employee
10 position, as calculated and provided by the Utility's Management. To arrive at the
11 Overhead Rate percentage, the Utility summed together Indirect Labor percentages
12 including the percent of Insurance Expense to Salaries and Wages, the PERF
13 percentage, the FICA percentage, and the Overhead Rate.

14 **44. Q PLEASE EXPLAIN THE SYSTEM DEVELOPMENT CHARGE**
15 **CALCULATION.**

16 A The Calculation of Recommended System Development Charge (SDC) Report
17 dated October 16, 2024, ("SDC Report") which is included as Attachment JZW-5,
18 documents the calculation of the SDC that was performed by Crowe under my
19 supervision.

1 **45. Q HOW WAS THE SYSTEM DEVELOPMENT CHARGE CALCULATION**
2 **MADE.**

3 A The SDC Report was prepared to calculate a reasonable SDC that would be applied
4 to new connections and would allow the Utility to recover a portion of the
5 construction costs for the Utility's plant in service. The SDC Report calculations
6 are based on methodologies described in the American Water Works Association
7 Principles of Water Rates, Fees, and Charges, Seventh Edition (the "M1 Manual").
8 The recommended SDC calculation was performed using the average of two
9 different methods, the incremental cost method and the equity buy-in method.

10 **46. Q PLEASE EXPLAIN THE INCREMENTAL COST METHOD AND THE**
11 **EQUITY BUY-IN METHOD.**

12 A The incremental cost method assigns the incremental cost of system expansion
13 needed to provide service to new customers. This method is most appropriate for
14 fast growing systems where a significant amount of capacity must be built to serve
15 new customers. This method typically evaluates the period of growth, growth rates,
16 type of growth, capacity associated with improvements needed to serve the
17 projected customer growth, and cost associated with these improvements.

18 One of the main components is the determination of the service area. Municipal
19 corporate boundaries would be typical and are used to plan growth and the capital
20 improvements necessary to serve that growth. Capital costs and improvements are

1 addressed in the determination of the incremental cost to serve customers. The
2 capital improvement costs necessary to serve current and future customers are
3 calculated by dividing the total plant by the rated treatment plant capacity (in
4 gallons per day), which results in the calculated capacity charge per gallon. The
5 capacity charge per gallon is then multiplied by the number of daily gallons per
6 residential equivalent dwelling unit (EDU) to calculate a charge per equivalent
7 5/8inch meter.

8 The equity buy-in method is based on the concept that the current system
9 adequately serves existing as well as future customers. Therefore, assuming that no
10 new additional system investments are necessary and the current facility is not
11 scheduled to have any capacity upgrades in the near future to serve additional
12 customers, the equity buy-in method is the more appropriate method to use. One of
13 the key components in determining a SDC using the equity buy-in method is system
14 equity. In this determination, the valuation of system assets, accumulated
15 depreciation, system liabilities, sources of equity, and system capacity are all vital.
16 In this calculation, the system's assets are measured at the original value of the total
17 utility plant in service less accumulated depreciation. This valuation calculation
18 could be adjusted to recognize the cost of reproducing the current system with a
19 duplicate system. System liabilities are the amounts reported on the balance sheet,
20 as outstanding long-term debt.

1 Equity is calculated by subtracting outstanding debt, depreciation, and contributions
2 from the system's asset value. Equity in this method refers to any portion of the
3 system where there is no offsetting debt or contributions. The equity investment is
4 then divided by the number of current equivalent meter customers the system is
5 capable of serving, which results in a charge per equivalent customer.

6 Finally, for both the equity buy-in and the incremental cost methods, the equivalent
7 5/8 inch meter charges are converted for each meter size connected to the system.
8 For example, a customer needing the equivalent of seven units of average 5/8 inch
9 capacity would pay approximately seven times the amount as someone connecting
10 with a 5/8 inch meter.

11 **47. Q WHAT METHOD DID THE UTILITY SELECT FOR THE**
12 **CALCULATION OF THE SDC CHARGE?**

13 A The Utility has selected an average of the two methods resulting in a charge of \$900 per
14 equivalent 5/8 inch meter charge. The equivalent 5/8 inch meter charges are converted
15 for each meter size connected to the system using the equivalency ratios used in the
16 Cost of Service Study prepared by UFS.

1 **48. Q IN THE SETTLEMENT AGREEMENT ATTACHED TO THE ORDER IN**
2 **CAUSE 44510, THE UTILITY AGREED TO DEVELOP AND IMPLEMENT A**
3 **COMPREHENSIVE ACCOUNTING MANUAL. DID THE UTILITY**
4 **IMPLEMENT SUCH MANUAL?**

5 A Yes. Comprehensive accounting policies, standards for journal vouchers, and journal
6 voucher support policies are all prescribed by the Indiana State Board of Accounts
7 (SBoA) or exist within the Indiana Code. The Utility's accounting system (MUNIS) uses
8 a sequential numbering system for the journal vouchers and includes approval of the
9 journal vouchers.

10 **49. Q IN THE SETTLEMENT AGREEMENT ATTACHED TO THE ORDER IN**
11 **CAUSE 44510, THE UTILITY AGREED TO RECONCILE BANK**
12 **ACCOUNT(S) MONTHLY, RESEARCH THE POSSIBILITY OF**
13 **RECORDING PUBLIC FIRE PROTECTION SURCHARGE SEPARATELY**
14 **FROM WATER SALES, AND EITHER ADOPT THE NARUC SYSTEM OF**
15 **ACCOUNTS NUMBERING SYSTEM OR DEVELOP A CROSSWALK TO**
16 **ALLOW EASE OF REFERENCE. PLEASE COMMENT ON EACH OF**
17 **THESE REQUIREMENTS IN THE ORDER.**

18 A The bank accounts are reconciled on a monthly basis. The Utility looked into recording
19 public fire projection surcharges separately but has not been able to implement this
20 within the billing and recording of revenues. The Utility includes the NARUC numbers
21 within the MUNIS System six digits. For example, the land asset account listing in

1 **51. Q DOES THIS CONCLUDE YOUR PREFILED DIRECT TESTIMONY AT THIS**
2 **TIME?**

3 A Yes.

4

VERIFICATION

I affirm under the penalties for perjury that the foregoing testimony is true to the best of my knowledge, information, and belief.

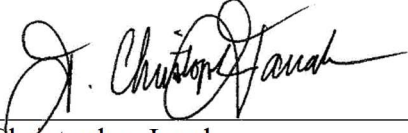


Jennifer Z. Wilson

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing was served upon the following by electronic mail this
5th day of December, 2024:

William I. Fine
Daniel M. LeVay
Indiana Office of Utility Consumer Counselor
wfine@oucc.in.gov
dlevay@oucc.in.gov
infomgt@oucc.in.gov



J. Christopher Janak

Bose McKinney & Evans LLP
111 Monument Circle, Suite 2700
Indianapolis, IN 46204
(317) 684-5000

4896286.2

Attachment JZW-1

Revenue Requirements Report

Anderson Municipal Water Utility

October 10, 2024



Table of Contents

Purpose of the Report	1
Financial Statements	2
Balance Sheets as of December 31, 2023, 2022, and 2021	2
Waterworks Revenue Bonds, Series 2016 Amortization Schedule	4
Waterworks Refunding Revenue Bonds, Series 2016 Amortization Schedule.....	5
Water Department Equipment Lease #2 Amortization Schedule	6
Combined Amortization Schedule	7
Statements of Income for the Twelve Months Ended December 31, 2023, 2022, and 2021	8
Adjustments to the Financial Statements	10
Adjusted Statement of Income	10
Detail of Adjustments	12
Capital Improvement Plan	16
Proposed Waterworks Revenue Bond Anticipation Note, Series 2024	18
Estimated Sources and Uses of Funds.....	18
Estimated 2024 BAN Amortization Schedule.....	19
Proposed Waterworks Revenue Bonds, Series 2025	20
Estimated Sources and Uses of Funds.....	20
Estimated 2025 Bonds Amortization Schedule.....	21
Proposed Waterworks Revenue Bond Anticipation Note, Series 2025	23
Estimated Sources and Uses of Funds.....	23
Estimated 2025 BAN Amortization Schedule.....	24
Proposed Waterworks Revenue Bonds, Series 2026	25
Estimated Sources and Uses of Funds.....	25
Estimated 2026A Bonds Amortization Schedule	26
Estimated 2026B Bonds Amortization Schedule	27
Proposed Waterworks Revenue Bonds, Series 2027	29
Estimated Sources and Uses of Funds.....	29
Estimated 2027 Bonds Amortization Schedule.....	30
Estimated Combined Lease and Debt Amortization Schedule	32
Statement of Revenue Requirements	34
Present Rates and Charges	35
Appendix A: Assumptions	36

Purpose of the Report

Crowe LLP (“Crowe” or “we”) has performed a study and analysis of the operating and financial reports, budgets, and other data pertaining to Anderson Municipal Water Utility (“Utility”). The results of our analysis are contained in this Revenue Requirements Report (“Report”).

The purpose of this Report is to estimate the Utility’s on-going revenue requirements for operation and maintenance expenses, current and proposed debt service payments, and capital improvements to the Utility’s system. This Report is based on data for the twelve months ended December 31, 2023 (“Test Year”). The historical information used in this Report was taken from the books and records of the Utility and was adjusted as necessary for fixed, known, and measurable items as disclosed in the exhibits and schedules of this Report.

The Utility has developed a capital improvement plan (“Capital Improvement Plan”) with significant capital improvements to the Utility’s system. This Report provides revenue requirements to enable the Utility to fund the most critical components of its Capital Improvement Plan, as determined by the Utility’s management.

In the course of preparing this Report, we have not conducted an audit of any financial or supplemental data used in the accompanying exhibits and schedules. We have made certain projections based on assumptions provided by the Utility that may vary from actual results because events and circumstances frequently do not occur as estimated and such variances may be material. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

If you have any questions regarding this Report, please call Jennifer Wilson at (317) 269-6696.

Financial Statements

Balance Sheets as of December 31, 2023, 2022, and 2021

	2023	2022	2021
ASSETS AND OTHER DEBITS			
<u>Utility Plant</u>			
Utility Plant in Service	\$ 63,601,141	\$ 62,448,311	\$ 62,361,202
Less: Accumulated Depreciation	(31,140,640)	(29,983,995)	(29,296,299)
Net Utility Plant in Service	32,460,501	32,464,316	33,064,903
Add: Construction Work in Progress	1,183,078	936,138	14,924
Net Utility Plant	33,643,579	33,400,454	33,079,827
<u>Restricted Assets</u>			
Customer Deposit Fund	719,404	725,793	739,368
Well and Tank Maintenance Fund	170,489	210,289	234,630
Contribution in Lieu of Taxes Fund	639,660	568,540	568,540
Depreciation Reserve Fund	319,369	196,367	339,783
Automatic Meter Reading Fund	38,521	346,097	410,859
Debt Service Reserve Fund	1,015,419	1,002,896	988,531
Total Restricted Assets	2,902,862	3,049,982	3,281,711
<u>Current and Accrued Assets</u>			
Operation and Maintenance Fund	507,019	1,237,975	1,468,258
Accounts Receivable	1,344,594	1,225,908	1,185,603
Materials and Supplies Inventory	2,104,388	1,352,308	973,476
Total Current and Accrued Assets	3,956,001	3,816,191	3,627,337
Total Assets and Other Debits	\$ 40,502,442	\$ 40,266,627	\$ 39,988,875

Data Source: Utility trial balances

Balance Sheets as of December 31, 2023, 2022, and 2021 (Continued)

	2023	2022	2021
LIABILITIES AND OTHER CREDITS			
<u>Equity Capital</u>			
Retained Earnings	\$ 22,980,932	\$ 21,472,727	\$ 19,013,481
Current Year Earnings	304,923	1,508,205	2,459,244
Total Equity Capital	<u>23,285,855</u>	<u>22,980,932</u>	<u>21,472,725</u>
<u>Long Term Debt</u>			
2016 Refunding Bonds	1,085,000	1,420,000	1,740,000
2016 Revenue Bonds	9,405,000	10,070,000	10,725,000
Capital Lease Payable-Long Term	215,413	-	390,000
Total Long Term Debt	<u>10,705,413</u>	<u>11,490,000</u>	<u>12,855,000</u>
<u>Current and Accrued Liabilities</u>			
Accounts Payable	16,668	16,342	62
Customer Meter Deposits	719,351	725,733	739,308
Accrued Wages	241,899	230,557	223,226
Accrued Tax	47,823	47,969	48,346
Capital Lease Payable Current	113,069	390,900	1,297,876
Total Current and Accrued Liabilities	<u>1,138,810</u>	<u>1,411,501</u>	<u>2,308,818</u>
<u>Deferred Credits</u>			
Bond Premium	<u>77,957</u>	<u>144,525</u>	<u>228,751</u>
<u>Other Contributions</u>			
Contribution in Aid of Construction	4,397,906	3,343,168	2,227,080
Donated Surplus	896,501	896,501	896,501
Total Other Contributions	<u>5,294,407</u>	<u>4,239,669</u>	<u>3,123,581</u>
Total Liabilities and Other Credits	<u>\$ 40,502,442</u>	<u>\$ 40,266,627</u>	<u>\$ 39,988,875</u>

Data Source: Utility trial balances

Waterworks Revenue Bonds, Series 2016 Amortization Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
7/1/24			\$ 125,045	\$ 125,045	
1/1/25	\$ 680,000	2.00 %	125,045	805,045	\$ 930,090
7/1/25			118,245	118,245	
1/1/26	695,000	2.00	118,245	813,245	931,490
7/1/26			111,295	111,295	
1/1/27	710,000	2.10	111,295	821,295	932,590
7/1/27			103,840	103,840	
1/1/28	730,000	2.30	103,840	833,840	937,680
7/1/28			95,445	95,445	
1/1/29	750,000	2.50	95,445	845,445	940,890
7/1/29			86,070	86,070	
1/1/30	765,000	2.60	86,070	851,070	937,140
7/1/30			76,125	76,125	
1/1/31	790,000	3.00	76,125	866,125	942,250
7/1/31			64,275	64,275	
1/1/32	810,000	3.00	64,275	874,275	938,550
7/1/32			52,125	52,125	
1/1/33	830,000	3.00	52,125	882,125	934,250
7/1/33			39,675	39,675	
1/1/34	855,000	3.00	39,675	894,675	934,350
7/1/34			26,850	26,850	
1/1/35	880,000	3.00	26,850	906,850	933,700
7/1/35			13,650	13,650	
1/1/36	<u>910,000</u>	3.00	<u>13,650</u>	<u>923,650</u>	<u>937,300</u>
Totals	<u>\$ 9,405,000</u>		<u>\$ 1,825,280</u>	<u>\$ 11,230,280</u>	

Data Source: Final Official Statement for the 2016 Revenue Bonds, as recalculated by Crowe.

Waterworks Refunding Revenue Bonds, Series 2016 Amortization Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
7/1/24			\$ 14,350	\$ 14,350	
1/1/25	\$ 350,000	4.00 %	14,350	364,350	\$ 378,700
7/1/25			7,350	7,350	
1/1/26	360,000	2.00	7,350	367,350	374,700
7/1/26			3,750	3,750	
1/1/27	<u>375,000</u>	2.00	<u>3,750</u>	<u>378,750</u>	<u>382,500</u>
Totals	<u>\$ 1,085,000</u>		<u>\$ 50,900</u>	<u>\$ 1,135,900</u>	

Data Source: Final Official Statement for the 2016 Refunding Bonds, as recalculated by Crowe.

Water Department Equipment Lease #2 Amortization Schedule

Date	Principal	Interest	Period Total	Fiscal Total
7/1/24	\$ 43,610	\$ 6,390	\$ 50,000	
1/1/25	69,458	5,542	75,000	\$ 125,000
7/1/25	70,810	4,190	75,000	
1/1/26	72,187	2,813	75,000	150,000
7/1/26	<u>72,417</u>	<u>1,409</u>	<u>73,826</u>	73,826
Totals	<u>\$ 328,482</u>	<u>\$ 20,344</u>	<u>\$ 348,826</u>	

Source: Amortization schedule from Gateway, as recalculated by Crowe.

Combined Amortization Schedule

Year	2016 Waterworks Revenue Bonds	Waterworks 2016 Refunding Revenue Bonds	Bonds Total	Water Equipment Lease	Bonds and Lease Total
2024	\$ 930,090	\$ 378,700	\$ 1,308,790	\$ 125,000	\$ 1,433,790
2025	931,490	374,700	1,306,190	150,000	1,456,190
2026	932,590	382,500	1,315,090	73,826	1,388,916
2027	937,680		937,680		937,680
2028	940,890		940,890		940,890
2029	937,140		937,140		937,140
2030	942,250		942,250		942,250
2031	938,550		938,550		938,550
2032	934,250		934,250		934,250
2033	934,350		934,350		934,350
2034	933,700		933,700		933,700
2035	937,300		937,300		937,300
Totals	<u>\$ 11,230,280</u>	<u>\$ 1,135,900</u>	<u>\$ 12,366,180</u>	<u>\$ 348,826</u>	<u>\$ 12,715,006</u>

Statements of Income for the Twelve Months Ended December 31, 2023, 2022, and 2021

	2023	2022	2021
Operating Revenue			
Metered Residential Sales	\$ 6,316,621	\$ 6,357,357	\$ 6,592,432
Metered Commercial Sales	2,321,822	2,440,181	2,460,614
Metered Industrial Sales	1,594,874	1,827,328	1,740,647
Metered Institutional Sales	373,523	338,163	279,820
Private Fire Protection	266,620	256,289	259,559
Forfeited Discounts	57,115	55,522	26,538
Miscellaneous Revenue	144,294	145,679	110,722
Total Operating Revenue	11,074,869	11,420,519	11,470,332
Operating Expenses			
Operation and Maintenance Expenses			
Source of Supply Expense			
Other Maintenance	82,883	23,750	43,199
Contractual Services	425,000	409,541	281,880
Water Treatment Expense			
Salaries and Wages	572,700	569,839	547,040
Material and Supplies	78,202	75,102	31,540
Purchased Power	900,000	788,137	871,528
Chemicals	406,009	269,610	160,924
Contractual Services	-	-	540
Other Water Treatment Expense	22,115	20,895	-
Transmission and Distribution Expense			
Salaries and Wages	1,367,847	1,116,632	793,717
Material and Supplies	147,260	141,558	241,934
Repairs	175,536	148,873	349,392
Transportation Expense	249,298	216,745	186,460
Customer Accounts Expense			
Salaries and Wages	40,126	30,354	32,285
Bad Debt Expense	110,435	158,279	87,182
Collection Expense	131,393	142,726	124,419
Administrative and General Expense			
Salaries and Wages	1,471,131	1,425,254	1,368,666
Employee Pensions and Benefits	387,109	352,155	324,533
Material and Supplies	419,744	326,286	248,081
Contractual Service	973,318	961,137	445,800
Rental	92,116	92,116	92,116
General Liability Insurance	174,999	283,332	233,332
Other Insurance	901,334	924,621	878,945
Miscellaneous Expenses	24,130	24,822	26,164
Total Operation and Maintenance Expenses	9,152,685	8,501,764	7,369,677
Depreciation Expense	980,803	909,870	903,685
Taxes Other Than Income Taxes			
Contribution in Lieu of Taxes	187,360	516,960	516,960
FICA Taxes	257,265	232,081	216,705
Utility Receipts Tax	-	79,875	169,908
Total Taxes Other Than Income Taxes	444,625	828,916	903,573
Total Operating Expenses	10,578,113	10,240,550	9,176,935
Net Operating Income/(Loss)	496,756	1,179,969	2,293,397

Data Source: Utility trial balances

Statements of Income for Twelve Months Ended December 31, 2023, 2022, and 2021 (Continued)

	2023	2022	2021
Other Income			
AMI Lease Income (1)	\$ -	\$ 565,009	\$ 565,013
Other Non-Operating Income	2,285	33,342	15,120
Interest Income	65,119	31,181	1,637
Total Other Income	67,404	629,532	581,770
Other Expenses			
Interest on Long Term Debt	256,993	291,596	414,335
Other Non-Operating Expenses	2,244	9,700	1,588
Total Other Expenses	259,237	301,296	415,923
Net Income/(Loss)	\$ 304,923	\$ 1,508,205	\$ 2,459,244

(1) Represents the Sewage Works portion of the AMR Lease payment. The Water Utility recorded the lease payable on its balance sheet for the outstanding amount applicable to the Water Utility and Sewage Works. The Sewage Works reimbursed the Water Utility for its allocated share of the annual lease payment. The final lease payment occurred January 1, 2023.

Data Source: Utility trial balances

Adjustments to the Financial Statements

Adjusted Statement of Income

	December 31, 2023	Adjustments Amount	Ref.	Adjusted
Operating Revenue				
Metered Residential Sales	\$ 6,316,621			\$ 6,316,621
Metered Commercial Sales	2,321,822			2,321,822
Metered Industrial Sales	1,594,874			1,594,874
Metered Institutional Sales	373,523			373,523
Private Fire Protection	266,620			266,620
Forfeited Discounts	57,115			57,115
Miscellaneous Revenue	144,294			144,294
Total Operating Revenue	11,074,869			11,074,869
Operating Expenses				
Operation and Maintenance (O&M) Expenses				
Source of Supply Expense				
Other Maintenance	82,883			82,883
Contractual Services	425,000	\$ 176,486	(7)	601,486
Total Source of Supply	507,883	176,486		684,369
Water Treatment Expense				
Salaries and Wages	572,700	9,288	(1)	897,706
		315,718	(4)	
Material and Supplies	78,202			78,202
Purchased Power	900,000			900,000
Chemicals	406,009			406,009
Other Water Treatment Expense	22,115			22,115
Total Water Treatment Expense	1,979,026	325,006		2,304,032
Transmission and Distribution (T&D) Expense				
Salaries and Wages	1,367,847	48,097	(1)	1,651,819
		35,061	(2)	
		634	(3)	
		200,180	(4)	
Material and Supplies	147,260			147,260
Repairs	175,536			175,536

See Appendix A: Assumptions

Adjusted Statement of Income (Continued)

	December 31, 2023	Adjustments Amount	Ref.	Adjusted
<u>(T&D) Expense (Continued)</u>				
Transportation Expense	\$ 249,298			\$ 249,298
Total T&D Expense	<u>1,939,941</u>	<u>\$ 283,972</u>		<u>2,223,913</u>
Customer Accounts Expense				
Salaries and Wages	40,126	3,444	(1)	44,667
		1,097	(2)	
Bad Debt Expense	110,435			110,435
Collection Expense	131,393			131,393
Total Customer Accounts Expense	<u>281,954</u>	<u>4,541</u>		<u>286,495</u>
Administrative and General (A&G) Expense				
Salaries and Wages	1,471,131	12,663	(1)	1,528,118
		12,857	(2)	
		31,467	(3)	
Employee Pensions and Benefits	387,109	74,590	(6)	461,699
Material and Supplies	419,744			419,744
Contractual Services	973,318	(15,364)	(8)	926,843
		(105,986)	(9)	
		74,875	(12)	
Rental	92,116	35,000	(11)	127,116
General Liability Insurance	174,999	85,001	(10)	260,000
Other Insurance	901,334	179,432	(5)	1,080,766
Miscellaneous Expenses	24,130			24,130
Total A&G Expense	<u>4,443,881</u>	<u>384,535</u>		<u>4,828,416</u>
Total O&M Expenses	<u>9,152,685</u>	<u>1,174,540</u>		<u>10,327,225</u>
Depreciation Expense	<u>980,803</u>			<u>980,803</u>
<u>Taxes Other Than Income Taxes</u>				
Contribution in Lieu of Taxes	187,360	405,332	(13)	592,692
FICA Taxes	257,265	58,092	(14)	315,357
Total Taxes Other Than Income Taxes	<u>444,625</u>	<u>463,424</u>		<u>908,049</u>
Total Operating Expenses	<u>10,578,113</u>	<u>1,637,964</u>		<u>12,216,077</u>
Net Operating Income	<u>\$ 496,756</u>	<u>\$ (1,637,964)</u>		<u>\$ (1,141,208)</u>

See Appendix A: Assumptions

Detail of Adjustments

(1)

To adjust "Operation and Maintenance Expenses" to annualize wages of union employees due to increases in salaries from settlement of union contracts and retroactive payment.

	Annualized Salaries and Wages	Less: Test Year Salaries and Wages	Total Increase
Water Treatment	\$ 540,893	\$ (531,605)	\$ 9,288
Transmission and Distribution	1,168,696	(1,120,599)	48,097
Customer Accounts	36,566	(33,122)	3,444
Administrative and General	428,578	(415,915)	12,663
Adjustment - Increase			\$ 73,492

(2)

To adjust "Operation and Maintenance Expenses" for the three percent (3%) increase in union salaries and wages effective in 2024 and the increase in longevity payments.

	Adjusted Test Year Salaries and Wages*	Times: Percent Increase	Total Increase
Transmission and Distribution	\$ 1,168,696	3.00%	\$ 35,061
Customer Accounts	36,566	3.00%	1,097
Administrative and General	428,578	3.00%	12,857
Totals	\$ 1,633,840		\$ 49,015

*Includes Adjustment (1).

(3)

To adjust "Operation and Maintenance Expenses" for the three percent (3%) increase in non-union salaries and wages effective January 2024.

	Test Year Salaries and Wages	Times: Percent Increase	Increase
Transmission and Distribution	\$ 21,141	3.00%	\$ 634
Administrative and General	1,048,913	3.00%	31,467
Totals	\$ 1,070,054		\$ 32,101

(4)

To adjust "Operation and Maintenance Expenses" for open employee positions to be filled.

Water Treatment	Utility Electrician (50%)	\$ 28,475
Water Treatment	Well Maintenance	56,950
Water Treatment	Manager of Operations (50%)	30,120
Water Treatment	Equipment Mechanic (50%)	28,475
Water Treatment	Water Quality Specialist (50%)	56,160
Treatment and Distribution	Pipefitter Helper	50,690
Treatment and Distribution	Utility Electrician (50%)	28,475
Treatment and Distribution	Line Foreman Water	66,283
Treatment and Distribution	Manager of Operations (50%)	30,120
Treatment and Distribution	Technician	55,515
Treatment and Distribution	Equipment Mechanic (50%)	28,475
Treatment and Distribution	Water Quality Specialist (50%)	56,160
Adjustment - Increase		\$ 515,898

See Appendix A: Assumptions

Detail of Adjustments (Continued)

(5)

To Adjust "Administrative and General Expense - Other Insurance" for insurance costs associated with positions filled during the Test Year and open positions to be filled.

Estimated Annual Employer Share of Insurance Expenses	\$ 22,429
Times: Number of Open Positions	<u>8</u>

Adjustment - Increase \$ 179,432

(6)

To adjust "Administrative and General Expense - Employee Pensions and Benefits" for the estimated increase in PERF expenses in 2024.

Estimated 2024 Salaries and Wages	\$ 4,122,310
Times: PERF Contribution Rate	11.20%
Estimated 2023 PERF Expense	<u>461,699</u>
Less: Test Year	<u>(387,109)</u>

Adjustment - Increase \$ 74,590

(7)

To adjust "Source of Supply Expense - Contractual Service" to annualize the tank maintenance expense.

Annual Contract Expense	\$ 393,110
Less: Test Year	<u>(216,624)</u>

Adjustment - Increase \$ 176,486

(8)

To adjust "Administrative and General Expense - Contractual Services" to the 2024 budget due to union arbitration services incurred during the Test Year.

2024 Budget	\$ 1,500
Less: Test Year	<u>(16,864)</u>

Adjustment - Decrease \$ (15,364)

See Appendix A: Assumptions

Detail of Adjustments (Continued)

(9)	
To adjust "Administrative and General - Contractual Services" for capital expenditures and non-recurring expenses.	
	<u>Amount</u>
Engineering Fees from CHA for Hydraulic Modeling Distribution System	\$ (55,839)
Regulatory Council for IURC Rate Case by Bose McKinney and Evans LLP	(45,029)
Hydrogeological Consulting Services from Eagon & Associates	<u>(5,118)</u>
Adjustment - Decrease	<u>\$ (105,986)</u>
(10)	
To adjust "Operation and Maintenance Expenses - General Liability Insurance" for the 2024 amount.	
2024 Budget	\$ 260,000
Less: Test Year	<u>(174,999)</u>
Adjustment - Increase	<u>\$ 85,001</u>
(11)	
To adjust "Administrative and General - Rental" for 2024 budgeted rental payments not made during the Test Year.	
2024 Budget	\$ 35,000
Less: Test Year	<u>-</u>
Adjustment - Increase	<u>\$ 35,000</u>
(12)	
To adjust "Operation and Maintenance Expenses" for the amortization of rate case expenses.	
Revenue Requirement Consultant	\$ 125,000
Cost of Service Study Consultant	29,500
Regulatory Counsel	<u>145,000</u>
Total Estimated Rate Case Expense	299,500
Amortize by: Number of years	<u>4</u>
Adjustment - Increase	<u>\$ 74,875</u>

See Appendix A: Assumptions

Detail of Adjustments (Continued)

(13)	
To adjust "Taxes Other Than Income Taxes" for an increase to contribution in lieu of property taxes.	
Net Utility Plant in Service (UPIS) as of December 31, 2023	\$ 32,460,501
Less: Lafayette Water Treatment Plant Net UPIS located outside City Limits	(9,619,727)
Add: Construction Work in Progress	1,183,078
Pro Forma Utility Plant in Service	<u>24,023,852</u>
Times: Net Corporate Tax Rate (per \$100 of Assessed Valuation)	2.4671
Pro Forma Contribution in Lieu of Property Taxes	592,692
Less: Test Year	<u>(187,360)</u>
Adjustment - Increase	<u>\$ 405,332</u>
(14)	
To adjust "Taxes Other Than Income Taxes" for the estimated increase in FICA tax from 2024 Salary and Wage increases.	
Estimated 2024 Salaries and Wages	\$ 4,122,310
Times: FICA Rate	7.65%
Estimated 2024 FICA Expense	<u>315,357</u>
Less: Test Year	<u>(257,265)</u>
Adjustment - Increase	<u>\$ 58,092</u>

See Appendix A: Assumptions

Capital Improvement Plan

	Short-Term (ARPA/TIF)	Mains and Services Capital Project	Plant Capital Project	Water Dept. CIP/Budget (Current Rate increase)	Long-Term Planning (Future Funding)
Water Supply Projects:					
New Well Complete at Fuller Well Field	\$ 1,974,000				
Raw Water Main from Fuller Well Field to CR 700 N	1,768,000				
Hydrogeological Investigation, Testing & Validation- Long-Term/Ongoing				\$ 150,000	
Annual Well Maintenance				Included in O&M	
Water Treatment Projects:					
Lafayette Water Treatment Plant Expansion to 14 MGD	7,404,000				
Replacement Water Treatment Plant South Side			\$ 24,977,300		
Decommissioning of Wheeler Plant & Wells					X
Water Distribution Projects:					
Lafayette WTP transmission west to 200, South to Cross Street	7,408,000				
Cross Street (Part A) east of CR 200		\$ 6,093,480			
Cross Street (Part B) west to Romine, south to 8th Street	9,615,000				
Park Road Water Transmission Main Loop					X
Neighborhood Water Main and Service Line Replacements:					
8th Street area - John St./Brown/Delaware/8 th Street Area to Raible (272)		8,567,364			
North Anderson Cross A (336)		6,947,472			
North Anderson Cross B (378)		7,351,838			
West Central Side (Madison-Sycamore to Johns & 8 th) (643)		12,179,662			
Park Place Lead Service Line Replacement (663)		10,467,144			
Belmont Area Lead Service Line Replacement (234)		6,054,461			
Brentwood Area Lead Service Line Replacement (118)		1,959,888			
Indian Meadows Service Line Replacements (370)		5,848,694			
Historic District Service Line Replacement (314)		5,314,800			
Water Main Replacements with Lead Service Lines				1,500,000	

See Appendix A: Assumptions

Capital Improvement Plan (Continued)

	Short-Term (ARPA/TIF)	Mains and Services Capital Project	Plant Capital Project	Water Dept. CIP/Budget (Current Rate increase)	Long-Term Planning (Future Funding)
Meter Replacement 10-Yr Program					
Meter Annual Replacement (approx. 2,800/yr. \$750,000/yr)				\$ 750,000	
Meter Reading System Upgrade				70,000	
Vehicles					
Service Fleet Replacement				372,400	
Totals	\$ 28,169,000	\$ 70,784,803	\$ 24,977,300	\$ 2,842,400	
2025 Bond Funding (Project Construction Total)		\$ 35,100,000			
2026 Bond Funding (Project Construction Total)		10,000,000	\$ 24,977,300		
2027 Bond Funding (Project Construction Total)		25,685,000			
2025 Bond Funding (Non Construction Total)		11,507,000			
2026 Bond Funding (Non Construction Total)		4,457,700			
2027 Bond Funding (Non Construction Total)		1,715,000			
2025 Bond Size Estimate		46,607,000			
2026 Bond Size Estimate		39,435,000			
2027 Bond Size Estimate		27,400,000			
Phase I and II Extensions and Replacements Estimate (2025 and 2026)				1,000,000	
Phase III Extensions and Replacements Estimate (2027)				1,000,000	
Phase IV Extensions and Replacements Estimate (2028)				1,000,000	
Phase V Extensions and Replacements Estimate (2029)				2,842,400	
Total Funding by Source					
ARPA/TIF (Projects Underway)	\$ 28,169,000				
Bond Size Estimate (2025-2027)	113,442,000				
Contingency Amount in Bond Ordinance	16,558,000				
Total Capital Projects Listed in Bond Ordinance	158,169,000				
Extensions and Replacements Cash Funding (2025-2029)	5,842,400				
Total Capital Projects Including Cash Funded Projects	\$ 164,011,400				

See Appendix A: Assumptions

Proposed Waterworks Revenue Bond Anticipation Note, Series 2024

Estimated Sources and Uses of Funds

Estimated Sources of Funds:	
Par Amount of Bond Anticipation Note	\$ 5,225,000
Total Sources of Funds	\$ 5,225,000
Estimated Uses of Funds:	
Project Fund - Engineering Design and Bidding	\$ 5,090,000
Underwriter's Discount	52,250
Bond Counsel	45,000
Municipal Advisor	30,000
Registrar and Paying Agent	3,000
Additional Proceeds	4,750
Total Uses of Funds	\$ 5,225,000

See Appendix A: Risks and Assumptions

Estimated 2024 BAN Amortization Schedule

Date	Principal	Coupon (1)	Interest	Period Total	Fiscal Total
12/1/25	\$ 5,225,000	5.00 %	\$ 261,250	\$ 5,486,250	\$ 5,486,250
Totals	\$ 5,225,000		\$ 261,250	\$ 5,486,250	

(1) Coupon rates are estimated and subject to change.

See Appendix A: Risks and Assumptions

Proposed Waterworks Revenue Bonds, Series 2025

Estimated Sources and Uses of Funds

Estimated Sources of Funds:

Par Amount of Bonds - SRF Pool Program	\$ 46,607,000
Total Sources of Funds	\$ 46,607,000

Estimated Uses of Funds:

Project Fund	\$ 35,100,000
BAN Principal and Interest	5,486,250
Engineering Contract Admin & Post Con.	980,000
Construction Observation	1,050,000
Labor Standards	50,000
Capitalized Interest	3,689,696
Bond Counsel	65,000
Municipal Advisor	45,000
Parity Report	5,000
SRF Counsel	15,000
IURC Regulatory Fees	116,518
Additional Proceeds	4,536
Total Uses of Funds	\$ 46,607,000

Estimated 2025 Bonds Amortization Schedule

Date	Principal	Coupon (1)	Interest	Capitalized Interest	Period Total	Fiscal Total
7/1/26			\$ 1,359,371	\$ (1,359,371)		
1/1/27	\$ 1,000	5.00 %	1,165,175	(1,165,175)	\$ 1,000	\$ 1,000
7/1/27			1,165,150	(1,165,150)	-	
1/1/28	1,000	5.00	1,165,150		1,166,150	1,166,150
7/1/28			1,165,125		1,165,125	
1/1/29	580,000	5.00	1,165,125		1,745,125	2,910,250
7/1/29			1,150,625		1,150,625	
1/1/30	610,000	5.00	1,150,625		1,760,625	2,911,250
7/1/30			1,135,375		1,135,375	
1/1/31	640,000	5.00	1,135,375		1,775,375	2,910,750
7/1/31			1,119,375		1,119,375	
1/1/32	675,000	5.00	1,119,375		1,794,375	2,913,750
7/1/32			1,102,500		1,102,500	
1/1/33	705,000	5.00	1,102,500		1,807,500	2,910,000
7/1/33			1,084,875		1,084,875	
1/1/34	745,000	5.00	1,084,875		1,829,875	2,914,750
7/1/34			1,066,250		1,066,250	
1/1/35	780,000	5.00	1,066,250		1,846,250	2,912,500
7/1/35			1,046,750		1,046,750	
1/1/36	820,000	5.00	1,046,750		1,866,750	2,913,500
7/1/36			1,026,250		1,026,250	
1/1/37	860,000	5.00	1,026,250		1,886,250	2,912,500
7/1/37			1,004,750		1,004,750	
1/1/38	905,000	5.00	1,004,750		1,909,750	2,914,500
7/1/38			982,125		982,125	
1/1/39	950,000	5.00	982,125		1,932,125	2,914,250
7/1/39			958,375		958,375	
1/1/40	995,000	5.00	958,375		1,953,375	2,911,750
7/1/40			933,500		933,500	
1/1/41	1,045,000	5.00	933,500		1,978,500	2,912,000
7/1/41			907,375		907,375	
1/1/42	1,100,000	5.00	907,375		2,007,375	2,914,750
7/1/42			879,875		879,875	
1/1/43	1,155,000	5.00	879,875		2,034,875	2,914,750
7/1/43			851,000		851,000	
1/1/44	1,210,000	5.00	851,000		2,061,000	2,912,000
7/1/44			820,750		820,750	
1/1/45	1,270,000	5.00	820,750		2,090,750	2,911,500
7/1/45			789,000		789,000	
1/1/46	1,335,000	5.00	789,000		2,124,000	2,913,000

(1) Coupon rates are estimated and subject to change.

Estimated 2025 Bonds Amortization Schedule (Continued)

Date	Principal	Coupon (1)	Interest	Capitalized Interest	Period Total	Fiscal Total
7/1/46			\$ 755,625		\$ 755,625	
1/1/47	\$ 1,400,000	5.00 %	755,625		2,155,625	\$ 2,911,250
7/1/47			720,625		720,625	
1/1/48	1,470,000	5.00	720,625		2,190,625	2,911,250
7/1/48			683,875		683,875	
1/1/49	1,545,000	5.00	683,875		2,228,875	2,912,750
7/1/49			645,250		645,250	
1/1/50	1,620,000	5.00	645,250		2,265,250	2,910,500
7/1/50			604,750		604,750	
1/1/51	1,705,000	5.00	604,750		2,309,750	2,914,500
7/1/51			562,125		562,125	
1/1/52	1,790,000	5.00	562,125		2,352,125	2,914,250
7/1/52			517,375		517,375	
1/1/53	1,875,000	5.00	517,375		2,392,375	2,909,750
7/1/53			470,500		470,500	
1/1/54	1,970,000	5.00	470,500		2,440,500	2,911,000
7/1/54			421,250		421,250	
1/1/55	2,070,000	5.00	421,250		2,491,250	2,912,500
7/1/55			369,500		369,500	
1/1/56	2,175,000	5.00	369,500		2,544,500	2,914,000
7/1/56			315,125		315,125	
1/1/57	2,280,000	5.00	315,125		2,595,125	2,910,250
7/1/57			258,125		258,125	
1/1/58	2,395,000	5.00	258,125		2,653,125	2,911,250
7/1/58			198,250		198,250	
1/1/59	2,515,000	5.00	198,250		2,713,250	2,911,500
7/1/59			135,375		135,375	
1/1/60	2,640,000	5.00	135,375		2,775,375	2,910,750
7/1/60			69,375		69,375	
1/1/61	2,775,000	5.00	69,375		2,844,375	2,913,750
Totals	<u>\$ 46,607,000</u>		<u>\$ 54,356,846</u>	<u>\$ (3,689,696)</u>	<u>\$ 97,274,150</u>	

(1) Coupon rates are estimated and subject to change.

See Appendix A: Risks and Assumptions

Proposed Waterworks Revenue Bond Anticipation Note, Series 2025

Estimated Sources and Uses of Funds

Estimated Sources of Funds:	
Par Amount of Bond Anticipation Note	\$ 2,000,000

Total Sources of Funds	\$ 2,000,000
------------------------	--------------

Estimated Uses of Funds:	
Project Fund - Engineering Design and Bidding	\$ 1,900,000
Underwriter's Discount	20,000
Bond Counsel	45,000
Municipal Advisor	30,000
Registrar and Paying Agent	3,000
Additional Proceeds	2,000
Total Uses of Funds	\$ 2,000,000

See Appendix A: Risks and Assumptions

Estimated 2025 BAN Amortization Schedule

Date	Principal	Coupon (1)	Interest	Period Total	Fiscal Total
12/1/26	<u>\$ 2,000,000</u>	5.00 %	<u>\$ 100,000</u>	<u>\$ 2,100,000</u>	\$ 2,100,000
Totals	<u>\$ 2,000,000</u>		<u>\$ 100,000</u>	<u>\$ 2,100,000</u>	

(1) Coupon rates are estimated and subject to change.

See Appendix A: Risks and Assumptions

Proposed Waterworks Revenue Bonds, Series 2026

Estimated Sources and Uses of Funds

<u>Estimated Sources of Funds:</u>	
Par Amount of Bonds - SRF Pool Program 20 Years	\$ 28,161,000
Par Amount of Bonds - SRF Pool Program 35 Years	11,274,000
Total Sources of Funds	\$ 39,435,000
<u>Estimated Uses of Funds:</u>	
Project Fund - Plant	\$ 24,977,300
Project Fund - Meters	10,000,000
BAN Principal and Interest	2,100,000
Engineering Contract Admin & Post Con.	1,050,000
Construction Observation (3%)	1,050,000
Labor Standards	25,000
Bond Counsel	65,000
Municipal Advisor	45,000
Parity Report	5,000
SRF Counsel	15,000
IURC Regulatory Fees	98,588
Additional Proceeds	4,113
Total Uses of Funds	\$ 39,435,000

Estimated 2026A Bonds Amortization Schedule

Date	Principal	Coupon (1)	Interest	Period Total	Fiscal Total
7/1/27			\$ 821,363	\$ 821,363	
1/1/28	\$ 1,000	5.00 %	704,025	705,025	\$ 1,526,388
7/1/28			704,000	704,000	
1/1/29	1,000	5.00	704,000	705,000	1,409,000
7/1/29			703,975	703,975	
1/1/30	1,001,000	5.00	703,975	1,704,975	2,408,950
7/1/30			678,950	678,950	
1/1/31	1,051,000	5.00	678,950	1,729,950	2,408,900
7/1/31			652,675	652,675	
1/1/32	1,104,000	5.00	652,675	1,756,675	2,409,350
7/1/32			625,075	625,075	
1/1/33	1,159,000	5.00	625,075	1,784,075	2,409,150
7/1/33			596,100	596,100	
1/1/34	1,217,000	5.00	596,100	1,813,100	2,409,200
7/1/34			565,675	565,675	
1/1/35	1,278,000	5.00	565,675	1,843,675	2,409,350
7/1/35			533,725	533,725	
1/1/36	1,341,000	5.00	533,725	1,874,725	2,408,450
7/1/36			500,200	500,200	
1/1/37	1,408,000	5.00	500,200	1,908,200	2,408,400
7/1/37			465,000	465,000	
1/1/38	1,479,000	5.00	465,000	1,944,000	2,409,000
7/1/38			428,025	428,025	
1/1/39	1,553,000	5.00	428,025	1,981,025	2,409,050
7/1/39			389,200	389,200	
1/1/40	1,630,000	5.00	389,200	2,019,200	2,408,400
7/1/40			348,450	348,450	
1/1/41	1,712,000	5.00	348,450	2,060,450	2,408,900
7/1/41			305,650	305,650	
1/1/42	1,797,000	5.00	305,650	2,102,650	2,408,300
7/1/42			260,725	260,725	
1/1/43	1,887,000	5.00	260,725	2,147,725	2,408,450
7/1/43			213,550	213,550	
1/1/44	1,982,000	5.00	213,550	2,195,550	2,409,100
7/1/44			164,000	164,000	
1/1/45	2,081,000	5.00	164,000	2,245,000	2,409,000
7/1/45			111,975	111,975	
1/1/46	2,185,000	5.00	111,975	2,296,975	2,408,950
7/1/46			57,350	57,350	
1/1/47	<u>2,294,000</u>	5.00	<u>57,350</u>	<u>2,351,350</u>	2,408,700
Totals	<u>\$ 28,161,000</u>		<u>\$ 18,133,988</u>	<u>\$ 46,294,988</u>	

(1) Coupon rates are estimated and subject to change.

See Appendix A: Risks and Assumptions

Estimated 2026B Bonds Amortization Schedule

Date	Principal	Coupon (1)	Interest	Period Total	Fiscal Total
7/1/27			\$ 328,825	\$ 328,825	
1/1/28	\$ 1,000	5.00 %	281,850	282,850	\$ 611,675
7/1/28			281,825	281,825	
1/1/29	1,000	5.00	281,825	282,825	564,650
7/1/29			281,800	281,800	
1/1/30	150,000	5.00	281,800	431,800	713,600
7/1/30			278,050	278,050	
1/1/31	157,000	5.00	278,050	435,050	713,100
7/1/31			274,125	274,125	
1/1/32	165,000	5.00	274,125	439,125	713,250
7/1/32			270,000	270,000	
1/1/33	173,000	5.00	270,000	443,000	713,000
7/1/33			265,675	265,675	
1/1/34	182,000	5.00	265,675	447,675	713,350
7/1/34			261,125	261,125	
1/1/35	191,000	5.00	261,125	452,125	713,250
7/1/35			256,350	256,350	
1/1/36	201,000	5.00	256,350	457,350	713,700
7/1/36			251,325	251,325	
1/1/37	211,000	5.00	251,325	462,325	713,650
7/1/37			246,050	246,050	
1/1/38	221,000	5.00	246,050	467,050	713,100
7/1/38			240,525	240,525	
1/1/39	232,000	5.00	240,525	472,525	713,050
7/1/39			234,725	234,725	
1/1/40	244,000	5.00	234,725	478,725	713,450
7/1/40			228,625	228,625	
1/1/41	256,000	5.00	228,625	484,625	713,250
7/1/41			222,225	222,225	
1/1/42	269,000	5.00	222,225	491,225	713,450
7/1/42			215,500	215,500	
1/1/43	282,000	5.00	215,500	497,500	713,000
7/1/43			208,450	208,450	
1/1/44	297,000	5.00	208,450	505,450	713,900
7/1/44			201,025	201,025	
1/1/45	311,000	5.00	201,025	512,025	713,050
7/1/45			193,250	193,250	
1/1/46	327,000	5.00	193,250	520,250	713,500
7/1/46			185,075	185,075	
1/1/47	343,000	5.00	185,075	528,075	713,150
7/1/47			176,500	176,500	
1/1/48	360,000	5.00	176,500	536,500	713,000
7/1/48			167,500	167,500	
1/1/49	378,000	5.00	167,500	545,500	713,000
7/1/49			158,050	158,050	
1/1/50	397,000	5.00	158,050	555,050	713,100

(1) Coupon rates are estimated and subject to change.

Estimated 2026B Amortization Schedule (Continued)

Date	Principal	Coupon (1)	Interest	Period Total	Fiscal Total
7/1/50			\$ 148,125	\$ 148,125	
1/1/51	\$ 417,000	5.00 %	148,125	565,125	\$ 713,250
7/1/51			137,700	137,700	
1/1/52	438,000	5.00	137,700	575,700	713,400
7/1/52			126,750	126,750	
1/1/53	460,000	5.00	126,750	586,750	713,500
7/1/53			115,250	115,250	
1/1/54	483,000	5.00	115,250	598,250	713,500
7/1/54			103,175	103,175	
1/1/55	507,000	5.00	103,175	610,175	713,350
7/1/55			90,500	90,500	
1/1/56	532,000	5.00	90,500	622,500	713,000
7/1/56			77,200	77,200	
1/1/57	559,000	5.00	77,200	636,200	713,400
7/1/57			63,225	63,225	
1/1/58	587,000	5.00	63,225	650,225	713,450
7/1/58			48,550	48,550	
1/1/59	616,000	5.00	48,550	664,550	713,100
7/1/59			33,150	33,150	
1/1/60	647,000	5.00	33,150	680,150	713,300
7/1/60			16,975	16,975	
1/1/61	679,000	5.00	16,975	695,975	712,950
Totals	<u>\$ 11,274,000</u>		<u>\$ 12,727,425</u>	<u>\$ 24,001,425</u>	

(1) Coupon rates are estimated and subject to change.

See Appendix A: Risks and Assumptions

Proposed Waterworks Revenue Bonds, Series 2027

Estimated Sources and Uses of Funds

Estimated Sources of Funds:

Par Amount of Bonds - SRF Pool Program	\$	27,400,000
Total Sources of Funds	\$	27,400,000

Estimated Uses of Funds:

Project Fund	\$	25,685,000
Engineering Contract Admin & Post Con.		700,000
Construction Observation (3%)		760,000
Labor Standards		50,000
Bond Counsel		65,000
Municipal Advisor		45,000
Parity Report		5,000
SRF Counsel		15,000
IURC Regulatory Fees		68,500
Additional Proceeds		6,500
Total Uses of Funds	\$	27,400,000

Estimated 2027 Bonds Amortization Schedule

Date	Principal	Coupon (1)	Interest	Period Total	Fiscal Total
7/1/28			\$ 799,167	\$ 799,167	
1/1/29	\$ 1,000	5.00 %	685,000	686,000	\$ 1,485,167
7/1/29			684,975	684,975	
1/1/30	322,000	5.00	684,975	1,006,975	1,691,950
7/1/30			676,925	676,925	
1/1/31	338,000	5.00	676,925	1,014,925	1,691,850
7/1/31			668,475	668,475	
1/1/32	355,000	5.00	668,475	1,023,475	1,691,950
7/1/32			659,600	659,600	
1/1/33	373,000	5.00	659,600	1,032,600	1,692,200
7/1/33			650,275	650,275	
1/1/34	391,000	5.00	650,275	1,041,275	1,691,550
7/1/34			640,500	640,500	
1/1/35	411,000	5.00	640,500	1,051,500	1,692,000
7/1/35			630,225	630,225	
1/1/36	432,000	5.00	630,225	1,062,225	1,692,450
7/1/36			619,425	619,425	
1/1/37	453,000	5.00	619,425	1,072,425	1,691,850
7/1/37			608,100	608,100	
1/1/38	476,000	5.00	608,100	1,084,100	1,692,200
7/1/38			596,200	596,200	
1/1/39	500,000	5.00	596,200	1,096,200	1,692,400
7/1/39			583,700	583,700	
1/1/40	525,000	5.00	583,700	1,108,700	1,692,400
7/1/40			570,575	570,575	
1/1/41	551,000	5.00	570,575	1,121,575	1,692,150
7/1/41			556,800	556,800	
1/1/42	578,000	5.00	556,800	1,134,800	1,691,600
7/1/42			542,350	542,350	
1/1/43	607,000	5.00	542,350	1,149,350	1,691,700
7/1/43			527,175	527,175	
1/1/44	638,000	5.00	527,175	1,165,175	1,692,350
7/1/44			511,225	511,225	
1/1/45	670,000	5.00	511,225	1,181,225	1,692,450
7/1/45			494,475	494,475	
1/1/46	703,000	5.00	494,475	1,197,475	1,691,950
7/1/46			476,900	476,900	
1/1/47	738,000	5.00	476,900	1,214,900	1,691,800
7/1/47			458,450	458,450	
1/1/48	775,000	5.00	458,450	1,233,450	1,691,900
7/1/48			439,075	439,075	
1/1/49	814,000	5.00	439,075	1,253,075	1,692,150
7/1/49			418,725	418,725	
1/1/50	855,000	5.00	418,725	1,273,725	1,692,450

(1) Coupon rates are estimated and subject to change.

See Appendix A: Risks and Assumptions

Estimated 2027 Amortization Schedule (Continued)

Date	Principal	Coupon (1)	Interest	Period Total	Fiscal Total
7/1/50			\$ 397,350	\$ 397,350	
1/1/51	\$ 897,000	5.00 %	397,350	1,294,350	\$ 1,691,700
7/1/51			374,925	374,925	
1/1/52	942,000	5.00	374,925	1,316,925	1,691,850
7/1/52			351,375	351,375	
1/1/53	989,000	5.00	351,375	1,340,375	1,691,750
7/1/53			326,650	326,650	
1/1/54	1,039,000	5.00	326,650	1,365,650	1,692,300
7/1/54			300,675	300,675	
1/1/55	1,091,000	5.00	300,675	1,391,675	1,692,350
7/1/55			273,400	273,400	
1/1/56	1,145,000	5.00	273,400	1,418,400	1,691,800
7/1/56			244,775	244,775	
1/1/57	1,202,000	5.00	244,775	1,446,775	1,691,550
7/1/57			214,725	214,725	
1/1/58	1,263,000	5.00	214,725	1,477,725	1,692,450
7/1/58			183,150	183,150	
1/1/59	1,326,000	5.00	183,150	1,509,150	1,692,300
7/1/59			150,000	150,000	
1/1/60	1,392,000	5.00	150,000	1,542,000	1,692,000
7/1/60			115,200	115,200	
1/1/61	1,462,000	5.00	115,200	1,577,200	1,692,400
7/1/61			78,650	78,650	
1/1/62	1,535,000	5.00	78,650	1,613,650	1,692,300
7/1/62			40,275	40,275	
1/1/63	1,611,000	5.00	40,275	1,651,275	1,691,550
Totals	\$ 27,400,000		\$ 31,614,767	\$ 59,014,767	

(1) Coupon rates are estimated and subject to change.

See Appendix A: Risks and Assumptions

Estimated Combined Lease and Debt Amortization Schedule After Issuance of the 2027 Bonds

Year	2016 Bonds	2016 Refunding Bonds	Total Present Bonds	Estimated 2025 Bonds	Estimated 2026A Bonds	Estimated 2026B Bonds	Estimated 2027 Bonds	Total Present and Proposed Bonds	Water Equipment Lease	Bonds and Lease Total
2024	\$ 930,090	\$ 378,700	\$ 1,308,790					\$ 1,308,790	\$ 125,000	\$ 1,433,790
2025	931,490	374,700	1,306,190					1,306,190	150,000	1,456,190
2026	932,590	382,500	1,315,090	\$ 1,000				1,316,090	73,826	1,389,916
2027	937,680		937,680	1,166,150	\$ 1,526,388	\$ 611,675		4,241,893		4,241,893
2028	940,890		940,890	2,910,250	1,409,000	564,650	\$ 1,485,167	7,309,957		7,309,957
2029	937,140		937,140	2,911,250	2,408,950	713,600	1,691,950	8,662,890		8,662,890
2030	942,250		942,250	2,910,750	2,408,900	713,100	1,691,850	8,666,850		8,666,850
2031	938,550		938,550	2,913,750	2,409,350	713,250	1,691,950	8,666,850		8,666,850
2032	934,250		934,250	2,910,000	2,409,150	713,000	1,692,200	8,658,600		8,658,600
2033	934,350		934,350	2,914,750	2,409,200	713,350	1,691,550	8,663,200		8,663,200
2034	933,700		933,700	2,912,500	2,409,350	713,250	1,692,000	8,660,800		8,660,800
2035	937,300		937,300	2,913,500	2,408,450	713,700	1,692,450	8,665,400		8,665,400
2036				2,912,500	2,408,400	713,650	1,691,850	7,726,400		7,726,400
2037				2,914,500	2,409,000	713,100	1,692,200	7,728,800		7,728,800
2038				2,914,250	2,409,050	713,050	1,692,400	7,728,750		7,728,750
2039				2,911,750	2,408,400	713,450	1,692,400	7,726,000		7,726,000
2040				2,912,000	2,408,900	713,250	1,692,150	7,726,300		7,726,300
2041				2,914,750	2,408,300	713,450	1,691,600	7,728,100		7,728,100
2042				2,914,750	2,408,450	713,000	1,691,700	7,727,900		7,727,900
2043				2,912,000	2,409,100	713,900	1,692,350	7,727,350		7,727,350

Estimated Combined Lease and Debt Amortization Schedule After Issuance of the 2027 Bonds (Continued)

Year	2016 Bonds	2016 Refunding Bonds	Total Present Bonds	Estimated 2025 Bonds	Estimated 2026A Bonds	Estimated 2026B Bonds	Estimated 2027 Bonds	Total Present and Proposed Bonds	Water Equipment Lease	Bonds and Lease Total
2044				\$ 2,911,500	\$ 2,409,000	\$ 713,050	\$ 1,692,450	\$ 7,726,000		\$ 7,726,000
2045				2,913,000	2,408,950	713,500	1,691,950	7,727,400		7,727,400
2046				2,911,250	2,408,700	713,150	1,691,800	7,724,900		7,724,900
2047				2,911,250		713,000	1,691,900	5,316,150		5,316,150
2048				2,912,750		713,000	1,692,150	5,317,900		5,317,900
2049				2,910,500		713,100	1,692,450	5,316,050		5,316,050
2050				2,914,500		713,250	1,691,700	5,319,450		5,319,450
2051				2,914,250		713,400	1,691,850	5,319,500		5,319,500
2052				2,909,750		713,500	1,691,750	5,315,000		5,315,000
2053				2,911,000		713,500	1,692,300	5,316,800		5,316,800
2054				2,912,500		713,350	1,692,350	5,318,200		5,318,200
2055				2,914,000		713,000	1,691,800	5,318,800		5,318,800
2056				2,910,250		713,400	1,691,550	5,315,200		5,315,200
2057				2,911,250		713,450	1,692,450	5,317,150		5,317,150
2058				2,911,500		713,100	1,692,300	5,316,900		5,316,900
2059				2,910,750		713,300	1,692,000	5,316,050		5,316,050
2060				2,913,750		712,950	1,692,400	5,319,100		5,319,100
2061							1,692,300	1,692,300		1,692,300
2062							1,691,550	1,691,550		1,691,550
Totals	\$ 11,230,280	\$ 1,135,900	\$ 12,366,180	\$ 97,274,150	\$ 46,294,988	\$ 24,001,425	\$ 59,014,767	\$ 238,951,510	\$ 348,826	\$ 239,300,336
(Estimated) Maximum Annual Debt Service			\$ 1,315,090					\$ 8,666,850		
Estimated Maximum Combined Annual Bond Debt Service and Lease Payment										\$ 8,666,850

Statement of Revenue Requirements

	2025 Phase I	January 2026 Phase II	January 2027 Phase III	January 2028 Phase IV	January 2029 Phase V
Adjusted Operation and Maintenance Expenses	\$ 10,327,225	\$ 10,327,225	\$ 10,327,225	\$ 10,327,225	\$ 10,327,225
Adjusted Taxes Other Than Income Taxes	908,049	908,049	908,049	908,049	908,049
Current Annual Lease Payment	150,000	73,826			
Combined Current Annual Debt Service	1,306,190	1,315,090	937,680	940,890	937,140
2025 Bonds Estimated Annual Debt Service		1,000	1,166,150	2,910,250	2,911,250
2026 Bonds Estimated Annual Debt Service			2,138,063	1,973,650	3,122,550
2027 Bonds Estimated Annual Debt Service				1,485,167	1,691,950
2025 Bonds Debt Service Reserve Annual Funding		582,950	582,950	582,950	582,950
2026 Bonds Debt Service Reserve Annual Funding			624,600	624,600	624,600
2027 Bonds Debt Service Reserve Annual Funding				338,490	338,490
Operating Fund Balance Build Up		185,126	185,126	185,126	
Extensions and Replacements	1,000,000	1,000,000	1,000,000	1,000,000	2,842,400
Total Revenue Requirements	13,691,464	14,393,266	17,869,843	21,276,397	24,286,604
Less: Adjusted Operating Revenues	(11,074,869)	(13,695,373)	(14,397,059)	(17,874,993)	(21,268,321)
Deficit	2,616,595	697,893	3,472,784	3,401,404	3,018,283
Divide by: Adjustable Operating Revenues	10,873,460	13,493,964	14,195,650	17,673,584	21,066,912
Percentage Revenue Increase Required	24.1%	5.2%	24.5%	19.2%	14.3%
Compounded Revenue Increase	24.1%	30.5%	62.5%	93.8%	121.5%

Note: Actual percentage rate increases will vary by customer class pending results of the Utility's cost of service study.

See Appendix A: Assumptions

Present Rates and Charges

	Present Rates (1)
<u>Metered Rates Per Month</u>	
First 5 CCF	\$ 4.168
Next 40 CCF	2.363
Next 255 CCF	2.044
Next 700 CCF	1.768
Over 1,000 CCF	1.539
<u>Minimum Charge Per Month</u>	
5/8 inch meter	16.66
3/4 inch meter	32.19
1 inch meter	60.64
1 1/2 inch meter	119.22
2 inch meter	145.06
3 inch meter	229.20
4 inch meter	288.42
6 inch meter	596.72
8 inch meter	897.33
10 inch meter	1,217.10
<u>Private Fire Protection Service - Per Month</u>	
Service from 2 inch line	2.66
Service from 2 1/2 inch line	4.79
Service from 3 inch line	7.74
Service from 4 inch line	16.53
Service from 6 inch line	47.97
Service from 8 inch line	102.22
Service from 10 inch line	183.83
Service from 12 inch line	296.94
Private Fire Hydrant	47.97
<u>Public Fire Protection</u>	
5/8 inch connection	2.67
3/4 inch connection	3.87
1 inch connection	6.86
1 1/2 inch connection	15.46
2 inch connection	27.47
3 inch connection	61.81
4 inch connection	109.88
6 inch connection	247.22
8 inch connection	439.54
10 inch connection	686.77
12 inch connection	988.97

- (1) Present Rates and Charges were approved by the Indiana Utility Regulatory Commission and reflect a 1.4% decrease for the elimination of the Utility Receipts Tax (URT) and effective June 28, 2022. Prior to the URT decrease, the rates and charges had been implemented June 7, 2016, pursuant to the Order dated March 4, 2015, in Cause No. 44510. Proposed rates and charges related to the revenue requirements in this Report will be calculated through the Utility's cost of service study.

Appendix A: Assumptions

The following assumptions, provided by and approved by the management of the Utility, were used in preparation of the Report.

#	Report Area	Assumption
1	All	Operating Revenues, Operation and Maintenance Expenses, and Taxes Other Than Income Taxes of the Utility for the year ending December 31, 2023, ("Test Year") are representative of expected pro forma operating results, except where otherwise noted.
2	All	Assumes no provision for new debt or leases beyond those summarized in the Estimated Combined Amortization Schedule After Issuance of 2027 Bonds.
3	Adjusted Statement of Income	Consumption patterns and number of customers are assumed to be stable and not materially fluctuate in future years from the Test Year.
4	Adjusted Statement of Income	Adjustment 1: Retroactive pay for settlement of union contracts went into effect midway through the Test Year. Salaries and Wages for union employees were annualized based on earnings during the final quarter of the year, adjusted for longevity payments received during December.
5	Adjusted Statement of Income	Adjustment 2: Assumes increase of three percent (3%) for all Utility union employees.
6	Adjusted Statement of Income	Adjustment 3: An increase in salaries and wages of three percent (3%) will occur in 2024. The 2024 increase was approved by the Common Council of the City in multiple ordinances.
7	Adjusted Statement of Income	Adjustment 4: Eight additional employee positions provided by Management of the Utility will be filled on or shortly after approval of rates before the Indiana Utility Regulatory Commission. Assumes hourly rates/salary provided by Management and 2,080 working hours.
8	Adjusted Statement of Income	Adjustment 5: Estimated employer share of insurance expenses for eight additional employee positions provided by Management of the Utility.
9	Adjusted Statement of Income	Adjustment 6: The PERF contribution rate of 11.2% will remain constant. All salaries and wages of the Utility are subject to PERF contributions.
10	Adjusted Statement of Income	Adjustment 7: The contract with Suez for well maintenance is scheduled to increase in 2024.
11	Adjusted Statement of Income	Adjustment 8: Management of the Utility does not anticipate similar levels of union arbitration expenses incurred during the test year in a typical operating year.
12	Adjusted Statement of Income	Adjustment 9: Engineering fees billed from CHA and hydrogeological consulting services billed from Eagon & Associates relate to capital projects and will be funded from ongoing extensions and replacements or bond issuances in the future. Rate case expenses will be recovered by the Utility through Adjustment 12.
13	Adjusted Statement of Income	Adjustment 10: Budgeted 2024 amount is representative of future levels of expense.
14	Adjusted Statement of Income	Adjustment 11: Budgeted 2024 amount is representative of future levels of expense.
15	Adjusted Statement of Income	Adjustment 12: Based on estimated rate case expenses provided by Crowe LLP, Utility Financial Solutions, and

#	Report Area	Assumption
		Bose, McKinney, & Evans LLP. Expenses are amortized over a four-year time period.
16	Adjusted Statement of Income	Adjustment 13: Pro Forma Contribution in Lieu of Taxes calculated based on the sum of Net Utility Plant in Service plus Construction Work in Progress from the Utility's records as of December 31, 2023, multiplied by the City's corporate property tax rate for 2024 per \$100 of assessed valuation. All Utility Plant in Service and Construction Work in Progress are located inside the City's corporate boundaries.
17	Adjusted Statement of Income	Adjustment 14: The FICA rate of seven and sixty-five hundredths percent (7.65%) will remain constant.
18	Capital Improvement Plan	<ul style="list-style-type: none"> • Capital Improvement Plan provided by the Utility. Select projects will be funded through the 2025 Bonds, the 2026 Bonds, and the 2027 Bonds and a future cause as indicated within the Capital Improvement Plan. The City of Anderson will fund \$28,169,000 of projects through other available funds contributed to the Utility. • Cash funded extensions and replacements will consist of \$1,000,000 for years 2025 through 2028, and \$2,842,000 in 2029. Altogether, an estimate of \$5,842,400 of extensions and replacements will be cash funded. • Capital Improvement Plan does not include the engineering costs associated with the project planning/design or during construction. Those costs are shown in the proposed sources and uses of the Bond Anticipation Notes and Bonds.
19	Estimated Sources and Uses	<ul style="list-style-type: none"> • Project costs based on sum of projects to be financed as indicated on the Capital Improvement Plan provided by Management of the Utility. • Project costs and engineering fees were provided by Management of the Utility. • Debt Service Reserve Funds are based on the combined maximum annual debt service of the Utility's current and proposed debt less the reserve balance as of December 31, 2023. • IURC Regulatory Fees are based on \$2.50 per \$1,000 of the par of the Bonds proposed to be issued. • Costs of issuance are estimates based on similar transactions.
20	Estimated Amortization Schedule	Coupon rates based on indicative pricing from the Indiana Finance Authority State Revolving Fund Pool Program during March 2024, plus additional basis points for timing. Rates are estimated and subject to change.
21	Statement of Revenue Requirements	<ul style="list-style-type: none"> • Phase I rate increases are proposed to take effect at the receipt of the Commission's order, with each successive Phase taking effect on the following January 1. • Phase I, Phase II, Phase III, Phase IV, and Phase V include Combined Current Annual Debt and Proposed Estimated Annual Debt Service in order to align expected implementation of rates with revenue requirements. • Extensions and Replacements is funded below the calculated required amount of Extensions and Replacements on advice of Management of the Utility.

Attachment JZW-2

**Anderson Common Council
ORDINANCE NO. 37-24**

AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF ANDERSON AUTHORIZING THE ACQUISITION OF, AND THE CONSTRUCTION OF, CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE WATERWORKS SYSTEM OF THE CITY, THE ISSUANCE OF REVENUE BONDS TO PROVIDE THE COST THEREOF, THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SUCH SYSTEM, THE SAFEGUARDING OF THE INTERESTS OF THE OWNERS OF SUCH REVENUE BONDS AND OTHER MATTERS CONNECTED THEREWITH, INCLUDING THE ISSUANCE OF NOTES IN ANTICIPATION OF SUCH BONDS, AND REPEALING ORDINANCES INCONSISTENT HEREWITH.

WHEREAS, the City of Anderson, Indiana (the "City") has heretofore established, constructed and financed a municipal waterworks system for the purpose of providing for the collection, treatment and delivery of water in the City (the "System") and now owns and operates the System pursuant to Indiana Code 8-1.5, as in effect on the issue date of the bond anticipation notes or the bonds, as applicable, which are authorized herein (the "Act") (all references herein to the Indiana Code are designated hereafter as "IC" followed by the applicable code section or sections); and

WHEREAS, the System is subject to the authority and regulation of the Indiana Utility Regulatory Commission ("IURC") and prior to the issuance of the herein authorized Bonds (as hereinafter defined), the City will have received the approval of the IURC to issue such Bonds for the purposes as herein described; and

WHEREAS, the Common Council of the City (the "Common Council") finds: (i) that the acquisition of, and the construction of, certain improvements and extensions to, the System, including, without limitation, (a) the acquisition, construction and installation of new water mains and lines for the purpose of expanding the System and replacing aging or undersized water lines, (b) the maintenance and replacement of water wells, (c) the rehabilitation, replacement, and/or construction of water treatment plants, (d) the maintenance of elevated storage tanks, (e) the acquisition and installation of equipment appurtenant thereto, (f) the acquisition of real estate appurtenant to the construction of certain improvements and extensions to the System, and (g) the making of other site improvements related thereto (collectively, the "Project"), are necessary; (ii) that a preliminary engineering report and cost estimates for the Project (the "Engineering Report") have been prepared by Robert E. Curry & Associates, Inc., of Danville, Indiana (the "Engineer"), the engineer employed by the City for the acquisition and construction of the Project, and (iii) that the Engineering Report has been or will be submitted to all government authorities having jurisdiction, and has been or will be approved by the aforesaid government authorities; and

WHEREAS, the City will advertise for and receive bids for the construction of the Project, and such bids will be subject to the Common Council's determination to acquire and construct the Project and the City obtaining funds for the Project; and

WHEREAS, on the basis of the Engineer's estimate, the cost of the Project, including incidental expenses, is in the amount of approximately One Hundred Fifty-Eight Million One Hundred Fifty Thousand Dollars (\$158,150,000); and

WHEREAS, the Common Council finds that the City intends on applying American Rescue Plan funds ("ARP Funds") and tax increment revenues ("TIF") available to the City in the combined total amount of approximately Twenty-Eight Million One Hundred Fifty Thousand Dollars (\$28,150,000) for costs of the Project; and

WHEREAS, the Common Council finds that it is necessary to authorize the financing of the balance of the cost of the Project, to the extent not funded by ARP Funds and TIF, by the issuance of the City's waterworks revenue bonds in one or more series, from time to time, in an aggregate principal amount not to exceed One Hundred Thirty Million Dollars (\$130,000,000) (the "Bonds") and, if necessary, bond anticipation notes of the City (the "BANs"); and

WHEREAS, the Common Council finds that there are outstanding bonds payable out of the Net Revenues (as hereinafter defined) of the System, designated as the (i) City of Anderson, Indiana Waterworks Revenue Bonds, Series 2016, dated May 25, 2016 (the "2016 Bonds"), now outstanding in the aggregate principal amount of Nine Million Four Hundred Five Thousand Dollars (\$9,405,000) and maturing annually on January 1 over a period ending January 1, 2036, and (ii) City of Anderson, Indiana Waterworks Refunding Revenue Bonds, Series 2016, dated July 27, 2016 (the "2016 Refunding Bonds"), now outstanding in the aggregate principal amount of One Million Eighty-Five Thousand Dollars (\$1,085,000) and maturing annually on January 1 over a period ending January 1, 2027, which 2016 Bonds and 2016 Refunding Bonds (collectively, the "Outstanding Parity Bonds") constitute a first charge on the Net Revenues of the System; and

WHEREAS, in addition to the Outstanding Parity Bonds, there are certain outstanding bond anticipation notes of the System payable from the proceeds of waterworks revenue bonds designated as the City's Taxable Waterworks Bond Anticipation Note of 2024, dated March 6, 2024, now outstanding in the aggregate principal amount of Four hundred Thousand Dollars (\$400,000) and maturing on December 31, 2024 (the "2024 BAN"); and

WHEREAS, the 2024 BAN is subject to Loan Forgiveness (as defined in the 2024 BAN) and does not constitute a charge against the Net Revenues of the System; and

WHEREAS, the ordinances 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 conditions can be met, and the City finds that the finances of the System will enable the City to meet the conditions for the issuance of additional parity bonds and that, accordingly, the Bonds authorized herein shall rank on a parity with the Outstanding Parity Bonds; and

WHEREAS, the Bonds to be issued pursuant to this ordinance will constitute a first charge against the Net Revenues of the System, on a parity with the payment of the Outstanding Parity Bonds, and are to be issued subject to the provisions of the laws of the Act and the terms and restrictions of this ordinance; and

WHEREAS, other than the Outstanding Parity Bonds, there are no other outstanding bonds of the System or any other obligations payable out of the Net Revenues; and

WHEREAS, the City desires to authorize the issuance of BANs hereunder, if necessary, payable solely from the proceeds of the Bonds issued hereunder, and, with respect to interest only, proceeds of the BANs allocable to capitalized interest and/or Net Revenues of the System, junior and subordinate to the Outstanding Parity Bonds, any Bond herein authorized, and any additional bonds issued pursuant to Section 18 hereof, and to authorize the refunding of said BANs, if issued; and

WHEREAS, the Common Council desires to authorize the funding of capitalized interest on the Bonds herein authorized, if necessary; and

WHEREAS, the Common Council has been advised by the City's municipal advisor that it may be economically efficient to acquire a municipal bond insurance policy and/or debt service reserve surety for the Bonds hereby authorized; and

WHEREAS, if the Bonds or BANs herein authorized are sold to the Indiana Finance Authority (the "Authority") as part of its drinking water revolving loan program, supplemental drinking water and wastewater assistance program, water infrastructure assistance program and/or water infrastructure grant program, established and existing pursuant to IC 5-1.2-1 through IC 5-1.2-4, IC 5-1.2-10, IC 5-1.2-11, IC 5-1.2-14 and/or IC 5-1.2-14.5 (collectively, the "IFA Program"), the City will enter into a Financial Assistance Agreement, Funding Agreement, Grant Agreement and/or Financial Aid Agreement (substantially in the form attached hereto as Exhibit A and made a part hereof) together with any subsequent amendments thereto (collectively, the "Financial Assistance Agreement") with the Authority pertaining to the Project and the financing thereof; and

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

WHEREAS, the Common Council understands that for the Project to be permitted to be financed under the IFA Program, the City must (a) agree to own, operate and maintain the System and the Project for their useful life and (b) represent and warrant to the Authority that the City has no intent to sell, transfer or lease the System or the Project for their useful life; and

WHEREAS, it is anticipated that the City will advance all or a portion of the costs of the Project prior to the issuance of the BANs or the Bonds, with such advance to be repaid from proceeds of the BANs or the Bonds upon the issuance thereof; and

WHEREAS, Section 1.150-2 of the Treasury Regulations on Income Tax (the "Reimbursement Regulations") specifies conditions under which a reimbursement allocation may be treated as an expenditure of Bond proceeds, and the City intends by this ordinance to qualify amounts advanced by the City to the Project for reimbursement from proceeds of the BANs or the Bonds in accordance with the requirements of the Reimbursement Regulations; and

WHEREAS, the Common Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of said Bonds and BANs have been complied with in accordance with the provisions of the Act; now, therefore,

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF ANDERSON, INDIANA, THAT:

Sec. 1. Authorization of Project.

(a) The City shall proceed with the completion of the Project in accordance with the Engineering Report. The aggregate cost of the Project shall not exceed the sum of One Hundred Fifty-Eight Million One Hundred Fifty Thousand Dollars (\$158,150,000), plus investment earnings on the proceeds of the BANs and the Bonds. The terms “waterworks,” “waterworks system,” “works,” “System,” and words of like import where used in this ordinance shall be construed to mean and include the existing waterworks system of the City (and its Drinking Water System as defined in the Financial Assistance Agreement, if applicable), 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. If the Bonds herein authorized will be sold to the IFA Program, such terms shall also be construed to mean the Drinking Water System, as defined in the Financial Assistance Agreement to be entered into, in such case, between the City and the Authority through the IFA Program. The Project shall be constructed in accordance with the plans and specifications heretofore mentioned, which Project and plans and specifications are hereby approved. The Project shall be constructed and the BANs and Bonds herein authorized shall be issued pursuant to and in accordance with the Act.

(b) In the event the Bonds herein authorized or the BANs are purchased by the Authority as part of the IFA Program, on behalf of the City, the Common Council hereby (i) agrees to own, operate and maintain the System and the Project for their useful life and (ii) represents and warrants to the Authority that the City has no intent to sell, transfer or lease the System or the Project for their useful life.

Sec. 2. Issuance of BANs and Bonds.

(a) The City shall issue, if necessary, the BANs for the purpose of procuring interim financing to pay the costs of the Project, capitalized interest, if any, and if deemed appropriate, the costs of issuance of the BANs. The City may issue the BANs in one or more series, in an aggregate amount outstanding at any one time not to exceed One Hundred Thirty Million Dollars (\$130,000,000) to be designated “Waterworks Bond Anticipation Notes, Series 202__,” to be completed with the appropriate year of issuance and an alphabetical designation, if necessary. The BANs shall be lettered and numbered consecutively from R-1 and upward, and shall be in authorized denominations of (i) \$5,000 or integral multiples thereof or (ii) \$100,000 and any \$5,000 integral multiple in excess thereof, as determined by the Controller of the City (the “Controller”), with the advice of Crowe LLP, the municipal advisor to the City (the “Municipal Advisor”). The BANs shall be dated as of the date of delivery thereof and shall bear interest at a rate not to exceed 7.0% per annum (the exact rate or rates to be determined through negotiations)

payable either upon maturity or redemption. Further, the BANs shall be sold at not less than 99% of their par value. Each series of BANs will mature no later than five (5) years after their date of delivery, unless determined otherwise by the Controller, with the advice of the Municipal Advisor and Bose McKinney & Evans LLP, bond counsel to the City ("Bond Counsel"). The BANs are subject to renewal or extension at an interest rate or rates not to exceed 7.0% per annum (the exact rate or rates to be negotiated with the purchaser of the BANs). The term of the BANs and all renewal BANs may not exceed five (5) years from the date of delivery of the initial BANs. The BANs shall be registered in the name of the purchasers thereof.

(b) The BANs shall be issued pursuant to IC 5-1.2-1 through IC 5-1.2-4, IC 5-1.2-10, IC 5-1.2-11, IC 5-1.2-14 and/or IC 5-1.2-14.5 if sold to the Authority, or pursuant to IC 5-1-14-5 if sold to a financial institution or any other purchaser. The City shall pledge to the payment of the principal of and interest on the BANs the proceeds from the issuance of revenue bonds pursuant to and in the manner prescribed by the Act.

(c) Interest on the BANs may, as determined by the Controller, with the advice of the City's municipal advisor, also be payable from capitalized interest and/or Net Revenues of the System. Interest on the BANs shall be calculated according to a 360-day calendar year containing twelve 30-day months. Any pledge of Net Revenues of the System to the payment of interest on the BANs shall be junior and subordinate to the payment of the Outstanding Parity Bonds, any Bonds issued pursuant to this ordinance and any additional parity bonds issued in the future pursuant to Section 18 of this ordinance (the "Future Parity Bonds"). The BANs shall rank on a parity with respect to the pledge of Net Revenues of the System in the event more than one (1) series of BANs is outstanding and secured, with respect to the payment of interest thereon, by the Net Revenues of the System.

(d) Notwithstanding anything in this ordinance to the contrary, any series of BANs issued hereunder may bear interest that is taxable and included in the gross income of the owners thereof. If any such BANs are issued on a taxable basis, the designated name shall include the term "Taxable" as the first word in the designated name.

(e) The City shall issue the Bonds, in one or more series, in an aggregate principal amount not to exceed One Hundred Thirty Million Dollars (\$130,000,000) to be designated "Waterworks Revenue Bonds, Series 202__," to be completed with the year in which the Bonds are issued and an alphabetical designation, if necessary, purpose of procuring funds to apply on the costs of the Project, capitalized interest, if necessary, refunding the BANs, if issued, funding a reserve, if necessary, and costs of issuance of the Bonds, including the purchase, if necessary, of a municipal bond insurance policy and/or debt service reserve surety. Each series of Bonds shall rank on a parity with the other series, including the Outstanding Parity Bonds, for all purposes, including the pledge of Net Revenues under this ordinance.

(f) The Bonds shall be issued and sold at a price not less than 99.0% of the par value thereof. The Bonds shall be issued in fully registered form in denominations of (i) Five Thousand Dollars (\$5,000) or integral multiples thereof; (ii) One Dollar (\$1) or integral multiples thereof, if the Bonds are sold to the Authority through the IFA Program or (iii) One Hundred Thousand Dollars (\$100,000), plus any integral multiple of One Thousand Dollars (\$1,000) in excess thereof, or the aggregate principal amount of such Bonds maturing in any year if less than One Million

Dollars (\$1,000,000), if sold through a private placement. The Bonds shall be numbered consecutively from 1 up and shall be originally dated as of their date of delivery. The Bonds shall bear interest at a rate or rates not exceeding 7.0% per annum (the exact rate or rates to be determined by bidding or through negotiation, as applicable). The interest on the Bonds 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 following the date of delivery of the Bonds, as selected by the Controller, with the advice of the Municipal Advisor. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal office of the Paying Agent (as hereinafter defined). The Bonds shall mature annually on January 1 of each year, or be subject to mandatory sinking fund redemption on January 1 of each year, over a period ending no later than thirty-five (35) years from the date of issuance of the Bonds. The Bonds shall mature in such amounts that will (i) produce as level annual debt service as practicable taking into account the denominations of the Bonds, (ii) if the Bonds will be sold to the IFA Program, enable the City to meet the requirements of the IFA Program (in such case, the debt service schedule shall be finalized and set forth in the Financial Assistance Agreement) or (iii) otherwise enable the City to meet the financial objectives for the System, as determined by the Controller with the advice of the Municipal Advisor.

(g) All or a portion of the Bonds may be issued as one or more term bonds, upon election of the purchaser. Such term bonds shall have a stated maturity or maturities consistent with the maturity schedule determined in accordance with the preceding paragraph, on the dates 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 hereafter determined in accordance with the preceding paragraph.

(h) The Bonds will be payable solely out of and constitute a first charge against the Net Revenues (herein defined as gross revenues of the System remaining after the payment of the reasonable expenses of operation, repair and maintenance) of the System, on parity with the Outstanding Parity Bonds. In the event the Bonds are sold to the Authority through the IFA Program, the definition of Net Revenues as set forth above shall be modified such that Net Revenues means gross revenues of the System, inclusive of System Development Charges (as hereafter defined), remaining after the payment of the reasonable expenses of operation, repair and maintenance, excluding transfers for payment in lieu of property taxes, of the System. For purposes of this ordinance, "System Development Charges" shall mean, and shall only be applicable if the Bonds are sold to the Authority through the IFA Program, the proceeds and balances from any non-recurring charges such as tap fees, subsequent connector fees, capacity or contribution fees, and other similar one-time charges that are available for deposit under this ordinance. Interest on the Bonds shall be calculated according to a 360-day calendar year containing twelve 30-day months.

(i) Notwithstanding anything contained herein, the City may accept any other forms of financial assistance, as and if available, from the IFA Program (including without limitation any forgivable loans, grants or other assistance) whether available as an alternative to any Bond or BAN related provision otherwise provided for herein or as a supplement or addition thereto. If required by the IFA Program to be eligible for such financial assistance, one or more of the series of the Bonds issued hereunder may be issued on a basis such that the payment of the principal of

or interest on (or both) such series of Bonds is junior and subordinate to the payment of the principal of and interest on other series of Bonds issued hereunder (and/or any other revenue bonds secured by a pledge of Net Revenues, whether now outstanding or hereafter issued), all as provided by the terms of such series of Bonds as modified pursuant to this authorization. Such financial assistance, if any, shall be provided in the Financial Assistance Agreement and the Bonds of each series of Bonds issued hereunder (including any modification made pursuant to the authorization in this paragraph to the form of Bonds otherwise contained herein).

(j) The Controller, is hereby authorized to select and appoint a qualified financial institution to serve as Registrar and Paying Agent for the Bonds and the BANs, which Registrar is hereby charged with the responsibility of authenticating the Bonds (the "Registrar" or "Paying Agent"). The Controller is hereby authorized to enter into such agreements or understandings with such institution as will enable the institution to perform the services required of a Registrar and Paying Agent. The 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 Sinking Fund (as hereinafter defined) established to pay the principal of and interest on the Bonds as fiscal agency charges. As to the BANs and as to the Bonds, if sold to a purchaser that does not object to such designation, the Controller may serve as Registrar and Paying Agent and is, in such case, hereby charged with the duties of a Registrar and Paying Agent.

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

(l) If the Bonds are not sold to the Authority through the IFA Program or if wire transfer payment is not required, the principal of the Bonds shall be payable at the principal office of the Paying Agent and all payments of interest on the Bonds shall be paid by check mailed one business day prior to the interest payment date to the registered owners thereof, as of the fifteenth day of the month preceding each payment (the "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).

(m) All payments on the BANs and 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.

(n) 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 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.

(o) Interest on Bonds sold to the Authority through the IFA Program shall be paid from the date or dates which are set forth in the Financial Assistance Agreement. Interest on all other 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.

Sec. 3. Redemption of BANs and Bonds.

(a) If deemed appropriate by the Controller, with the advice of the Municipal Advisor, the BANs shall be pre-payable by the City, in whole or in part, on or after the date determined to be most appropriate by the Controller, with the advice of the Municipal Advisor, upon 20 days' notice to the owner of the BANs, without any premium, but with accrued interest to the date of prepayment.

(b) The Bonds are redeemable at the option of the City. If the Bonds are sold to the Authority through the IFA Program, the Bonds are redeemable at the option of the City no sooner than ten (10) years after their date of delivery, or any date thereafter, on sixty (60) days' notice, in whole or in part, in inverse order of maturity, and by lot within a maturity, at face value together with a premium no greater than 2%, plus accrued interest to the date fixed for redemption; provided, however, if the Bonds are sold to the IFA Program and registered in the name of the Authority, the Bonds shall not be redeemable at the option of the City unless and until consented to by the Authority. If the Bonds are sold to a purchaser other than the Authority through the IFA Program, the Bonds are redeemable no sooner than such date as shall be determined by the Controller, prior to the sale of the Bonds, with the advice of the Municipal Advisor, or any date thereafter, on thirty (30) days' notice, in whole or in part, in the order of maturity as determined by the City, and by lot within a maturity, at face value with no premium, plus accrued interest to the date fixed for redemption. The exact redemption dates and premiums shall be established by the Controller, with the advice of the Municipal Advisor, prior to the sale of the Bonds.

(c) If any Bond is issued as a term bond, the Paying Agent shall credit against the mandatory sinking fund requirement for the Bonds maturing as term bonds, and corresponding mandatory redemption obligation, in the order determined by the City, 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.

(d) 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.

(e) In either case, notice of redemption shall be given not less than sixty (60) days, if the Bonds are sold to the Authority through the IFA Program, and thirty (30) days if the Bonds are sold to another purchaser, prior to the date fixed for redemption unless such redemption notice is waived by the owner of the Bond or Bonds redeemed. Such notice shall be mailed to the address of the registered owner as shown on the registration record of the City as of the date which is sixty-five (65) days if the Bonds are sold to the Authority through the IFA Program, and forty-five (45) days if the Bonds are sold to another purchaser, prior to such redemption date. The notice shall specify the date and place of redemption and sufficient identification of the Bonds called for redemption. The place of redemption may be determined by the City. 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.

Sec. 4. Execution and Authentication of the BANs and the Bonds; Pledge of Net Revenues to the Bonds.

(a) The BANs and Bonds shall be signed in the name of the City by the manual or facsimile signature of the Mayor of the City (the "Mayor"), countersigned by the manual or facsimile signature of the Controller and attested by the manual or facsimile signature of the Clerk of the City (the "Clerk"), who shall affix the seal of said City to each of said Bonds and BANs 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 said Bonds and BANs. In case any officer whose signature or facsimile signature appears on the Bonds or BANs shall cease to be such officer before the delivery of the Bonds or BANs, the signature of such officer shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. The Bonds shall also be authenticated by the manual signature of an authorized representative of the Registrar and no Bond shall be valid or become obligatory for any purpose until the certificate of authentication thereon has been so executed.

(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 System, on a parity with the Outstanding Parity Bonds. The

City shall not be obligated to pay said Bonds or the interest thereon except from the Net Revenues of said System, and said Bonds shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana. Said Bonds and BANs shall have all of the qualities of negotiable instruments under the laws of the State of Indiana subject to the provisions for registration herein.

Sec. 5. Book-Entry Provisions.

(a) The City may, upon the advice of its municipal advisor, have the Bonds held by a central depository system pursuant to an agreement between the City and The Depository Trust Company, New York, New York (the "DTC") and have transfers of the Bonds effected by book-entry on the books of the central depository system. In such case, the Bonds shall be issued in the name of Cede & Co., as nominee for DTC, as registered owner of the Bonds, and held in the custody of DTC and the terms and conditions of this Section 5 shall apply.

(b) If the Bonds are held by DTC, a single certificate will be issued and delivered to DTC for each maturity of the Bonds. The actual purchasers of the Bonds ("Beneficial Owners") will not receive physical delivery of the Bond certificates except as provided herein. Beneficial Owners are expected to receive a written confirmation of their purchase providing details of each Bond acquired. For so long as DTC shall continue to serve as securities depository for the Bonds as provided herein, all transfers of beneficial ownership interests will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of the Bonds is to receive, hold, or deliver any Bond certificate.

(c) For every transfer and exchange of the Bonds, the Beneficial Owner may be charged a sum sufficient to cover such Beneficial Owner's allocable share of any tax, fee, or other governmental charge that may be imposed in relation thereto. Bond certificates are required to be delivered to and registered in the name of the Beneficial Owner, under the following circumstances:

- (i) DTC determines to discontinue providing its service with respect to the Bonds (such a determination may be made at any time by giving thirty (30) days' notice to the City and the Registrar and discharging its responsibilities with respect thereto under applicable law), or
- (ii) the City determines that continuation of the system of book-entry transfers through DTC (or a successor securities depository) is not in the best interests of the Beneficial Owners.

(d) The City and the Registrar will recognize DTC or its nominee as the holder of the Bonds for all purposes, including notices and voting. The City and the Registrar covenant and agree, so long as DTC shall continue to serve as securities depository for the Bonds, to meet the requirements of DTC with respect to required notices and other provisions of a Letter of Representations between the City and DTC. If necessary to comply with the terms and provisions of the Letter of Representations, a supplemental ordinance shall be adopted to amend this ordinance as necessary.

(e) The Registrar is authorized to rely conclusively upon a certificate furnished by DTC and corresponding certificates from DTC participants and indirect participants as to the identity of, and the respective principal amount of Bonds beneficially owned by, the Beneficial Owner or Beneficial Owners.

(f) The City may, upon the advice of its Municipal Advisor, have the BANs held in the custody of DTC. In such case, the aforementioned terms and conditions of this Section 5 shall apply to the BANs.

Sec. 6. 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:

Form of Bond

[Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Registrar or its agent for registration or transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.]

No. _____

UNITED STATES OF AMERICA

STATE OF INDIANA

COUNTY OF MADISON

CITY OF ANDERSON

WATERWORKS REVENUE BOND, SERIES 202_[]

[Maturity Date] [Interest Rate] [Original Date] [Authentication Date] [CUSIP]

Registered Owner:

Principal Sum:

The City of Anderson (the "City"), in Madison 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 [the Maturity Date set forth above] or [January 1 in the years and in the amounts as set forth on Exhibit A attached hereto] (unless this Bond be subject to and shall have been duly called for redemption and payment as

provided for herein), and to pay interest hereon until the Principal Sum shall be fully paid at the rate per annum specified above from [the dates of payment made on this Bond] or [the interest payment date to which interest has been paid next preceding the Authentication Date of this Bond unless this Bond is authenticated after the fifteenth day of the month preceding an interest payment date and on or before such interest payment date in which case it shall bear interest from such interest payment date, or unless this Bond is authenticated on or before _____ 15, 202_, in which case it shall bear interest from the Original Date], which interest is payable semiannually on the first day of January and July of each year, beginning on _____ 1, 202_. 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 "Paying Agent"), in the _____ of _____, Indiana.] All payments of [principal of and] interest on this Bond shall be paid by [check mailed one business day prior to the interest payment date] or [wire transfer for deposit to a financial institution as directed by the Indiana Finance Authority 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") in the _____ of _____, Indiana] or [the Registrar] or at such other address as is provided to the Paying Agent in writing by the registered owner. [If payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall wire transfer payments by 1:00 p.m. (New York City time) so such payments are received at the depository by 2:30 p.m. (New York City time).] All payments on the Bond shall be made in any coin or currency of the United States of America, which on the dates of such payment, shall be legal tender for the payment of public and private debts.

This Bond shall not constitute an indebtedness of the City of Anderson, Indiana, within the meaning of the provisions and limitations of the constitution of the State of Indiana, and the City shall not be obligated to pay this Bond or the interest hereon except from the sinking fund provided from the Net Revenues.

This Bond is [the only] one of an authorized issue of Bonds of the City of Anderson, Indiana, [of like tenor and effect, except as to numbering, interest rate, and dates of maturity,] in the total amount of _____ Dollars (\$ _____) [for this series] (the "Bonds"), numbered from 1 up, issued for the purpose of providing funds to be applied on the cost of the construction of additions and improvements to the City's waterworks, [to refund interim notes issued in anticipation of the Bonds][capitalized interest] and to pay costs of issuance of the Bonds, as authorized by an Ordinance adopted by the Common Council of the City of Anderson, Indiana, on the ___ day of _____, 2024, entitled "An Ordinance of the Common Council of the City of Anderson authorizing the acquisition of, and the construction of, certain improvements and extensions to the waterworks system of the City, the issuance of revenue bonds to provide the cost thereof, the collection, segregation and distribution of the revenues of such system, the safeguarding of the interests of the owners of such revenue bonds and other matters connected therewith, including the issuance of notes in anticipation of such bonds, and repealing ordinances

inconsistent herewith” (the “Ordinance”), and in strict compliance with the provisions of Indiana Code 8-1.5, as in effect on the issue date of the Bonds (the “Act”).

[Reference is hereby made to the Financial Assistance Agreement between the City and the Indiana Finance Authority as to certain terms and covenants pertaining to the waterworks project and this Bond (the “Financial Assistance Agreement”).]

[The Bonds shall be initially issued in a book entry system by The Depository Trust Company (“DTC”). The provisions of this Bond and of the Ordinance are subject in all respect to the provisions of the Letter of Representations between the City and DTC, or any substitute agreement affecting such book entry system under DTC.]

Pursuant to the provisions of said Act and said Ordinance, 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 solely from the Sinking Fund (continued by the Ordinance) to be provided from the Net Revenues (herein defined as gross revenues of the System (as defined in the Ordinance)[, inclusive of System Development Charges (as defined in the Ordinance),] remaining after the payment of the reasonable expenses of operation, repair and maintenance [excluding transfers for payment in lieu of property taxes]) of the System, including the works authorized under the Ordinance to be acquired and constructed and all additions and improvements thereto and replacements thereof subsequently constructed or acquired. The payment of this Bond ranks on a parity with the payment of the Outstanding Parity Bonds (as defined in the Ordinance). The City reserves the right to issue additional bonds on a parity with this Bond and the issue of which it is a part, as provided in the Ordinance.

The City irrevocably pledges the entire Net Revenues of the System to the prompt payment of the principal of and interest on the Bonds authorized by said Ordinance, 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 System as are sufficient in each year for the payment of the proper and reasonable expenses of [Operation and Maintenance (as defined in the Financial Assistance Agreement)][operation, repair and maintenance] of said System 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 City or the proper officers of the City shall fail or refuse to so fix, maintain and collect such rates or charges, or if there be a default in the payment of the interest on or principal of this Bond, the owner of this Bond shall have all of the rights and remedies provided for under Indiana law, including the provisions of the Act.

The City further covenants that it will set aside and pay into its 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 Net Revenues of the System, 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 Net Revenues of the System, as such principal shall fall due, and (d) an additional amount to [create and] maintain the reserve required by the Ordinance. Such required payments shall constitute a first charge upon all the Net Revenues of said System, on a parity with the payment of the Outstanding Parity Bonds.

The Bonds of this issue maturing on January 1, 20__, and thereafter, are redeemable at the option of the City on _____ 1, 20__, or any date thereafter, on [sixty (60)] [thirty (30)] days' notice, in whole or in part, in [inverse order of maturity] [in the order of maturity as determined by the City] 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__;
_ % 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.

[Notwithstanding the foregoing, the Bonds shall not be redeemable at the option of the City unless and until consented to by the Indiana Finance Authority.]

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

<u>Year</u>	<u>Amount</u>
-------------	---------------

*Final Maturity]

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

[In the event the 20__ Bonds are to be redeemed by optional redemption and mandatory sinking fund redemption on the same date, the Registrar shall select by lot the 20__ Bonds for mandatory sinking fund redemption before selecting the 20__ Bonds by lot for optional redemption.]

Notice of redemption shall be mailed to the address of the registered owner as shown on the registration record of the City, as of the date which is [sixty-five (65)][forty-five (45)] days prior to such redemption date, not less than [sixty (60)][thirty (30)] days prior to the date fixed for redemption. 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 City. 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 City 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 City shall have no further obligation or liability in respect thereto.

This Bond is transferable or exchangeable only upon the books of the City kept for that purpose at the 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 City, the Registrar and any paying agent for this Bond may treat and consider the person in whose name this Bond is registered as the absolute owner hereof for all purposes including for the purpose of receiving payment of, or on account of, the principal hereof and interest due hereon.

This Bond is subject to defeasance prior to redemption or payment as provided in the Ordinance referred to herein. THE OWNER OF THIS BOND, BY THE ACCEPTANCE HEREOF, HEREBY AGREES TO ALL THE TERMS AND PROVISIONS CONTAINED IN THE ORDINANCE. The Ordinance may be amended without the consent of the owners of the Bonds as provided in the Ordinance, if the Common Council determines, in its sole discretion, that the amendment shall not adversely affect the rights of any of the owners of the Bonds[;provided, however, so long as the Bonds are held by the Indiana Finance Authority, the Ordinance may not be amended unless and until consented to by the Indiana Finance Authority].

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

[A Continuing Disclosure Undertaking Agreement dated as of the Original Issue Date (the "Disclosure Agreement") will be executed by the City, if required, for the benefit of each registered or beneficial owner of any Bond. In such case, a copy of the Disclosure Agreement is available from the City and its terms are incorporated herein by reference. The Disclosure Agreement contains certain covenants of the City to each registered or beneficial owner of any Bond, including a covenant to provide continuing disclosure of certain annual financial information and notices of the occurrence of certain events. By its payment for and acceptance of this Bond, the Registered Owner and any beneficial owner of this Bond assents to the Disclosure Agreement and to the exchange of such payment and acceptance for such covenants.]

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 City has caused this Bond to be executed in its corporate name and on its behalf by the manual or facsimile signature of the Mayor of the City, countersigned by the manual or facsimile signature of its Controller, and its corporate seal to be hereunto affixed, imprinted or impressed by any means and attested manually or by facsimile by the Clerk of the City.

CITY OF ANDERSON, INDIANA

By: _____
Mayor

Countersigned:

By: _____
Controller

[SEAL]

ATTEST:

Clerk

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

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

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

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

recognized signature
guarantee program.

enlargement or any change
whatsoever.

[EXHIBIT A]

End of Bond Form

Sec. 7. Preparation and Sale of BANs and Bonds; Official Statement; Investment Letter; Rating; Municipal Bond Insurance.

(a) The Controller is hereby authorized and directed to have said BANs and Bonds prepared, and the Mayor, the Controller and the Clerk are hereby authorized and directed to execute said BANs and Bonds in the form and manner herein provided. The Controller is hereby authorized and directed to deliver said BANs and Bonds to the respective purchasers thereof after sale made in accordance with the provisions of this ordinance, provided that at the time of said delivery the Controller shall collect the full amount which the respective purchasers have agreed to pay therefor, which amount shall not be less than 99.0% of the par value of said BANs and not less than 99.0% of the par value of said Bonds, as the case may be. The City may receive payment for the Bonds and BANs in installments. The Bonds herein authorized, as and to the extent paid for and delivered to the purchaser, shall be the binding special revenue obligations of the City, payable out of the Net Revenues of the System 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 Project hereinbefore referred to, the refunding of the BANs, if issued, capitalized interest, if necessary, and the expenses necessarily incurred in connection with the BANs and Bonds. The proper officers of the City 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.

(b) The preparation and distribution of an official statement (preliminary and final) on behalf of the City for the Bonds and BANs sold to a purchaser other than the IFA Program is hereby authorized. The Mayor and Controller are hereby authorized and directed to execute any such preliminary official statement on behalf of the City in a form consistent with this ordinance and are further authorized to designate any such preliminary official statement as “nearly final” for purposes of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”).

(c) Alternatively, in lieu of preparing and distributing an official statement, the City may obtain a sophisticated investment letter from the purchaser of the Bonds or BANs at the time of delivery of the Bonds or BANs which satisfies applicable state and federal securities laws.

(d) The Controller, with the advice of the 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.

(e) In the event the Municipal Advisor certifies to the City that it would be economically advantageous for the City to obtain bond insurance for the Bonds, the City hereby authorizes the purchase of such bond insurance; provided, however, if the Bonds are sold to the

Authority as part of the IFA Program, the prior written consent of the Authority shall be obtained by the City prior to purchasing 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 waterworks.

Sec. 8. Bond Sale; Bond Sale Notice.

(a) As determined by the Controller, with the advice of the Municipal Advisor, the Bonds may be sold by either a competitive sale or a negotiated sale.

(b) In the case of a competitive sale of the Bonds, the Controller shall cause to be published either (i) a notice of such sale in the *Herald-Bulletin*, a newspaper published in the City, two times, at least one week apart, the first publication made at least fifteen (15) days before the date of the sale and the second publication being made at least three (3) days before the date of the sale, or (ii) a notice of intent to sell in the *Herald-Bulletin* and a newspaper published in Indianapolis, Indiana, all in accordance with IC 5-1-11 and IC 5-3-1. A notice of sale may also be published one time in a newspaper published in Indianapolis, Indiana, and a notice or summary notice may also be published in *The Bond Buyer* in New York, New York. The notice shall state the character and amount of the Bonds, the maximum rate of interest thereon, the terms and conditions upon which bids will be received and the sale made, and such other information as the Controller and the attorneys employed by the City shall deem advisable and any summary notice may contain any information deemed so advisable. The notice may provide, among other things, that each bid shall be accompanied by a certified or cashier's check or a wire transfer payable within one day after the sale of the Bonds in an amount equal to one percent (1%) of the principal amount of the Bonds described in the notice and that in the event the successful bidder shall fail or refuse to accept delivery of the Bonds and pay for the same as soon as the Bonds are ready for delivery, or at the time fixed in the notice of sale, then said check and the proceeds thereof shall be the property of the City and shall be considered as its liquidated damages on account of such default; that bidders for said Bonds will be required to name the rate or rates of interest which the Bonds are to bear, not exceeding the maximum rate hereinbefore fixed, and that such interest rate or rates shall be in multiples of one-eighth (1/8), one-twentieth (1/20) or one-hundredth (1/100) of one percent (1%). No conditional bid or bid for less than ninety-nine percent (99.0%) of the par value of the Bonds will be considered. The opinion of Bond Counsel, approving the legality of said Bonds, will be furnished to the purchaser at the expense of the City.

(c) The Bonds shall be awarded by the Controller to the best bidder who has submitted its bid in accordance with the terms of this ordinance, IC 5-1-11 and the notice of sale. The best bidder will be the one who offers the lowest net interest cost to the City, to be determined by computing the total interest on all of the Bonds to their maturities, adding thereto the discount bid, if any, and deducting the premium bid, if any. The right to reject any and all bids shall be reserved.

If an acceptable bid is not received on the date of sale, the sale may be continued from day to day thereafter without further advertisement for a period of thirty (30) days, during which time no bid which provides a higher net interest cost to the City than the best bid received at the time of the advertised sale will be considered.

(d) As an alternative to a competitive sale, the Controller may negotiate the sale of said Bonds to the Authority through the IFA Program or any other purchaser. The Mayor and Controller are hereby authorized to (i) submit an application to the Authority through the IFA Program, (ii) execute a Financial Assistance Agreement (including any amendment thereof) with the Authority or a Bond Purchase Agreement with any other purchaser, with terms conforming to this ordinance, and (iii) sell such Bonds upon such terms as are acceptable to the Mayor and Controller consistent with the terms of this ordinance.

(e) In the event the Bonds are sold to the Authority through the IFA Program, the Financial Assistance Agreement for the Bonds and the Project shall be executed by the City. The substantially final form of Financial Assistance Agreement attached hereto as Exhibit A and incorporated herein by reference is hereby approved. The Mayor and the Controller are hereby authorized to approve, execute and deliver said Financial Assistance Agreement, and to approve such changes in form or substance thereto which are consistent with the terms of this ordinance, such changes to be conclusively evidenced by its execution. In the event the Bonds are sold in series to the Authority, the Financial Assistance Agreement may be amended and restated for any subsequent series of Bonds sold to the Authority through the IFA Program, with such changes in form or substance to the original Financial Assistance Agreement as the Mayor and the Controller may approve, execute and deliver, consistent with the terms of this ordinance, as conclusively evidenced by its execution.

Sec. 9. Use of Proceeds.

(a) The accrued interest received at the time of the delivery of the Bonds and premium, if any, shall be deposited in the Sinking Fund. The remaining proceeds from the sale of the Bonds, to the extent not used to refund BANs or fund a reserve, and BAN proceeds shall be deposited in a bank or banks which are legally designated depositories for the funds of the City, in a special account or accounts to be designated as the "City of Anderson Water Utility Waterworks Construction Account" (the "Construction Account"). All funds deposited to the credit of said Sinking Fund or Construction Account shall be deposited, held, secured or invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds, including particularly IC 5-13, IC 5-1.2-1 through 5-1.2-4, IC 5-1.2-10, IC 5-1.2-14 and/or IC 5-1.2-14.5, and the acts amendatory thereof and supplemental thereto. The funds in the Construction Account shall be expended only for the purpose of paying the cost of the Project, funding capitalized interest, if necessary, refunding the BANs, if issued, or as otherwise required by the Act or for the expenses of issuance of the Bonds or BANs. The cost of obtaining the legal services of Bond Counsel shall be considered as a part of the cost of the Project on account of which the BANs and Bonds are issued.

(b) The City hereby declares that it reasonably expects to reimburse the City's advances to the Project from proceeds of the BANs or the Bonds, as anticipated by this ordinance.

(c) Any balance or balances remaining unexpended in the Construction Account after completion of the Project, which are not required to meet unpaid obligations incurred in connection with the Project, shall either (1) be paid into the Bond and Interest Account and used solely for the purpose of paying the interest on the BANs or the Bonds when due until depleted or (2) be used for the same purpose or type of project for which the BANs or the Bonds were originally issued, all in accordance with IC 5-1-13, as amended and supplemented.

(d) If the Bonds are sold to the Authority as part of the IFA Program, to the extent that (a) the total principal amount of such Bonds is not paid by the purchaser or drawn down by the City or (b) proceeds remain in the Construction Account and are not applied to the Project (or any modifications or additions thereto approved by the Authority), the City shall reduce the principal amount of the Bond maturities to effect such reduction in a manner that will still achieve as level annual debt service as practicable as described in Section 3 subject to and upon the terms set forth in the Financial Assistance Agreement for the Bonds.

(e) Prior to the delivery of the Bonds or BANs, the Clerk shall obtain the legal opinion of Bond Counsel and shall furnish such opinion to the purchaser of the Bonds or BANs. The cost of the opinion shall be considered as part of the costs incidental to the issuance of the Bonds or BANs and shall be paid out of the proceeds thereof.

(f) The City hereby declares its "official intent", as such term is used in the Reimbursement Regulations, to reimburse the City's advances to the Project, such advances from the City's General Fund or Utility Account (as hereinafter defined), from proceeds of the BANs or the Bonds herein authorized by this ordinance. The City reasonably expects to make such advances for the costs of the Project.

Sec. 10. Revenue Fund.

All income and revenues derived from the operation of the System and from the collection of water rates and charges (including any System Development Charges), shall be deposited upon receipt in the Revenue Fund, which is hereby continued (the "Revenue Fund"). The Revenue 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 other applicable laws. Out of these revenues, the proper and reasonable expenses of operation, repair and maintenance of the works shall be paid, the requirements of the Sinking Fund shall be met, and the costs of replacements, extensions, additions and improvements shall be paid. So long as any Bonds are held by the Authority, no moneys derived from the revenues of the System shall be transferred to the General Fund of the City, except for any payments in lieu of property taxes, or be used for any purpose not connected with the System.

Sec. 11. Operation and Maintenance Fund.

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

Sec. 12. Sinking Fund.

(a) General.

(i) The Sinking Fund is hereby continued for the payment of the principal of, the premium, if any, and the interest on revenue bonds which by their terms are payable from the Net Revenues of the System and the payment of any fiscal agency charges in connection with the payment of the principal thereof, the premium, if any, and the interest thereon, which fund shall be designated the "City of Anderson Waterworks Sinking Fund" (the "Sinking Fund"). After meeting the requirements of the Operation and Maintenance Fund set forth above, 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 System (including any System Development Charges) to meet the requirements of the Bond and Interest Account and the Reserve Account (each as hereinafter defined) hereby continued in the Sinking Fund. Such payments shall continue until the balance in the Bond and Interest Account and the Reserve Account equals the amount necessary to redeem all of the then outstanding bonds payable from the Net Revenues of the System.

(ii) If the Bonds are sold to the Authority as part of its IFA Program, the Sinking Fund, containing the Bond and Interest Account and the Reserve Account, and/or the Construction Account, may be held by a financial institution acceptable to the Authority as part of its IFA Program, pursuant to terms acceptable to the Authority. If the Sinking Fund and the accounts therein are held in trust, the City shall transfer the monthly required amounts of Net Revenues to the Bond and Interest Account and the Reserve Account in accordance with this Section 12, and the financial institution holding such funds in trust shall be instructed to pay the required payments in accordance with the payment schedules for the City's outstanding bonds. The Mayor and Controller are hereby authorized to execute and deliver an agreement with a financial institution to reflect this trust arrangement for the Sinking Fund and/or the Construction Account. The financial

institution selected to serve in this role may also serve as the Registrar and the Paying Agent for any outstanding bonds of the City.

(b) Bond and Interest Account. The Bond and Interest Account is hereby continued within the Sinking Fund (the "Bond and Interest Account"). After making the credit to the Operation and Maintenance Fund, there shall be transferred, on or before the last day of each calendar month, from the Revenue Fund and credited to the Bond and Interest Account an amount of Net Revenues equal to (i) at least one-sixth (1/6) of the interest on all then outstanding bonds payable from Net Revenues payable on the then next succeeding interest payment date and (ii) at least one-twelfth (1/12) of the principal of all then outstanding bonds payable from Net Revenues payable 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 Bond and Interest Account any amount necessary to pay the charges of the Paying Agent, if other than the Controller, for paying the principal of, premium, if any, and interest on the bonds payable from Net Revenues as the same become payable. The City 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 Paying Agent sufficient moneys to pay the principal, premium, if any, and interest on their due dates, together with the amount of the charges of the Paying Agent, if other than the Controller.

(c) Reserve Account.

(i) There is hereby continued, within the Sinking Fund, the Reserve Account (the "Reserve Account"). The Reserve Account shall serve as a reserve for the Outstanding Parity Bonds, the Bonds and any Future Parity Bonds.

(ii) On the date of delivery of the Bonds, the City may deposit funds on hand, Bond proceeds, unless the Bonds are sold to the Authority as part of its IFA Program, or a combination thereof into the Reserve Account. The balance to be maintained in the Reserve Account shall equal but not exceed the least of (1) the maximum annual debt service on the Bonds, the Outstanding Parity Bonds and any Future Parity Bonds, (2) 125% of average annual debt service on the Bonds, the Outstanding Parity Bonds and any Future Parity Bonds or (3) 10% of the proceeds of the Bonds, the Outstanding Parity Bonds and any Future Parity Bonds (the "Reserve Requirement"); provided, however, that if the Bonds are sold to the Authority as part of its IFA Program or are insured by an insurance or surety provider that so requires it, the Reserve Requirement shall be as described in (1) above. At the time of sale of the Bonds, the actual Reserve Requirement shall be set forth in a closing certificate executed by the Controller. If the initial deposit into the Reserve Account does not cause the balance therein to equal the Reserve Requirement or if no deposit is made, 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.

(iii) The Reserve Account shall constitute a margin for safety and a protection against default in the payment of the principal of, premium, if any, and interest on the Bonds, the Outstanding Parity Bonds and any Future Parity Bonds and the moneys in the

Reserve Account shall be used to pay the principal of and interest on the Bonds, the Outstanding Parity Bonds and any Future 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 the required deposits into the Bond and Interest Account. In the event moneys in the Reserve Account are transferred to the Bond and Interest Account to pay the principal of and interest on the Bonds, the Outstanding Parity Bonds or any Future Parity Bonds, then that depletion of the balance in the Reserve Account shall be made up from the next available Net Revenues after the required deposits into the Bond and Interest Account. Any moneys in the Reserve Account in excess of the Reserve Requirement shall be transferred to the Utility Account.

(iv) A debt service reserve surety bond may be purchased by the City to satisfy, in whole or in part, the Reserve Requirement. The Mayor, the Controller, and the Clerk are hereby authorized to execute and deliver the necessary agreements with the provider of the debt service reserve surety bond providing for, among other matters, the reimbursement to such provider of amounts drawn under the debt service reserve surety bond. Each of these officials are hereby authorized and directed to complete, execute and attest any agreement pertaining to such a debt service reserve surety bond on behalf of the City so long as its provisions are consistent with this ordinance. The provider of the debt service reserve surety bond must be rated, at the time the debt service reserve surety bond is acquired, in one of the three highest rating categories by either Standard & Poor's Rating Services or Moody's Investors Service. The cost of obtaining a debt service reserve surety bond 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 System. So long as any Bonds are held by the Authority, the prior written consent of the Authority shall be obtained by the City prior to satisfying any portion of the Reserve Requirement with a debt service reserve surety bond.

Sec. 13. Utility Account.

(a) The Utility Account is hereby continued and shall be designated the "City of Anderson Utility Account" (the "Utility Account"). After meeting the requirements of the Operation and Maintenance Fund and the Sinking Fund set forth above, the City shall transfer any excess revenues to the Utility Account from the Revenue Fund on or before the last day of each calendar month to be used and applied in the improvement, extension, replacement and additions of the System. Moneys in the Utility Account shall be transferred to the Sinking Fund if and to the extent necessary to prevent a default in the payment of the principal of, premium, if any, or interest on any outstanding bonds payable from Net Revenues or, if necessary, to eliminate any deficiency in the balance maintained in the Reserve Account as required by Section 12 of this ordinance. At any other time, moneys in the Utility Account may be transferred to the Operation and Maintenance Fund to meet unforeseen contingencies in the operation and maintenance of the System.

(b) Except as provided in subsection (c) below, after meeting the requirements of the Operation and Maintenance Fund, the Sinking Fund and the Utility Account set forth above, any remaining revenues in the Revenue Fund may be applied to: (i) the general fund of the City for

payments in lieu of property taxes, if any; (ii) the general fund of the City in accordance with IC 8-1.5-3-11, outstanding bond ordinances and contract provisions under IC 8-1-2.2, as amended; (iii) the payment of the interest on a loan made for utility construction; or (iv) the creation of a sinking fund for the liquidation of debt, in each case as the Common Council determines.

(c) If the Bonds are sold to the Authority as part of its IFA Program and so long as any Bonds are outstanding and held by the Authority, the provisions of subsection (b) above shall not apply and no monies derived from the revenues of the waterworks shall otherwise be transferred to the General Fund of the City or otherwise be used for any purpose not connected with the System. Notwithstanding anything herein to the contrary so long as any Bonds are held by the Authority as part of its IFA Program, revenues of the System may only be used for purposes related to the System and as authorized by IC 8-1.5, as amended.

Sec. 14. Maintenance of Accounts: Investments.

The Sinking Fund shall be deposited and maintained as a separate bank account or accounts from all other accounts of the City, including, without limitation any accounts relating to any other utility of the City beyond the System. The Operation and Maintenance Fund and the Utility Account 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 City (including, without limitation, any funds and accounts, relative to any other utility of the City beyond the System so long as any Bonds are held by the Authority as part of its IFA Program) 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, IC 5-1.2-1 through IC 5-1.2-4, IC 5-1.2-10, IC 5-1.2-11, IC 5-1.2-14 and/or IC 5-1.2-14.5 (as applicable), and, and the acts amendatory thereof and supplemental thereto, 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 by this ordinance. Notwithstanding the foregoing, if the Bonds are sold to the Authority through the IFA Program, (a) the Sinking Fund and Construction Account shall be maintained as a separate bank account from the other funds and accounts of the System and (b) so long as such Bonds are outstanding and owned by the Authority, the other funds and accounts of the System shall be maintained as a separate bank account from other funds and accounts for any other utility of the City beyond the System; provided, however, to the extent the City does not maintain separate accounts or subaccounts for the other funds and accounts of the System, it covenants and agrees that it has adopted sufficient accounting and/or bookkeeping practices to accurately track all revenues and expenses of the System.

Sec. 15. Maintenance of Books and Records.

(a) The City 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 System, all disbursements made on account of the System and all

other transactions relating to the System. There shall be furnished, upon written request, to any owner of the Bonds, the most recent audit report of the System prepared by the State Board of Accounts. Copies of all such statements and reports shall be kept on file in the office of the Controller. Any owner of the Bonds then outstanding shall have the right at all reasonable times to inspect the works and all records, accounts, statements, audits, reports and data of the City relating to the System. Such inspections may be made by representatives duly authorized by written instrument.

(b) If the Bonds or BANs are sold to the Authority through the IFA Program, the City shall establish and maintain the books and other financial records of the Project (including the establishment of a separate account or subaccount for the Project) and the System in accordance with (i) generally accepted governmental accounting standards for utilities, on an accrual basis, as promulgated by the Government Accounting Standards Board and (ii) the rules, regulations and guidance of the State Board of Accounts; provided, however, to the extent the City does not maintain separate accounts or subaccounts for the revenues and expenses of the System, it covenants and agrees that it has adopted sufficient accounting and/or bookkeeping practices to accurately track all revenues and expenses of the System.

Sec. 16. Rate Covenant.

The City covenants and agrees that it will establish and maintain just and equitable rates or charges for the use of and the service rendered by the System, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses the System by or through any part of the System, or that in any way uses or is served by the System, at a level adequate to produce and maintain sufficient revenue, provided that if any Bonds are sold to the Authority as part of its IFA Program System Development Charges shall be excluded, to the extent permitted by law, when determining if such rates and charges are sufficient so long as the Bonds are outstanding and, if applicable, owned by the Authority as part of its IFA Program, to provide for the proper (i) Operation and Maintenance (as defined in the Financial Assistance Agreement) of the System, if the Bonds are sold to the IFA Program, and (ii) operation, repair and maintenance of the System, if the Bonds are sold to a purchaser other than the IFA Program, to comply with and satisfy all covenants contained in this ordinance and, if applicable, the Financial Assistance Agreement, and to pay all obligations of the System and of the City with respect to the System. 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 System, or Operation and Maintenance of the System, 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 City, and all departments thereof, and shall be paid by the City, or the various departments thereof, as the charges accrue.

Sec. 17. Defeasance of Bonds.

If (i) any of the Bonds 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, the premium, if any, and the interest, so due and payable upon all of the Bonds or any designated portion thereof then outstanding shall be paid; or (ii) the City shall cause to be held in trust for the

purpose of paying when due the principal of, premium, if any, and interest on the Bonds or any designated portion thereof, money, together with 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 or such other obligations that, the principal of and the interest on which when due, will be sufficient, without reinvestment, to make such payments, and provision shall also be made for paying all fees and expenses for the redemption of such Bonds; then and in that case, such Bonds shall no longer be deemed outstanding or entitled to the pledge of the Net Revenues of the System.

Sec. 18. Additional BANs and Bonds.

The City reserves the right to authorize and issue additional BANs at any time ranking on a parity with the BANs. The City reserves the right to authorize and issue Future Parity Bonds, payable out of the Net Revenues of its System, ranking on a parity with the Bonds, for the purpose of financing the cost of future additions, extensions and improvements to the System, 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 ordinance, and the interest on and principal of all bonds payable from the Net Revenues of the System shall have been paid to date in accordance with their terms. The Reserve Requirement shall be satisfied for the additional Future Parity Bonds either at the time of delivery of the additional Future Parity Bonds or over a five (5) year or shorter period, in a manner which is commensurate with the requirements established in Section 12(c) of this ordinance.

(b) The Net Revenues of the System in the fiscal year immediately preceding the issuance of any such Future 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 Future Parity Bonds proposed to be issued; or, prior to the issuance of said Future Parity Bonds, the water rates and charges shall be increased sufficiently so that said increased rates and charges applied to the previous year's operations 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 Future Parity Bonds proposed to be issued. For purposes of this subsection, the records of the System shall be analyzed and all showings prepared by a certified public accountant employed by the City for that purpose. In addition, for purposes of this subsection with respect to any Future Parity Bonds hereafter issued, if the outstanding Bonds are owned by the Authority as part of its IFA Program, Net Revenues may not include any revenues from the System Development Charges unless the Authority provides its consent to include all or some portion of the System Development Charges as part of the Net Revenues or otherwise consents to the issuance of such Future Parity Bonds without satisfying this subsection (b).

(c) The principal of, or mandatory sinking fund redemption for, the Future Parity Bonds shall be payable annually on January 1 and interest on such Future Parity Bonds shall be payable semiannually on January 1 and July 1 in the years in which such principal and interest are payable.

(d) If the Bonds are sold to the Authority through the IFA Program, (i) the City obtains the prior written consent of the Authority, (ii) the City has faithfully performed and is in compliance with each of its obligations, agreements and covenants contained in the Financial Assistance Agreement and this ordinance, and (iii) the City is in compliance with its waterworks permits, except for non-compliance for which purpose the Future Parity Bonds are issued, including refunding bonds issued prior to, but part of the overall plan to eliminate such non-compliance.

Sec. 19. Further Covenants.

For the purpose of further safeguarding the interests of the owners of the BANs and the Bonds, it is specifically provided as follows:

(a) All contracts let by the City in connection with the construction of the Project shall be let after due advertisement as required by the laws of the State, and all contractors shall be required to furnish surety bonds in an amount equal to one hundred percent (100%) of the amount of such contracts, to insure the completion of such contracts in accordance with their terms, and such contractors shall also be required to carry such employer's liability and public liability insurance as are required under the laws of the State in the case of public contracts and shall be governed in all respects by the laws of the State relating to public contracts.

(b) Said Project shall be constructed under the supervision and subject to the approval of such competent engineers as shall be designated by the City. All estimates for work done or material furnished shall first be checked by the engineers and approved by the City.

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

(d) So long as any of the BANs or Bonds herein authorized are outstanding, the City shall acquire and maintain insurance coverage, including fidelity bonds, to protect the System and its operations. If the Bonds or BANs are sold to the Authority through its IFA Program, such insurance shall be acceptable to the Authority. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the State of Indiana. Insurance proceeds and condemnation awards shall be used to replace or repair the System, unless the Authority consents to a different use of such proceeds or awards if the Bonds or BANs are held by the Authority through its IFA Program.

(e) So long as any of the BANs or Bonds are outstanding, the City shall not mortgage, pledge or otherwise encumber such works or any part thereof, nor shall it sell, lease or otherwise dispose of any portion thereof except machinery, equipment or property which may become worn out, obsolete or no longer suitable for use in the System. If the Bonds or BANs are sold to the Authority through the IFA Program, the City shall obtain the prior written consent of the Authority prior to the disposal of any portion of the System as described herein.

(f) If the BANs or Bonds are sold to the Authority through the IFA Program, the City shall not without the prior written consent of the Authority (i) enter into any lease, contract or agreement or incur any other liabilities in connection with the System, other than for normal operating expenditures, or (ii) borrow any money (including without limitation any loan from other utilities operated by the City) in connection with the System.

(g) Except as hereinbefore provided in Section 18 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 System shall be authorized, executed, or issued by the City 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 17 hereof coincidentally with the delivery of such additional bonds or other obligations.

(h) The provisions of this ordinance shall constitute a contract by and between the City and the owners of the Bonds and BANs herein authorized, and after the issuance of said Bonds or BANs, this ordinance shall not be repealed or amended in any respect which will adversely affect the rights of the owners of said Bonds or BANs nor shall the Common Council adopt any law, ordinance or resolution which in any way adversely affects the rights of such owners so long as any of said Bonds, BANs or the interest thereon remain unpaid. Except for the changes set forth in Section 22(a)(i)-(vii), this ordinance may be amended, however, without the consent of BAN or Bond owners, if the Common Council determines, in its sole discretion, that such amendment would not adversely affect the owners of the BANs or Bonds; provided, however, that if the Bonds or BANs are sold to the Authority through the IFA Program, the City shall obtain the prior written consent of the Authority.

(i) The provisions of this ordinance shall be construed to create a trust in the proceeds of the sale of the Bonds and BANs herein authorized for the uses and purposes herein set forth, and the owners of the Bonds and BANs shall retain a lien on such proceeds until the same are applied in accordance with the provisions of this 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 for the uses and purposes of said fund 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 hereinbefore referred to, including the right to have a receiver appointed to administer said waterworks, in the event the City shall fail or refuse to fix and collect sufficient rates and charges, or shall fail or refuse to operate and maintain said system and to apply the revenues derived from the operation thereof, or if there be a default in the payment of the principal of or interest on any of the Bonds herein authorized or in the event of default in respect to any of the provisions of this ordinance or the governing Act.

(j) For purpose this Section 19, the term "lease" shall include any lease, contract, or other instrument conferring a right upon the City to use property in exchange for a periodic payments made from the revenues of the System, whether the City desires to cause such to be, or by its terms (or its intended effects) is to be, (i) payable as rent, (ii) booked as an expense or an expenditure, or (iii) classified for accounting or other purposes as a capital lease, financing lease,

operating lease, non-appropriation leases, installment purchase agreement or lease, or otherwise (including any combination thereof).

Sec. 20. Investment of Funds.

The Controller is hereby authorized to invest moneys pursuant to IC 5-1-14-3 and the provisions of this ordinance (subject to applicable requirements of federal law to insure such yield is the then current market rate) to the extent necessary or advisable to preserve the exclusion from gross income of interest on the Bonds and BANs under federal law. The Controller shall keep full and accurate records of investment earnings and income from moneys held in the funds and accounts created, continued or referenced herein. In order to comply with the provisions of the ordinance, the Controller is hereby authorized and directed to employ consultants or attorneys from time to time to advise the City as to requirements of federal law to preserve the tax exclusion. The Controller may pay any such fees as operating expenses of the System.

Sec. 21. Tax Covenants.

In order to preserve the exclusion of interest on the BANs and 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 BANs or the Bonds, as the case may be (the "Code"), and as an inducement to the purchasers of the BANs and the Bonds, the City represents, covenants and agrees that:

(a) The System 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 City or another state or local governmental unit will use more than 10% of the proceeds of the Bonds or BANs or property financed by the Bond or BAN proceeds other than as a member of the general public. No person or entity other than the City or another state or local governmental unit will own property financed by Bond or BAN proceeds or will have any actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract, arrangements such as take-or-pay or output contracts or any other type of arrangement that conveys other special legal entitlements and differentiates that person's or entity's use of such property from use by the general public, unless such uses in the aggregate relate to no more than 10% of the proceeds of the Bonds or BANs, as the case may be. If the City enters into a management contract for the System, 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 Regulations, unless such use in aggregate relates to no more than 10% of the proceeds of the Bonds or BANs, as the case may be.

(b) No more than 10% of the principal of or interest on the Bonds or BANs is (under the terms of the Bonds or BANs, this ordinance or any underlying arrangement), directly or indirectly, secured by an interest in property used or to be used for any private business use or payments in respect of any private business use or payments in respect of such property or to be derived from payments (whether or not to the City) in respect of such property or borrowed money used or to be used for a private business use.

(c) No more than 5% of the Bond or BAN proceeds will be loaned to any person or entity other than another state or local governmental unit. No more than 5% of the Bond or BAN proceeds will be transferred, directly or indirectly, or deemed transferred to a nongovernmental person in any manner that would in substance constitute a loan of the Bond or BAN proceeds.

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

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

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

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

(h) The City represents that, if necessary, it will rebate any arbitrage profits to the United States of America in accordance with the Code.

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

Sec. 22. Amendments with Consent of Bondholders.

(a) Subject to the terms and provisions contained in this Section and Section 19(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 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 City of such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the City 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 Bonds or BANs are sold to the Authority through the IFA Program, the City shall obtain the prior written consent of the Authority; and provided, further, that nothing herein contained shall permit or be construed as permitting:

- (i) An extension of the maturity of the principal of or the due date of interest on any BAN or Bond; or
- (ii) A reduction in the principal amount of any BAN or Bond or the redemption premium or the rate of interest thereon; or
- (iii) The creation of a lien upon or a pledge of the revenues or Net Revenues of the System ranking prior to the pledge thereof created by this Ordinance; or
- (iv) A preference or priority of any BAN or BANs over any other BAN or BANs or of any Bond or Bonds over any other Bond or Bonds; or
- (v) A reduction in the aggregate principal amount of the Bonds required for consent to such supplemental ordinance; or
- (vi) A reduction in the Reserve Requirement; or
- (vii) The extension of mandatory sinking fund redemption dates for the Bonds, if any.

(b) 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 ordinance shall have consented to and approved the adoption thereof by written instrument to be maintained on file in the office of the Controller, no owner of any Bond 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 Common Council 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 City and all owners of Bonds then outstanding, shall thereafter be determined, exercised and enforced in accordance with this Ordinance, subject in all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this Ordinance, the rights and obligations of the City and the owners of the Bonds, and the terms and provisions of the Bonds and this Ordinance, or any supplemental ordinance, may be modified or altered in any respect with the consent of the City and the owners of all the Bonds then outstanding.

Sec. 23. Issuance of BANs.

(a) The City, having satisfied all the statutory requirements for the issuance of the Bonds, may elect to issue the BAN or BANs to a financial institution, the Authority or any other purchaser (if then authorized by State law), pursuant to a Bond Anticipation Note Purchase Agreement (the "Bond Anticipation Note Agreement") to be entered into between the City and the purchaser of the BAN or BANs, but only if such Agreement is deemed necessary by Bond Counsel. If the BANs are sold to the Authority through the IFA Program, the Financial Assistance Agreement shall serve as the Bond Anticipation Note Agreement. The Common Council hereby authorizes the issuance and execution of the BAN or BANs in lieu of initially issuing the Bonds

to provide interim financing for the Project until permanent financing becomes available and, if deemed appropriate, to refund such BAN or BANs and to pay the costs of issuance of the BANs. It shall not be necessary for the City to repeat the procedures for the issuance of the Bonds, as the procedures followed before the issuance of the BAN or BANs are for all purposes sufficient to authorize the issuance of the Bonds and the use of the proceeds to repay the BAN or BANs.

(b) The Mayor and the Controller are hereby authorized and directed to execute a Bond Anticipation Note Agreement or Financial Assistance Agreement, if any, in such form or substance as they shall approve, acting upon the advice of Bond Counsel. The Mayor or the Controller may take such other actions or execute and deliver such certificates as are necessary or desirable in connection with the issuance of the BANs or the Bonds and the other documents needed for the financing as any one of them deem necessary or desirable in connection therewith.

Sec. 24. Continuing Disclosure.

If necessary in order for the purchaser of the Bonds or BANs to comply with the Rule, the Mayor and Controller are hereby authorized to execute and deliver, in the name and on behalf of the City, an agreement by the City to comply with the requirements of a continuing disclosure undertaking by the City pursuant to subsection (b)(5) of the Rule, and any amendments thereto from time to time (the "Continuing Disclosure Agreement"). The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement.

Sec. 25. Tax Exemption.

Notwithstanding any other provisions of this ordinance, the covenants and authorizations contained in this ordinance (the "Tax Sections") which are designed to preserve the exclusion of interest on the BANs and Bonds from gross income under federal law (the "Tax Exemption") need not be complied with if the City 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 BANs and Bonds, the Mayor and Controller will execute post-issuance compliance procedures with respect to the BANs and Bonds relating to continued compliance of the City with respect to the Tax Sections to preserve the Tax Exemption.

Sec. 26. Conflicting Ordinances.

All prior ordinances and parts of prior ordinances, insofar as they are in conflict herewith, except the ordinances authorizing the Outstanding Parity Bonds, are hereby repealed; provided, however, that this ordinance shall not be construed as adversely affecting the rights of the owners of the Outstanding Parity Bonds. Sections 10 through 13 of this ordinance make certain technical amendments to the flow of funds which apply to the Outstanding Parity Bonds, as set forth in the ordinances authorizing the Outstanding Parity Bonds, however, the City hereby finds that such amendments do not adversely affect the holders of the Outstanding Parity Bonds.

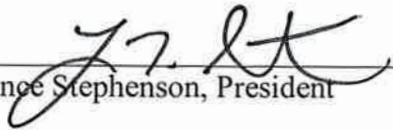
Sec. 27. Headings.

The headings or titles of the sections in this Ordinance shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Ordinance.

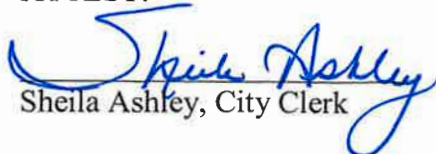
Sec. 28. Effective Date.

This ordinance takes full effect upon passage by the Council and approval of the Mayor.

PASSED AND ADOPTED BY THE COMMON COUNCIL OF THE CITY OF ANDERSON, INDIANA, THIS 14th DAY OF November, 2024.


Lance Stephenson, President

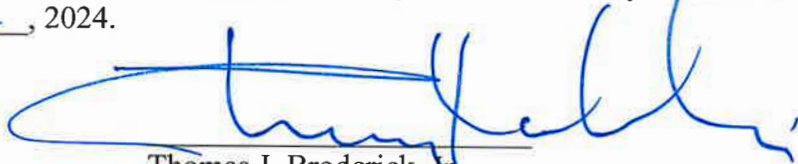
ATTEST:


Sheila Ashley, City Clerk

Presented by me, the undersigned City Clerk of the City of Anderson, to the Mayor of the City for his approval on the 17th day of November, 2024, at 1:56 o'clock A m.


Sheila Ashley, City Clerk Deputy
LISA JONES

Having examined the foregoing Ordinance, I do now, as the Mayor of the City of Anderson, Indiana, approve said Ordinance and return the same to the City Clerk of the City of Anderson, this 18th day of November, 2024.


Thomas J. Broderick, Jr.
Mayor of Anderson, Indiana

Prepared by:
Dennis H. Otten
BOSE MCKINNEY & EVANS LLP

1st & 2nd Rdg 10-22-24
3rd Rdg 11-14-24 Adopt!

Reviewed and approved by:
Paul Podlejski
Anderson City Attorney

Sponsored by:
David Eicks
Chairman, Anderson Board of Public Works

- CERTIFICATE -

STATE OF INDIANA)
) SS:
COUNTY OF MADISON)

I HEREBY CERTIFY THAT THE ATTACHED AND FOREGOING DOCUMENT IS A TRUE, ACCURATE AND COMPLETE COPY OF ORDINANCE NO. 37-24 AND ADOPTED BY THE COMMON COUNCIL OF THE CITY OF ANDERSON, MADISON COUNTY, INDIANA, ON THE 14TH DAY OF NOVEMBER 2024 AND APPROVED BY THE MAYOR OF SAID CITY ON THE 18TH DAY OF NOVEMBER 2024 AS THE SAME APPEARS ON FILE AND RECORD IN MY OFFICE.

WITNESS MY HAND AND THE SEAL OF SAID CITY, AFFIXED AT ANDERSON, INDIANA, ON THIS 19TH DAY OF NOVEMBER 2024



LISA JONES
DEPUTY CITY CLERK
ANDERSON, INDIANA

EXHIBIT A

Form of Financial Assistance Agreement

**STATE OF INDIANA
DRINKING WATER REVOLVING LOAN PROGRAM**

FINANCIAL ASSISTANCE AGREEMENT dated as of this [___ day of _____ 20__] by and between the Indiana Finance Authority (the “Finance Authority”), a body politic and corporate, not a state agency but an independent instrumentality of the State of Indiana (the “State”) and the City of Anderson, Indiana (the “Participant”), a political subdivision as defined in I.C. 5-1.2-2-57, operating its water utility under I.C. 8-1.5, witnesseth:

WHEREAS, the State’s Drinking Water Revolving Loan Program (the “Drinking Water SRF Program”) has been established in accordance with the federal Safe Drinking Water Act and any regulations promulgated thereunder, and pursuant to I.C. 5-1.2-10 (the “Drinking Water SRF Act”), which Drinking Water SRF Act also establishes the drinking water revolving loan fund (the “Drinking Water SRF Fund”); and

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

WHEREAS, the Participant has determined to undertake a drinking water system project (as more fully described herein, the “Project”) and to borrow money from the Drinking Water SRF Program to construct and acquire the Project; and

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

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

ARTICLE I

DEFINITIONS

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

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

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

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

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

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

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

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

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

“Commission” shall mean the Indiana Utility Regulatory Commission created under I.C. 8-1-1-2 or its successor.

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

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

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

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

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

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

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

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

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

“Drinking Water SRF Fund” shall mean the drinking water revolving loan fund as established by I.C. 5-1.2-10-2.

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

“Drinking Water System” shall mean all, or any part of, the system for the provision to the public of water for human consumption through pipes and other constructed conveyances that:

- (1) has at least fifteen (15) service connections; or
- (2) regularly serves at least twenty-five (25) individuals;

and as further defined and described in I.C. 13-11-2-177.3 and SRF Policy Guidelines, as amended and supplemented from time to time.

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

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

“Finance Authority Bonds” shall mean any Finance Authority State Revolving Fund Program Bonds or other similar obligations of the Finance Authority issued as a part of the Drinking Water SRF Program within the meaning of the Drinking Water SRF Indenture.

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

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

maintaining, repairing, and, as necessary, replacing the Drinking Water System and a plan for funding such activities.

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

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

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

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

“Non-Use Assessment Date” shall mean [_____ 1, 20__] and the first day of each sixth (6th) calendar month thereafter unless and until the Non-Use Close-out Date occurs in advance of any such Non-Use Assessment Date.

“Operation and Maintenance” shall mean the activities required to assure the continuing dependable and economic function of the Drinking Water System, including maintaining compliance with primary and secondary drinking water standards, as follows:

- (1) Operation shall mean the control and management of the united processes and equipment which make up the Drinking Water System, including financial and personnel management, records, reporting, laboratory control, process control, safety and emergency operation planning and operating activities.
- (2) Maintenance shall mean the preservation of the functional integrity and efficiency of equipment and structures by implementing and maintaining systems of preventive and corrective maintenance, including replacements.

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

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

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

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

“Safe Drinking Water Act” shall mean the Safe Drinking Water Act, 42 U.S.C. §§ 300f et seq. and other laws, regulations and guidance supplemental thereto, as amended and supplemented from time to time.

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

“State” shall mean the State of Indiana.

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

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

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

(End of Article I)

ARTICLE II

PURPOSE OF BORROWING AND LOAN TERMS

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

Section 2.02. The Bonds.

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

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

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

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

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

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

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

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

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

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

(f) Prior to making any Loan disbursement to pay any Construction costs, the Project shall have been approved by the State's Historical Preservation Officer in a manner consistent with the policies and practices of the Drinking Water SRF Program (the "Historical Preservation Approval"). Notwithstanding any provision of this Agreement to the contrary, in the event a Historical Preservation Approval has not been given within four (4) months after the date of this Agreement, the Finance Authority may, in its sole discretion, (i) reduce the aggregate amount of the Loan to the amount then disbursed and outstanding under this Agreement and (ii) if any amounts are held in the Construction Fund, require a Loan Reduction Payment pursuant to Section 2.06 herein as if it were a date that was three (3) years after the dated date of the Bonds. Upon giving notice to the Participant of such action, no further Loan disbursement (including from the Construction Fund) may be made under this Agreement unless consented to by the Finance Authority.

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

Section 2.04. Disbursement Procedures. Loan proceeds (including any held from time to time in the Construction Fund) shall be disbursed to the Participant by the Disbursement Agent for actual Eligible Costs incurred with respect to the Project. The Finance Authority may, in its discretion, cause Loan disbursements to be made (a) directly to the person or entity identified in the Disbursement Request to whom payment is due, or (b) if advised in writing by the Participant that I.C. 36-1-12-14 or a similar law

applies to the Project, to the Participant for purposes of collecting retainage, or some combination thereof. Any Loan proceeds in excess of the amount subject to retainage controlled by the Participant will be immediately remitted to the person or entity to whom payment is due, no later than three (3) Business Days after receipt or the date such Loan proceeds are no longer subject to retainage. The Finance Authority may, in its discretion, cause Loan disbursements to be made from time to time, in whole or in part, to the Participant's Construction Fund for disbursement consistent with this Agreement. Loan disbursements shall not be made more frequently than monthly and shall only be made following the submission of a Disbursement Request to the Finance Authority. Disbursement Requests shall be approved by the Director of Environmental Programs prior to submission to the Disbursement Agent for a Loan disbursement. Disbursement Requests shall be numbered sequentially, beginning with the number 1.

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

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

(b) In the event there remains a balance (inclusive of Loan proceeds and any earnings) in the Construction Fund on the date that is the earlier of (i) one year after Substantial Completion of Construction or (ii) three (3) years after the dated date of the Bonds (or in either such circumstance, such later date as the Finance Authority may approve in its discretion), the Participant agrees to make a Loan Reduction Payment to the Finance Authority within 10 days after any Finance Authority written demand. Any Loan Reduction Payment shall be applied to pay principal in such amounts and with such maturities as achieves as level debt service as practicable consistent with methodology prescribed in the Authorizing Instrument and as originally applied to the Bonds, and with no maturity longer than the original maturity schedule; provided that any principal payments originally scheduled under Section 2.02 herein as being due prior to the Loan Reduction Payment shall be unaffected by such payment. If the Authorizing Instrument permits the Participant to apply Bond proceeds to pay interest accruing on or before Substantial Completion of Construction, the Participant may seek to reimburse itself for such interest costs it has paid pursuant to a Disbursement Request provided. If the Participant fails to make such Loan Reduction Payment by such date, the Finance Authority and Deposit Agreement Counterparty are authorized to cause any balance held

in the Construction Fund to be so applied without further direction and authorization from the Participant. Notwithstanding the foregoing, if requested by the Finance Authority, in lieu of the Participant making a Loan Reduction Payment, the Finance Authority may in its discretion require the Participant to hold any remaining balance (inclusive of Loan proceeds and any earnings) in the Construction Fund until such amounts may be applied on the first optional redemption date applicable to the Bonds, and upon any such request, the Participant agrees to cause such amounts to be so held and applied on such date.

(End of Article II)

ARTICLE III

**REPRESENTATIONS, WARRANTIES AND COVENANTS
OF THE PARTICIPANT**

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

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

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

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

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

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

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

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

(h) In the event Construction is to be paid from Loan proceeds, execute and deliver to the Finance Authority upon its request any other forms as may be required by the Safe Drinking Water Act or SRF Policy Guidelines.

(i) In the event Construction is to be paid from Loan proceeds, follow guidance issued by the Finance Authority in procuring contracts for Construction, including (1) submission to the Finance Authority of Project change orders, (2) obtaining approval from the Director of Environmental Programs of any Project change order which significantly changes the scope or Design of the Project or, when taking into account other change orders and contracts, are reasonably expected to result in expenditures in an amount greater than the Loan, (3) receiving approval from the Director of Environmental Programs prior to the award of any contract for Construction and (4) receiving authorization from the Director of Environmental Programs prior to initiating procurement of Construction of the Project.

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

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

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

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

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

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

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

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

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

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

(d) Acquire and maintain insurance coverage acceptable to the Finance Authority, including fidelity bonds, to protect the Drinking Water System and its operations. All insurance shall be placed with responsible insurance companies qualified to do business under State law.

Insurance proceeds and condemnation awards shall be used to replace or repair the Drinking Water System unless the Finance Authority consents to a different use of such proceeds or awards.

(e) Establish and maintain the books and other financial records of the Project and the Drinking Water System (including the establishment of separate accounts or subaccounts for the Project and revenues and expenses of the Drinking Water System) in accordance with (1) generally accepted governmental accounting principles, as promulgated by the Government Accounting Standards Board (including GASB No. 34 standards relating to the reporting of infrastructure) and (2) the rules, regulations and guidance of the State Board of Accounts; provided, however, to the extent the Participant does not maintain separate accounts or subaccounts for the revenues and expenses of the Drinking Water System, it hereby certifies to the Finance Authority that it has adopted sufficient accounting and/or bookkeeping practices to accurately track all revenues and expenses of the Drinking Water System.

(f) Provide to the Finance Authority and not the Agency (unless specifically requested by the Agency) such periodic financial and environmental reports as it may request from time to time, including (1) annual operating and capital budgets and (2) any and all environmental data related to the Project that is required to be reported. Additionally, the Participant shall provide such other information requested or required of the Finance Authority or the Participant by the Agency.

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

(h) Continue to update, implement, and maintain its Asset Management Program (inclusive of Fiscal Sustainability Plan) of which the Participant has certified to the Authority that it has developed. In addition, as part of maintaining and updating the Asset Management Program, the Participant shall annually undertake a cyber security assessment, which the Participant may use "CISA's Free Cyber Vulnerability Scanning Assessment" or a similar cyber security assessment tool acceptable to the Finance Authority. The results of the Cyber Vulnerability Scanning Assessment shall be reviewed by the Participant and incorporated into its existing cybersecurity protocol.

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

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

all property located in the boundaries of the Participant, to pay all obligations of the Participant with respect thereto.

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

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

(m) Undertake all actions necessary to investigate all potential, material claims which the Participant may have against other persons with respect to the Drinking Water System and the Project and take whatever action is necessary or appropriate to (1) recover on any actionable, material claims related to the Project or the Planning, Design or Construction thereof, (2) meet applicable Project performance standards and (3) otherwise operate the Drinking Water System in accordance with applicable federal, State and local law.

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

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

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

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

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

(s) Notwithstanding anything in the Authorizing Instrument related to the Bonds (or in any authorizing instrument related to any other outstanding bonds payable from the revenues of the Drinking Water System which are on a parity with the Bonds) to the contrary, in the event any

Credit Provider that has provided a Credit Instrument fails to be rated on a long term basis at least "A-/A3" by S&P Global Ratings and Moody's Investors Service, Inc., and their successors (such Credit Instrument, a "Disqualified Instrument"), within 12 months of such failure (or pursuant to such other schedule as may be approved by the Finance Authority), the Participant shall cause cash (or a replacement Credit Instrument from a Credit Provider that is rated on a long term basis at least "AA-/Aa3" by S&P Global Ratings and Moody's Investors Service, Inc., and their successors)(or some combination thereof) in an aggregate amount equal to the stated credit available under the Disqualified Instrument(s) to be deposited in the related reserve account(s) in lieu of such Disqualified Instrument(s). No Disqualified Instrument shall be included as part of the reserve balance which satisfies any such reserve requirement under any such authorizing instrument. Nothing in this subsection shall waive or modify additional requirements contained in any such authorizing instrument (including the Authorizing Instrument related to the Bonds); the provisions of this subsection and any such authorizing instrument (including the Authorizing Instrument related to the Bonds) shall both be required to be met. Unless and until notice shall be given by the Finance Authority to the Participant, a surety policy issued by MBIA Insurance Corporation or Financial Guaranty Insurance Company that has been reinsured by National Public Finance Guarantee Corporation (formerly known as MBIA Insurance Corp. of Illinois) shall not be treated as a Disqualified Instrument.

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

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

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

(w) Whenever from time to time requested by the Finance Authority, submit evidence satisfactory to the Finance Authority demonstrating that the Participant's rates and charges are at a level adequate to produce and maintain sufficient net revenue after providing for the proper Operation and Maintenance of the Drinking Water System, on a proforma basis consistent with SRF Policy Guidelines, to provide 1.25x coverage on all obligations of the Drinking Water System

(including the Bonds) and, in the event the Participant's rates and charges are insufficient to demonstrate such coverage, then to the extent permitted by law annually enact an increase in its rates and charges reasonably designed to be consistent with SRF Policy Guidelines regarding such coverage.

(x) Notwithstanding any provision of the Authorization Instrument to the contrary, not make any payment in lieu of property taxes from any account of the Drinking Water System (i) if the Finance Authority provides notice to the Participant that the Finance Authority has determined in its reasonable discretion that such a transfer adversely affects the Finance Authority and (ii) more frequently than semiannually if the Authority provides notice to the Participant so requiring such a limitation on frequency.

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

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

(a) The Participant is duly organized and existing under State law and constitutes a "political subdivision" within the meaning of I.C. 5-1.2-2-57 and a "participant" within the meaning of I.C. 5-1.2-2-54. The Project and the Drinking Water System are subject to I.C. 8-1.5 and the Participant has the financial, managerial, technical, and legal capability to operate and maintain its Drinking Water System and the Project, consistent with SRF Policy Guidelines including applicable requirements of the Drinking Water SRF Act.

(b) The Participant and its Drinking Water System are subject to the jurisdiction of the Commission under I.C. 8-1-2 or any other applicable law and the Project and the Bonds are subject to the Commission's review and approval requirements. If the Participant or its Drinking Water System is subject to the jurisdiction of the Commission under I.C. 8-1-2 or any other applicable law, the Commission has reviewed and approved the Project and the issuance of the Bonds and no additional approvals or consents are required to be obtained from the Commission related thereto.

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

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

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

(f) There is no litigation pending or, to the knowledge of the Participant, upon investigation, threatened that (1) challenges or questions the validity or binding effect of this Agreement, the Authorizing Instrument or the Bonds or the authority or ability of the Participant to execute and deliver this Agreement or the Bonds and perform its obligations hereunder or

thereunder or (2) would, if adversely determined, have a significant adverse effect on the ability of the Participant to meet its obligations under this Agreement, the Authorizing Instrument or the Bonds.

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

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

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

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

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

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

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

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

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

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

(End of Article III)

ARTICLE IV - DEFAULTS

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

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

(End of Article IV)

ARTICLE V

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

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

City of Anderson, Indiana
 120 E. Eighth St.
 Anderson, IN 46016
 Attention: Controller

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

Section 5.09. Expenses. The Participant covenants and agrees to pay (a) the fees, costs and expenses in connection with making the Loan, including issuing the Bonds and providing the necessary certificates, documents and opinions required to be delivered therewith; (b) the fees, costs and expenses in connection with making and administering the Loan; (c) the costs and expenses of complying with its covenants made herein; and (d) any and all costs and expenses, including attorneys' fees, incurred by the Finance Authority in connection with the enforcement of this Agreement, the Authorizing Instrument and the Bonds in the event of the breach by the Participant of or a default under this Agreement, the Authorizing Instrument or the Bonds. Notwithstanding clause (b) above, the Participant shall not be obligated to pay any of the fees, costs and expenses in connection with administering the Loan except as follows: (1) the Finance Authority may request and the Participant shall promptly pay (no later than the date first above written), a closing fee in connection with the Loan in an amount determined by the Finance Authority, but not exceeding \$1,500, which may not be paid from a Loan disbursement; (2) the Finance Authority may request and the Participant shall promptly pay (no later than thirty (30) days after any request), an annual administrative fee in connection with the Loan in an amount determined by the Finance Authority, but not exceeding \$1,500, which may not be paid from a Loan disbursement; (3) the Finance Authority may request and the Participant shall promptly pay (no later than thirty (30) days after any request), a Non-Use Fee in connection with the Loan, which may not be paid from a Loan disbursement; (4) for so long as the Finance Authority is the registered owner of the Bonds, at the direction of the Finance Authority, the interest rate on the Bonds may be adjusted to lower the interest rate on the Bonds, and the difference between the amount payable as the original rate on the Bonds and the lower rate shall be deemed an additional administrative fee in connection with the Drinking Water SRF Program; and (5) the Participant shall only be obligated to pay fees, costs and expenses of the Finance Authority's counsel and financial advisers in connection with making the Loan, which may be paid from a Loan disbursement.

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

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

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

Section 5.13. Federal Award Information. The Catalogue of Federal Domestic Assistance ("CFDA") Number for the Authority's Drinking Water SRF Program is 66.468 and the Federal Agency & Program Name is "US Environmental Protection Agency Capitalization Grant for Drinking Water State Revolving Funds."

(End of Article V)

[THE REMAINDER OF THIS PAGE HAS
BEEN INTENTIONALLY LEFT BLANK]

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

CITY OF ANDERSON, INDIANA

INDIANA FINANCE AUTHORITY

“Participant”

“Finance Authority”

By: _____

By: _____

Printed: _____

James P. McGoff
Director of Environmental Programs

Title: _____

Attest: _____

EXHIBIT A

The Project consists of the following improvements to the Participant's Drinking Water System:

-
-
-
-

[The Project contains components that are GPR Projects, which GPR Projects Expenditures have been determined and are expected as of the date of this Agreement to be in the amount as set forth in the Participant's business case or categorical exclusion which is posted at www.srf.in.gov.]

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

[End of Exhibit A]

EXHIBIT B
Principal Payment Schedule for the Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>
01/01/2026	\$
01/01/2027	
01/01/2028	
01/01/2029	
01/01/2030	
01/01/2031	
01/01/2032	
01/01/2033	
01/01/2034	
01/01/2035	
01/01/2036	
01/01/2037	
01/01/2038	
01/01/2039	
01/01/2040	
01/01/2041	
01/01/2042	
01/01/2043	
01/01/2044	
01/01/2045	
01/01/2046	
01/01/2047	
01/01/2048	
01/01/2049	
01/01/2050	
01/01/2051	
01/01/2052	
01/01/2053	
01/01/2054	
01/01/2055	
01/01/2056	
01/01/2057	
01/01/2058	
01/01/2059	
01/01/2060	
TOTAL	\$

[End of Exhibit B]

EXHIBIT C
Credit Instrument

Credit Providers rated on a long term basis lower than "A-/A3" long term by S&P Global Ratings and Moody's Investors Service, Inc. are:

- None.

[End of Exhibit C]

Exhibit D
Additional Terms

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

“Equivalency Project” shall mean a project designated by the Finance Authority as an “equivalency project” under the Safe Drinking Water Act related to the “US Environmental Protection Agency Capitalization Grant for Drinking Water State Revolving Funds” for the federal fiscal year designated by the Finance Authority.

“BIL” shall mean the Bipartisan Infrastructure Law (BIL) (P.L. 117-58), also known as the “Infrastructure Investment and Jobs Act of 2021” (IIJA), signed into law on November 15, 2021.

The Participant understands and acknowledges that the Project has been designated as an Equivalency Project and is required to meet the related applicable requirements of the Safe Drinking Water Act.

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

The Participant further understands and agrees that it shall comply with all federal requirements applicable to the assistance received (including those imposed by BIL) which the Participant understands includes, but is not limited to, the following requirements: that all of the iron and steel, manufactured products, and construction materials used in the Project are to be produced in the United States (“Build America, Buy America Requirements”) unless (i) the Participant has requested and obtained a waiver from the cognizant Agency pertaining to the Project or the Project is otherwise covered by a general applicability waiver; or (ii) all of the contributing Agencies have otherwise advised the Participant in writing that the Build America, Buy America Requirements are not applicable to the Project.

The Participant further understands and agrees that it shall comply with all record keeping and reporting requirements under all applicable legal authorities, including any reports required by the Finance Authority or the Agency, such as performance indicators of program deliverables, information on costs and progress of the Project. The Participant understands that (i) each contract and subcontract related to the Project is subject to audit by appropriate federal and state entities and (ii) failure to comply with the applicable legal requirements and this Agreement may result in a default hereunder that results in a repayment of the Loan in advance of the maturity of the Bonds, termination and/or repayment of grants, cooperative agreements, direct assistance or other types of financial assistance, and/or other remedial actions.

The Participant further understands and agrees that it shall comply with (i) Executive Order 14030, regarding Climate-Related Financial Risk and (ii) Executive Order 13690, regarding Flood Risk Management Standards.

The Participant further understands that the Project is being financed, in whole or in part, with BIL funds, and shall place a physical sign displaying the official Building a Better America emblem and Agency logo at the site of the Project.

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

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

“GPR Projects Adjustment Fee” shall mean an amount which would equal the gross additional interest that would have accrued on the Bonds from the date of this Agreement through their scheduled final maturity, had such Bonds been issued at an interest rate determined under the Drinking Water SRF Program’s interest rate policies and practices using the final, actual GPR Projects Expenditures (rather than the amount referenced in the Participant’s business case or categorical exclusion posted at www.srf.in.gov), all as determined by the Finance Authority.

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

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

- C. The following additional terms in this Paragraph C related to LLR Projects (and the related defined terms) are [NOT] applicable to the Loan.*

“LLR Projects” shall mean Project components that meet the requirement of the “Lead Line Replacement (LLR) Incentive Program” consistent with SRF Policy Guidelines including applicable requirements of the Drinking Water SRF Act.

“LLR Projects Adjustment Fee” shall mean an amount which would equal the gross additional interest that would have accrued on the Bonds from the date of this Agreement through their scheduled final maturity, had such Bonds been issued at an interest rate determined under the Drinking

Attachment JZW-3

Non-Recurring Rates and Charges Report – Anderson Water Utility

City of Anderson, Indiana

October 15, 2024



Table of Contents

Introduction	1
Purpose of the Report	1
Overview of the Report.....	1
Organization of this Report.....	1
Non-Recurring Rates and Charges	3
Bad Check Charge/Return Check Item Charge	3
Service Call and Reconnection Charges – During Regular Hours.....	4
Service Call and Reconnection Charges – Overtime Hours.....	5
Tap Fee – Residential Charge.....	6
Penalty for Late Payment and Meter Tampering Charges.....	8
Summary of Present and Calculated Charges	9

Introduction

Purpose of the Report

Crowe LLP (“Crowe”) has performed a study and analysis of the City of Anderson Municipal Water Utility’s (“Water Utility” or “Utility”) miscellaneous and non-recurring charges as directed by the Utility’s management. The results of our analysis are included in this Non-Recurring Rates and Charges Report (“Report”).

The purpose of the Report is to estimate the Utility’s cost to provide miscellaneous and non-recurring services for its customers and to document the process to deliver such services. The Report is intended to be used by the Utility to establish or reestablish a proposed fee schedule. This Report is based on data derived from interviews with the Utility’s personnel, as well as the Utility’s books and records.

In the course of preparing this Report, we have not conducted an audit of any financial or supplemental data used in the accompanying tables and notes. We have provided an assessment based on information provided by the Utility that may vary from actual results because events and circumstances frequently do not occur as estimated and such variances may be material. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

If you have any questions regarding this Report, please call Jennifer Wilson at (317) 269-6696.

Overview of the Report

This Report estimates the Utility’s cost to provide miscellaneous and non-recurring services to its customers and documents the process to deliver such services. The following miscellaneous and non-recurring services are estimated and documented in this Report:

- Bad Check/Return Check Item Charge
- Service Call Charge During Regular Hours and Overtime Hours
- Reconnection Charge During Regular Hours and Overtime Hours
- Water Tap Fees – Residential Charge
- Penalty for Late Payment Charge
- Meter Tampering Charge

Organization of this Report

The following four components are outlined for each of the non-recurring rates and charges analyzed in this Report:

- Current Charge
- Process Description
- Additional Information
- Cost Buildup

Each of the four components are described below.

Current Charge

Crowe has included the current charge for each service within this Report. The current charge is included to provide the reader with an understanding of the present charge structure.

Process Description

A process description is provided for each charge. The process description for each charge contains a general description of the steps taken by the Utility to perform each service as well as the role

performing the function. Process steps are intended to identify material cost components of the Utility rather than detailed operating procedures.

Additional Information

The Additional Information section of each charge contains general information that clarifies the process steps taken by the Utility or other factors that Crowe gathered while developing cost estimates deemed pertinent to the analysis.

Cost Buildup

The Cost Buildup section reflects the Labor, Materials, Equipment, and Other Charges the Utility incurs to deliver each service. The Labor component includes both an Hourly Rate for each employee, as well as an Overhead Rate. The Overhead Rate allocates indirect labor costs, including employee benefits, management costs, administrative costs, and other indirect labor expenses (together, "Indirect Labor Costs"), to the direct labor component identified in the Process Description of each respective charge. The Overhead Rate is 87.47% of the hourly rate for each employee position, as calculated and provided by the Utility's management. To arrive at the Overhead Rate percentage, the Utility summed together Indirect Labor percentages including the percent of Insurance Expense to Salaries and Wages, the PERF percentage, the FICA percentage, and the Overhead Rate.

Non-Recurring Rates and Charges

Bad Check Charge/Return Check Item Charge

Current Charge

The Water Utility currently charges \$30.00 per occurrence as a Bad Check/Return Item Charge.

Process Description

The Credit Manager spends 0.25 hours reviewing the bank notice and posts the nonpayment to the customer account.

Additional Information

- Automated Clearing House (ACH) exceptions can be made for two occurrences prior to customer incurring fee (to allow for data entry errors, etc.)

Cost Buildup

	Hours	Hourly Rate	Cost
<u>Labor</u>			
Credit Manager	0.25	\$ 37.91	<u>\$ 9.48</u>
<u>Other Charge</u>			
Bank Charges			<u>40.00</u>
Calculated Charge			<u>\$ 49.48</u>
Calculated Charge (Rounded)			<u>\$ 49.00</u>

Service Call and Reconnection Charges – During Regular Hours

Current Charge

The Water Utility currently charges the following rates:

Charge Type	Current Charge
Service Calls – Regular Hours	\$35.00
Reconnect Charges for Non-Payment – Regular Hours	35.00

Process Description

Below are the steps identified for this service, which includes the role performing the activity and the description.

Step	Role	Description
1	Clerk/Dispatcher	Receives call requesting service and forwards to Customer Service Supervisor (approximately 0.25 hours).
2	Customer Service Supervisor	Spends 0.25 hours receiving the call request and processing through the ticket management system (approximately 0.25 hours).
3	Meter Service Person	Uses a Service Truck and travels to the site location, performs a service, and returns (approximately 0.75 hours of labor and 0.75 hours of Service Truck usage, assuming a technician is already mobilized).

Additional Information

- Meter service calls can occur after hours at which employees are compensated at double time.
- Customers are only charged for meter replacement in the event of a lost, damaged, or stolen meter. Routine meter replacements do not result in charges to customers.

Cost Buildup

	Hours	Hourly Rate	Cost
<u>Labor</u>			
Clerk/Dispatcher	0.25	\$ 38.60	\$ 9.65
Customer Service Supervisor	0.25	37.91	9.48
Meter Service Person	0.75	50.50	37.88
			<u>57.00</u>
<u>Equipment</u>			
Service Truck	0.75	13.87	10.40
			<u>10.40</u>
Calculated Charge			<u>\$ 67.41</u>
Calculated Charge (Rounded)			<u>\$ 67.00</u>

Service Call and Reconnection Charges – Overtime Hours

Current Charge

The Water Utility currently charges the following rates:

Charge Type	Current Charge
Service Calls – Overtime Hours	\$155.00
Reconnect Charges for Non-Payment – Overtime Hours	155.00

Process Description

The Meter Service Person uses a Service Truck and travels to the site location, performs the requested service, and returns (approximately 0.75 hours of labor and 0.75 hours of Service Truck usage).

Additional Information

- The Meter Service Person receives a minimum of three hours at double time for each call in.

Cost Buildup

	Hours	Hourly Rate	Cost
<u>Labor</u>			
Meter Service Person	3.00	\$ 101.00	<u>\$ 303.00</u>
<u>Equipment</u>			
Service Truck	0.75	13.87	<u>10.40</u>
<u>Other</u>			
After Hours Answering Service			<u>10.96</u>
Calculated Charge			<u>\$ 324.36</u>
Calculated Charge (Rounded)			<u>\$ 324.00</u>

Tap Fee – Residential Charge

Current Charge

The Water Utility currently charges the following rates:

Charge Type	Current Charge
¾ Inch Service Tap	\$820.00
Over ¾ Inch Service Tap billed at the cost of labor and materials with a minimum charge	820.00

Process Description

Below are the steps identified for this service, which includes the role performing the activity and the description.

Step	Role	Description
1	Clerk/Dispatcher	Receives call requesting service and forwards to Customer Service Supervisor (approximately 0.50 hours).
2	Customer Service Supervisor	Spends 0.25 hours receiving the call request and processing through the ticket management system.
3	Meter Service Person	Uses a Service Truck and travels to the site location, performs a service, and returns (approximately 0.75 hours of labor and 0.75 hours of Service Truck usage, assuming a technician is already mobilized).
4	Storm Room Person	Spends 0.50 hours ordering and assembling the necessary materials.
5	Pipe Fitter, Pipe Fitter Helper, and Backhoe Operator	Each spend an average of 3 hours (2 hours for short service and 4 hours for longer service) traveling to the site, digging a hole, performing installation, restoring the site, and returning). Service Trucks, a Backhoe, a Dump Truck, and a Boring Machine are used. The Crew Service Truck, the Backhoe, the Dump Truck, and the Boring Machine are used for approximately 4 hours each. The Foreman Service Truck, and the Project Supervisor Service Truck are used for approximately 1 hour. Approximately 1 hour of time is used for mobilization and travel to and from the site.
6	Foreman	Visits the site to monitor the installation (approximately 1 hour).
7	Project Supervisor	Visits the site to GPS locate the installation and complete follow-up paperwork for the job (approximately 1 hour).
8	Customer Service Supervisor	Spends 0.25 hours closing the ticker and reporting information in MUNIS.

Additional Information

- Additional equipment such as the Vac Trailer and the Hydro-Excavator may be used for approximately 4 hours each during the process.

Cost Buildup

	Hours	Hourly Rate	Cost
<u>Labor</u>			
Customer Service Supervisor	0.50	\$ 37.91	\$ 18.96
Clerk/Dispatcher	0.50	38.60	19.30
Store Room Person	0.50	51.31	25.66
Pipe Fitter	4.00	49.85	199.40
Pipe Fitter Helper	4.00	47.49	189.96
Backhoe Operator	4.00	50.64	202.56
Foreman	1.00	59.88	59.88
Project Supervisor	1.00	52.47	52.47
			<u>768.18</u>
<u>Materials</u>			
3/4" Angle Valve			68.01
3/4" Corp Stop			65.23
5/8" x 3/4" Yoke			19.75
3/4" Yoke Ell			62.29
20" Meter Base			61.70
20" Meter Tile			110.70
3/4" Black Pipe			30.00
3/4" Plastic			52.63
8" X 3/4" Tapping Saddle			118.51
			<u>588.82</u>
<u>Equipment</u>			
Service Truck (Crew)	4.00	13.87	55.48
Service Truck (Foreman)	1.00	13.87	13.87
Service Truck (Project Supervisor)	1.00	13.87	13.87
Vac Trailer	4.00	45.93	183.72
Backhoe	4.00	35.60	142.40
Dump Truck	4.00	36.31	145.24
Boring Machine	4.00	51.63	206.52
Hydro-Excavator	4.00	115.76	463.04
			<u>1,224.14</u>
Calculated Charge			<u>\$ 2,581.14</u>
Calculated Charge (Rounded)			<u>\$ 2,580.00</u>

Penalty for Late Payment and Meter Tampering Charges

Current Charge

The Water Utility currently charges the following rates:

Charge Type	Current Charge
Penalty for Late Payment	10% of first \$3.00, plus 3% of balance of bill over \$3.00
Meter Tampering Charge	First and Second Offense – Actual cost of parts, labor, equipment and overhead plus cost of service estimated to have been used based on prior history. Third Offense – Same as above plus discontinuance of service.

Additional Information

There will be no change to the Penalty for Late Payment Charge, nor the Meter Tampering Charge.

Summary of Present and Calculated Charges

	Current Charges	Calculated Charges
Bad Check Charge	\$ 30.00	\$ 49.00
Reconnect Charges		
Regular Hours	35.00	67.00
Overtime Hours	155.00	324.00
Service Call Charges		
Regular Hours	35.00	67.00
Overtime Hours	155.00	324.00
Penalty for Late Payment	10% of first \$3.00 plus 3% of balance of bill over \$3.00	<i>No Change</i>
Meter Tampering Charge	First and Second Offense - Actual cost of parts, labor, equipment and overhead plus cost of service estimated to have been used based on prior history. Third Offense - Same as above plus discontinuance of service.	<i>No Change</i>
Water Taps		
3/4" Tap	820.00	2,580.00
Over 3/4"	Cost of labor and materials with a minimum charge of \$820.00	Cost of labor and materials with a minimum charge of \$2,580.00

Attachment JZW-4

ANDERSON COMMON COUNCIL**ORDINANCE NO. 38-24****AN ORDINANCE AMENDING THE MONTHLY WATER USER RATES
AND CHARGES OF THE CITY OF ANDERSON, INDIANA**

WHEREAS, the City of Anderson, Indiana (“Anderson”), owns and operates a municipal water utility known as the City of Anderson Municipal Water Department (“Utility”) which provides water and related services to customers in and around Anderson; and

WHEREAS, the Utility most recently adjusted its rates for monthly water service to reflect the repeal of Indiana’s Utility Receipts Tax (as required by House Bill No. 1002) which was approved by the Indiana Utility Regulatory Commission (“Commission”) in 30-Day Filing No. 50512, Conference Minutes dated June 28, 2022; and

WHEREAS, the Commission previously approved the Utility’s rates and charges for monthly potable water and fire protection service in Cause No. 44510, Order dated March 4, 2015; and

WHEREAS, in Cause No. 44510 the Commission approved a settlement agreement between Anderson and the Indiana Office of Utility Consumer Counselor (“OUCC”) in which Anderson and the OUCC agreed to update its non-recurring charges as necessary.

WHEREAS, the Utility has now engaged Crowe LLP (“Crowe”) to perform a financial study of the Utility’s revenue requirements for a test period for the twelve consecutive months ending December 31, 2023, along with projected adjustments, and make any recommendations regarding Anderson’s non-recurring charges; and

WHEREAS, Crowe’s financial study indicates that the current monthly water user rates do not produce sufficient income to maintain the Utility in a sound financial and physical condition to render adequate and sufficient service; and

WHEREAS, the Utility has also engaged Utility Financial Solutions, LLC (“UFS”) to perform a cost of service study to determine the costs of providing service to each class of customers and to assist in the design of monthly user water rates; and

WHEREAS, based on a recommendation from Crowe and UFS, the Common Council for the City of Anderson, Indiana (“Council”), now desires to amend its monthly user water rates and non-recurring charges to support the Utility’s ongoing revenue requirements and obligations under Ind. Code § 8-1.5-3-8; and

WHEREAS, the Utility’s amended monthly user water rates and charges set forth in Exhibit A will be implemented in five separate phases beginning with the first phase to be implemented immediately after Commission approval and the second, third, fourth, and fifth phases to be implemented on January 1, 2026, January 1, 2027, January 1, 2028, and January 1, 2029, respectively; and

WHEREAS, upon the Council’s adoption of the revised water rates and charges set forth in Exhibit A, the Utility intends to file with the Commission a petition seeking approval of the revised rates and charges; and

WHEREAS, based upon the foregoing, the Council now finds that the Utility's water rates and charges should be amended as set forth in Exhibit A, and that such rates and charges are nondiscriminatory, just, and reasonable charges in compliance with Ind. Code § 8-1.5-3-8;

NOW, THEREFORE, BE IT ORDAINED by the Common Council of the City of Anderson, Indiana, that:

Section 1. The schedules of revised rates and charges for water service set forth in Exhibit A are hereby adopted as the rates and charges to be utilized by the Utility when charging customers for water service, effective as set forth below.

Section 2. The Utility is proposing, and the Council hereby approves, a capital improvement plan that includes, among other things, a replacement of all current water meters over a ten (10) year period. As the meters are replaced, the Utility will charge customers with a new meter based on a 1,000 gallons basis. Until the meters are changed, however, the customers will be charged under the current method which is based on a 100 cubic feet basis. For this reason, Exhibit A includes the user rates based on cubic feet and gallons.

Section 3. The proposed rates and charges (in Exhibit A) include, among other things, an amount sufficient to compensate Anderson for taxes that would be due to Anderson if the Utility were privately owned. The Council hereby elects to have the rates and charges in lieu of taxes transferred to Anderson's general fund.

Section 4. All Ordinances and parts of Ordinances in conflict herewith are repealed, provided, however, that the existing schedule of water rates and charges shall remain in full force and effect until the schedule of rates and charges fixed by this Ordinance shall be approved by the Commission, and until such time as the Commission's order approving such new rates and charges.

Section 5. Upon its passage and adoption, this Ordinance shall be in full force and effect, provided, however, that the schedule of rates and charges herein shall not become effective unless and until approved by the Commission.

Section 6. In the event any one or more of the provisions contained in this Ordinance should be held invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired and shall remain in full force and effect.

Section 7. The necessary and appropriate officials of the Utility are hereby authorized and directed to file with the Commission a petition seeking approval of a new schedule of water rates and charges, as well as testimony and exhibits in support, in accordance with this Ordinance.

Section 8. The Council and Mayor specifically recognize that the adjustment to Anderson's rates and charges is necessary due, in part, to the issuance of bonds to make much needed and necessary improvements to the Utility. Simultaneous herewith, the Council is considering a bond ordinance authorizing such borrowing.

Section 9. If the Commission issues a final order adjusting the rates and charges as currently set forth in Exhibit A, such amended rates and charges will automatically be in effect in the amount so ordered by the Commission.

PASSED AND ADOPTED BY THE COMMON COUNCIL OF THE CITY OF ANDERSON, INDIANA THIS 14th DAY OF NOVEMBER, 2024.

COMMON COUNCIL, CITY OF ANDERSON

By: [Signature]
Lance Stephenson, President
Anderson Common Council

ATTEST.
[Signature]
Sheila Ashley, City Clerk
City of Anderson, Indiana

PRESENTED BY ME, the undersigned City Clerk of the City of the City of Anderson, Indiana to the Mayor for approval and signature, this 14 day of November 2024.

[Signature]
Sheila Ashley, City Clerk Deputy
LISA JONES

Having examined the foregoing Ordinance, I do now, as the Mayor of the City of Anderson, Indiana, approve said Ordinance and return the same to the City Clerk of the City of Anderson, this 18th day of November 2024.

[Signature]

Thomas J. Broderick Jr.,
Mayor of Anderson, Indiana

4851024.2

1st & 2nd Rdg 10-22-24
3rd Rdg Adopted 11-14-24

EXHIBIT A**ANDERSON MUNICIPAL WATER DEPARTMENT**

Anderson, Indiana

Schedule of Rates and Charges for Water Service

<u>Metered Rates Per Month (Before Meter Change)</u> (per cubic feet)	<u>Phase I</u>	<u>Phase II</u>	<u>Phase III</u>	<u>Phase IV</u>	<u>Phase V</u>
First 500 cubic feet	\$ 2.99	\$ 3.16	\$ 3.70	\$ 4.78	\$ 5.74
Next 40,000 cubic feet	\$ 2.99	\$ 3.16	\$ 3.70	\$ 4.78	\$ 5.74
Next 255,000 cubic feet	\$ 2.58	\$ 2.82	\$ 3.70	\$ 4.78	\$ 5.74
Next 700,000 cubic feet	\$ 2.58	\$ 2.82	\$ 3.70	\$ 4.78	\$ 5.74
Over 1,000,000 cubic feet	\$ 2.30	\$ 2.50	\$ 3.70	\$ 4.78	\$ 5.74
<u>Metered Rates Per Month (After Meter Change)</u> (per 1,000 gallons)					
First 4,000 gallons	\$ 3.99	\$ 4.23	\$ 4.95	\$ 6.39	\$ 7.67
Next 30,000 gallons	\$ 3.99	\$ 4.23	\$ 4.95	\$ 6.39	\$ 7.67
Next 190,000 gallons	\$ 3.45	\$ 3.77	\$ 4.95	\$ 6.39	\$ 7.67
Next 525,000 gallons	\$ 3.45	\$ 3.77	\$ 4.95	\$ 6.39	\$ 7.67
Over 749,000 gallons	\$ 3.07	\$ 3.34	\$ 4.95	\$ 6.39	\$ 7.67
<u>Monthly Base Charges</u>					
5/8 Inch Meter	\$ 11.60	\$ 11.60	\$ 14.00	\$ 14.00	\$ 14.00
¾ Inch Meter	\$ 16.00	\$ 17.00	\$ 20.00	\$ 20.00	\$ 20.00
1 Inch Meter	\$ 33.00	\$ 33.00	\$ 37.00	\$ 37.00	\$ 37.00
1½ Inch Meter	\$ 47.00	\$ 50.00	\$ 62.00	\$ 62.00	\$ 62.00
2 Inch Meter	\$ 70.00	\$ 76.00	\$ 95.00	\$ 95.00	\$ 95.00
3 Inch Meter	\$ 100.00	\$ 115.00	\$ 189.00	\$ 189.00	\$ 189.00
4 Inch Meter	\$ 150.00	\$ 175.00	\$ 250.00	\$ 290.00	\$ 290.00
6 Inch Meter	\$ 200.00	\$ 250.00	\$ 400.00	\$ 500.00	\$ 550.00
8 Inch Meter	\$ 225.00	\$ 325.00	\$ 505.00	\$ 685.00	\$ 840.00
10 Inch Meter	\$ 325.00	\$ 583.00	\$ 850.00	\$ 1,100.00	\$ 1,200.00
<u>Private Fire Protection Charges</u> <u>Per Month Per Connection</u>					
2 Inch Line	\$ 2.90	\$ 2.90	\$ 3.10	\$ 3.30	\$ 3.50
2½ Inch Line	\$ 5.30	\$ 5.30	\$ 5.70	\$ 6.00	\$ 6.30
3 Inch Line	\$ 8.50	\$ 8.50	\$ 9.20	\$ 9.70	\$ 10.20
4 Inch Line	\$ 18.20	\$ 18.20	\$ 19.70	\$ 20.70	\$ 21.70
6 Inch Line	\$ 52.80	\$ 52.80	\$ 57.00	\$ 59.90	\$ 62.90
8 Inch Line	\$ 112.40	\$ 112.40	\$ 121.40	\$ 127.50	\$ 133.90
10 Inch Line	\$ 202.20	\$ 202.20	\$ 218.40	\$ 229.30	\$ 240.80

12 Inch Line	\$	326.60	\$	326.60	\$	352.70	\$	370.30	\$	388.80
<u>Private Fire Hydrant – Per Month</u>	\$	60.70		64.20		81.50		98.80		114.30
<u>Public Fire Protection charges – Per Month Per Connection</u>										
5/8 Inch Connection	\$	2.90	\$	2.90	\$	2.90	\$	2.90	\$	2.90
¾ Inch Connection	\$	4.20	\$	4.20	\$	4.30	\$	4.30	\$	4.30
1 Inch Connection	\$	7.40	\$	7.40	\$	7.50	\$	7.50	\$	7.60
1½ Inch Connection	\$	16.70	\$	16.70	\$	17.00	\$	17.00	\$	17.20
2 Inch Connection	\$	29.70	\$	29.70	\$	30.20	\$	30.20	\$	30.50
3 Inch Connection	\$	66.80	\$	66.80	\$	67.90	\$	67.90	\$	68.60
4 Inch Connection	\$	118.70	\$	118.70	\$	120.70	\$	120.70	\$	121.90
6 Inch Connection	\$	267.00	\$	267.00	\$	271.50	\$	271.50	\$	274.20
8 Inch Connection	\$	474.70	\$	474.70	\$	482.80	\$	482.80	\$	487.60
10 Inch Connection	\$	757.20	\$	752.20	\$	765.00	\$	765.00	\$	772.70
12 Inch Connection	\$	1068.10	\$	1068.10	\$	1086.30	\$	1086.30	\$	1097.20

Non-Recurring Charges:

Bad Check Charge \$ 49.00

Reconnect Charges

Regular Hours \$ 67.00

Overtime Hours \$324.00

Service Call Charges

Regular Hours \$ 67.00

Overtime Hours \$324.00

Penalty for Late Payment10% of first \$3.00 plus 3% of balance
of bill over \$3.00Meter Tampering ChargeFirst and Second Offense – Actual cost
of parts, labor, equipment and
overhead plus cost of service estimate
to have been used based on prior
history. Third Offense – Same as
above plus discontinuance of service.Water Taps

¾" Tap \$2,580.00

Over ¾" Cost of labor and materials with a
minimum charge of \$2,580.00System Development Charges


Meter Size	SDC Charge
5/8 Inch Meter	\$ 900
3/4 Inch Meter	\$ 1,350
1 Inch Meter	\$ 2,250
1 ½ Inch Meter	\$ 4,500
2 Inch Meter	\$ 7,200
3 Inch Meter	\$ 13,500
4 Inch Meter	\$ 22,500
6 Inch Meter	\$ 45,000
8 Inch Meter	\$ 72,000
10 Inch Meter	\$103,500
12 Inch Meter	\$193,500

- CERTIFICATE -

STATE OF INDIANA)
) SS:
COUNTY OF MADISON)

I HEREBY CERTIFY THAT THE ATTACHED AND FOREGOING DOCUMENT IS A TRUE, ACCURATE AND COMPLETE COPY OF ORDINANCE NO. 38-24 AND ADOPTED BY THE COMMON COUNCIL OF THE CITY OF ANDERSON, MADISON COUNTY, INDIANA, ON THE 14TH DAY OF NOVEMBER 2024 AND APPROVED BY THE MAYOR OF SAID CITY ON THE 18TH DAY OF NOVEMBER 2024 AS THE SAME APPEARS ON FILE AND RECORD IN MY OFFICE.

WITNESS MY HAND AND THE SEAL OF SAID CITY, AFFIXED AT ANDERSON, INDIANA, ON THIS 19TH DAY OF NOVEMBER 2024


LISA JONES
DEPUTY CITY CLERK
ANDERSON, INDIANA

Attachment JZW-5

Calculation of Recommended System Development Charge (SDC) Report

Anderson Municipal Water Utility

October 16, 2024

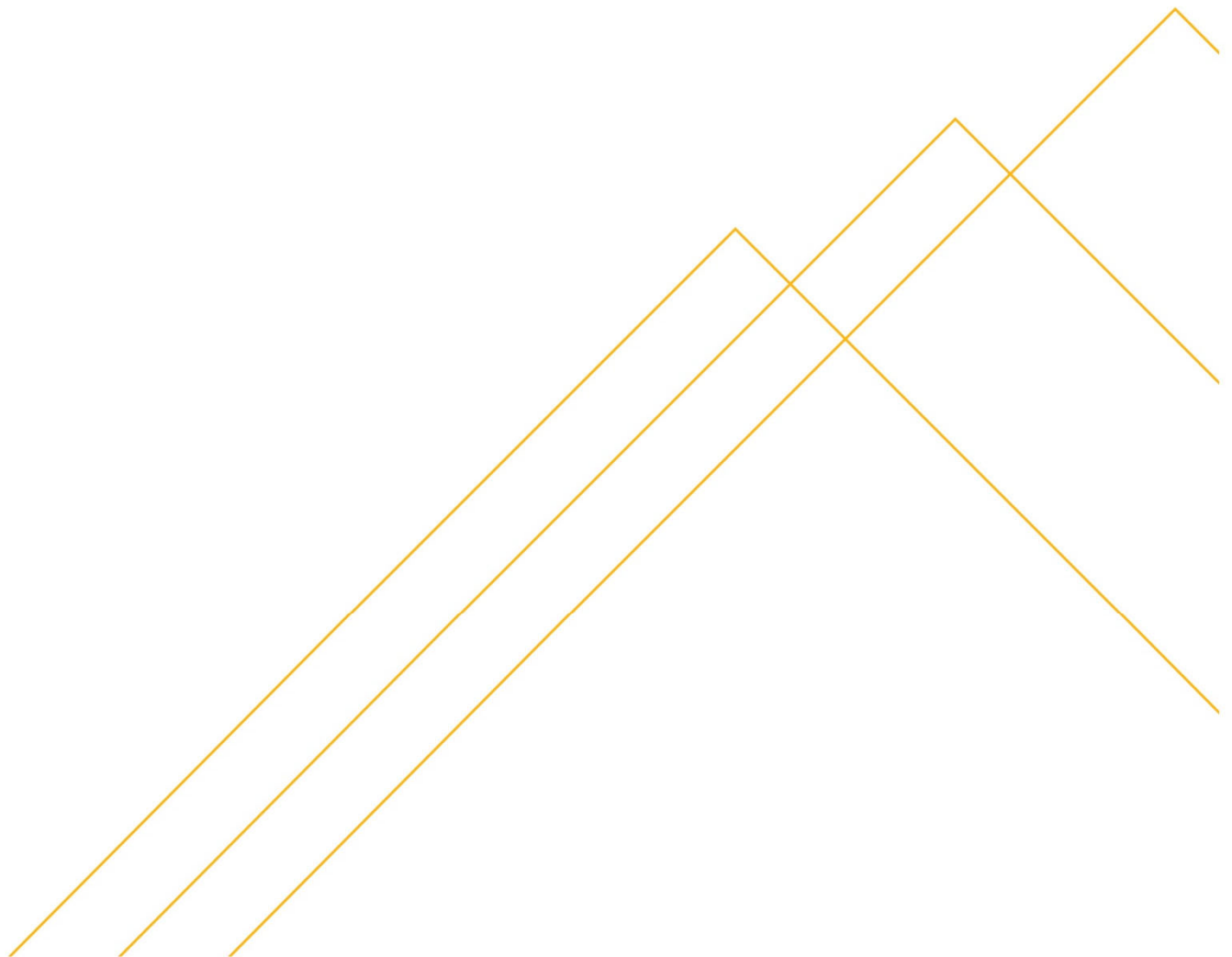


Table of Contents

Purpose of the Report 2

Overview 3

 Calculation Methods 3

 Selected Method for Calculation 3

Exhibits 4

 Exhibit A – American Water Works Association: Principles of Water Rates, Fees, and Charges (M1 Manual) – Incremental Cost Model 4

 Exhibit B – American Water Works Association: Principles of Water Rates, Fees, and Charges (M1 Manual) – Equity Buy-In Method 5

 Exhibit C – Average of Incremental Method and Equity Buy-In Method 6

Purpose of the Report

Crowe LLP (“Crowe” or “we”) has performed a calculation of the system development charges to be charged by Anderson Municipal Water Utility (“Utility”). The results of our analysis are contained in this Calculation of Recommended System Development Charge (SDC) (“Report”).

The purpose of this Report is to calculate a reasonable System Development Charge that would be applied to new connections and would allow the Utility to recover a portion of the construction costs for the Utility’s plant in service. Report calculations are based on methodologies described in the American Water Works Association *Principles of Water Rates, Fees, and Charges, Seventh Edition* (the “M1 Manual”). The recommended System Development Charge calculation was performed using the average of two different methods, the incremental cost method and the equity buy-in method.

In the course of preparing this Report, we have not conducted an audit of any financial or supplemental data used in the accompanying exhibits and schedules. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

If you have any questions regarding this Report, please call Jennifer Wilson at (317) 269-6696.

Overview

A system development charge (“SDC”) is a one-time charge paid by a new system customer for system capacity. It is also assessed to existing customers requiring increased system capacity. The receipts from this charge are used to finance the development of growth-related or capacity-related water facilities. *M1 Manual, Page 321.*

SDCs are charged to customers initiating new connections or expanded capacity to utilities; they are not charged to customers beginning service on an existing unchanged capacity connection. For example, a customer moving into a home currently connected to the utility will not be charged an SDC. A customer who builds a new home and requires a new connection to the utility will be charged an SDC.

Calculation Methods

While many methods exist for calculating System Development Charges, there are three common methods.

1. The **buy-in method** is based on the value of the existing system’s capacity. This method is typically used when the existing system has sufficient capacity to serve new development now and into the future. *M1 Manual, Page 329.*
2. The **incremental cost method** is based on the value or cost to expand the existing system’s capacity. This method is typically used when the existing system has limited or no capacity to serve new development and new or incremental facilities are needed to serve new development now and into the future. *M1 Manual, Page 330.*
3. The **combined approach** is based on a blended value of both the existing and expanded system’s capacity. This method is typically used where some capacity is available in parts of the existing system, but new or incremental capacity will need to be built in other parts to serve new development as some point in the future. *M1 Manual, Page 330.*

Each calculation method calculates the charge for a 5/8” meter connection. Charges for meters in excess of 5/8” are scaled according to equivalency ratios used in the Utility’s recent Cost of Service Study.

Selected Method for Calculation

Based on consultation with management of the Utility, the combined approach is most appropriate for the Utility. The Utility will be expanding the system capacity with the construction of a new water treatment plant, but some capacity is available in parts of the existing system. New customers will be charged commensurate with the approximate system equity of existing customers and a portion of the incremental capacity.

Exhibits

Exhibit A – American Water Works Association: Principles of Water Rates, Fees, and Charges (M1 Manual) – Incremental Cost Model

Project Fund from Proposed 2026A Bonds (1)	\$ 24,977,300
Divide by: Rated Treatment Plant Capacity (In Gallons Per Day)	6,000,000
Calculated Capacity Charge Per Gallon	4.16
Times: Number of Daily Gallons Per Residential Equivalent Dwelling Unit (EDU)	310
Calculated Charge Per 5/8" EDU	\$ 1,290

(1) Revenue Requirements Report for the Utility dated October 10, 2024

Exhibit B – American Water Works Association: Principles of Water Rates, Fees, and Charges (M1 Manual) – Equity Buy-In Method

Utility Plant in Service (1)	\$ 63,601,141
Construction Work in Progress (1)	1,183,078
Less: Accumulated Depreciation (1)	(31,140,640)
Bond Principal Outstanding (1)	(10,490,000)
Contributions in Aid of Construction (1)	<u>(4,397,906)</u>
Net Investment in Utility Plant	18,755,673
Divide by: Current Number of Equivalent Meters	<u>36,198</u>
Cost of Equity Buy-In Per EDU	<u>\$ 518</u>

(1) Data from Utility as of December 31, 2023.

Exhibit C – Average of Incremental Method and Equity Buy-In Method

Incremental Cost Method Calculation	\$	1,290
Equity Buy In Method Calculation		518
Average Calculation	\$	904
Rounded Charge Per 5/8" EDU	\$	900

Meter Size	Meter Equivalency Factor (1)	Recommended SDC Charge
5/8"	1.00	\$ 900
3/4"	1.50	1,350
1"	2.50	2,250
1 1/2"	5.00	4,500
2"	8.00	7,200
3"	15.00	13,500
4"	25.00	22,500
6"	50.00	45,000
8"	80.00	72,000
10"	115.00	103,500
12"	215.00	193,500

(1) Meter Equivalency as provided in Utility's Cost of Service Study.