

**PRELIMINARY OFFICIAL STATEMENT IS DEEMED "NEARLY FINAL"
AND DATED OCTOBER 5, 2011**

**NEW ISSUE
BOOK-ENTRY-ONLY
BANK QUALIFIED**

**RATINGS: Moody's: "A2"
Standard & Poor's: "A+"
(See "RATINGS" herein.)**

In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, under existing laws, interest on the Bonds (as hereinafter defined) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Bonds. In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, under existing laws, interest on the Bonds is exempt from income taxation in the State of Indiana, except for the financial institutions tax. See "TAX MATTERS" and Appendix E herein.

**PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 5, 2011
\$3,800,000
CITY OF NEW HAVEN, INDIANA
Waterworks Revenue Bonds, Series 2011**

Dated: Date of Delivery
Interest: Payable January 1 and July 1,
commencing January 1, 2012

Due: January 1, as shown below

The City of New Haven (the "City"), in Allen County, Indiana, is issuing the \$3,800,000 Waterworks Revenue Bonds, Series 2011 (the "Bonds"), for the purpose of providing funds for improvements to the City's system, including but not limited to: (i) the acquisition, construction and installation of new water mains and lines for the purpose of expanding the Waterworks System and replacing aging and undersized water lines; (ii) the acquisition and installation of equipment appurtenant thereto; and (iii) the making of other site improvements related thereto (the "Project"), funding a debt service reserve fund and paying expenses incidental to the issuance of the Bonds.

The Bonds are being issued pursuant to the provisions of Indiana Code 8-1.5 and other applicable laws in effect on the date of delivery of the Bonds (collectively, the "Act") and Ordinance No. G-10-09 (the "Ordinance"), adopted by the Common Council of the City on December 14, 2010. The Bonds will be issued in fully registered form, in \$5,000 denominations (or integral multiples thereof), and shall be numbered consecutively from R-1 upward. Interest on the Bonds shall be payable, semi-annually, on January 1 and July 1 each year, commencing January 1, 2012. Interest is payable by check or draft, mailed or delivered by the Paying Agent to the registered owner thereof, at the address as it appears on the registration books kept by the Registrar, as of the fifteenth day of the calendar month immediately preceding the applicable Interest Payment Date or at such other address as is furnished to the Registrar and Paying Agent, in writing, by such registered owners, or if the Bonds are registered in the name of the nominee of The Depository Trust Company (the "DTC") or another clearing agency, payments will be made by the Paying Agent, by wire transfer, to the DTC. Principal of the Bonds is payable, as set forth below, at the principal corporate trust office of U. S. Bank National Association, located in Indianapolis, Indiana as Registrar and Paying Agent (the "Registrar" and the "Paying Agent") (See "DESCRIPTION OF THE BONDS" herein).

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Principal Amount</u>
1/1/12	\$ 120,000	1/1/22	\$ 180,000
1/1/13	150,000	1/1/23	190,000
1/1/14	150,000	1/1/24	225,000
1/1/15	155,000	1/1/25	235,000
1/1/16	160,000	1/1/26	250,000
1/1/17	165,000	1/1/27	260,000
1/1/18	165,000	1/1/28	275,000
1/1/19	170,000	1/1/29	290,000
1/1/20	170,000	1/1/30	310,000
1/1/21	180,000		

The Bonds are subject to optional redemption, prior to maturity, as more fully described in this Official Statement. At the election of the successful bidder, all or a portion of the Bonds may be issued as Term Bonds (See "DESCRIPTION OF THE BONDS - Redemption of the Bonds" herein).

THE BONDS ARE PAYABLE AS TO PRINCIPAL, REDEMPTION PREMIUM, IF ANY, AND INTEREST SOLELY FROM THE NET REVENUES (AS DEFINED HEREIN) OF THE CITY'S SYSTEM, PURSUANT TO THE ACT AND ON PARITY WITH THE CITY'S OUTSTANDING WATERWORKS REVENUE BONDS, SERIES 2002. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE PROVISIONS AND LIMITATIONS OF THE CONSTITUTION OF THE STATE OF INDIANA.

The Bonds are being offered when, as and if issued, subject to prior sale, to withdrawal or modification of the offer without notice, and to the unqualified approval as to the legality of the Bonds by Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed upon for the City by Van Gilder & Trzynka, P.C., Fort Wayne, Indiana as counsel to the City. It is expected that the Bonds will be available for delivery to the DTC in New York, New York on or about October 27, 2011.

The City has authorized the distribution of this Preliminary Official Statement to prospective purchasers and other interested parties. The City has designated this Preliminary Official Statement as a "nearly final" Official Statement, as of the date hereof, subject to the inclusion of certain additional information to be determined at the time of the award of the Bonds.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. The Bonds may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

The information contained in this Official Statement, which includes the Cover Page, Summary Statement, the Notice of Intent to Sell Bonds, and the Appendices, has been obtained from the City of New Haven, Indiana (the "City") and other sources which are deemed reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information. This Official Statement is submitted in connection with the sale of securities, as referred to herein, and may not be reproduced or be used, in whole or in part, for any other purpose.

This Official Statement speaks only as of its date. The information, estimates and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication there has been no material change in the affairs of the City since the date of this Official Statement.

No dealer, broker, salesman or other person has been authorized by the City of New Haven or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Bonds, and, if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there have been no changes in the information presented herein since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

CITY OF NEW HAVEN, INDIANA

Mayor

The Honorable Terry McDonald

City Council

Ms. Mickey Hill, District 1
Ms. Sarah DiGangi, District 2
Mr. Roger Clayton, District 3
Mr. Tim Bristow, President; District 4
Mr. Tim Martin, District 5
Mr. Terry A. Werling, At-Large
Mr. Ron Steinman, At-Large

Clerk-Treasurer

Ms. Brenda Adams

City Attorney

Van Gilder & Trzynka, P.C.
Fort Wayne, Indiana

Financial Advisor

Financial Solutions Group, Inc. (dba FSG Corp.)
Plainfield, Indiana

Bond Counsel

Barnes & Thornburg LLP
Indianapolis, Indiana

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CITY OF NEW HAVEN, INDIANA
\$3,800,000
Waterworks Revenue Bonds, Series 2011

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CITY OF NEW HAVEN, INDIANA

\$3,800,000

Waterworks Revenue Bonds, Series 2011

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SUMMARY STATEMENT

CITY OF NEW HAVEN, INDIANA

\$3,800,000

Waterworks Revenue Bonds, Series 2011

(This Summary Statement is not intended to be complete and is qualified by the information contained in the entire Official Statement. A PROSPECTIVE PURCHASER SHOULD READ THE COMPLETE OFFICIAL STATEMENT, INCLUDING THE APPENDICES.)

Issuer	City of New Haven, Indiana (the "City")
Securities Offered	\$3,800,000 Waterworks Revenue Bonds, Series 2011 (the "Bonds")
Bonds Presently Outstanding	\$2,840,000 Waterworks Revenue Bonds, Series 2002 (the "2002 Bonds")
Security	Secured by an irrevocable pledge of and constituting a first charge upon all of the Net Revenues (defined as gross revenue after deduction only for the payment of the reasonable expenses of operation, repair and maintenance) derived from the City's Water Utility on parity with the 2002 Bonds.
Closing Date.....	The City will deliver the Bonds on or about October 27, 2011.
Interest Payment Dates	Interest is payable on January 1 and July 1, commencing January 1, 2012.
Maturity Dates.....	The Bonds will mature on January 1, commencing January 1, 2012, in the years and amounts as shown on the Cover Page.
Optional and Mandatory Redemption.....	The Bonds may be redeemed, prior to maturity, at the option of the City, in whole or in part, in such order of maturity as the City shall direct and, by lot, within maturities (each \$5,000 of principal shall be considered as a bond for this purpose), on any date not earlier than January 1, 2020, at par. The Term Bonds are subject to mandatory sinking fund redemption prior to maturity.

Other Terms and Conditions	The Bonds will be issued in fully registered form, in \$5,000 denominations (or integral multiples thereof), and will be numbered consecutively from 1 upward.
Bank Qualification.....	The City has designated the Bonds as “qualified tax-exempt obligations” for the purposes of Section 265 (b)(3) of the Internal Revenue Code of 1986, as amended.
Ratings	The Bonds have been rated “A2” by Moody’s and “A+” by Standard & Poor’s. Ratings are not a recommendation to buy, sell or hold the Bonds. There is no assurance that such ratings will remain in effect for any given period of time or that such ratings will not be lowered or withdrawn entirely by Moody’s or Standard & Poor’s if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price or marketability of the Bonds.
Use of Proceeds.....	The Bonds are being issued by the City for the purpose of providing funds for improvements to the City’s system, including but not limited to: (i) the acquisition, construction and installation of new water mains and lines for the purpose of expanding the Waterworks System and replacing aging and undersized water lines; (ii) the acquisition and installation of equipment appurtenant thereto; and (iii) the making of other site improvements related thereto (the “Project”), funding a debt service reserve fund and paying expenses incidental to the issuance of the Bonds. The Bonds will be issued in the form, and by the terms, as hereinafter provided.
Continuing Disclosure	The City will enter into a Continuing Disclosure Undertaking Agreement, on the date of issuance of the Bonds, pursuant to which the City will covenant to provide continuing disclosure of certain information (See “CONTINUING DISCLOSURE” herein).
Business and Service Area	The City owns and operates the system, which serves approximately 4,881 customers in and around the City of which 4,432 are residential, 28 are industrial, 375 are commercial, 10 are municipal, and

36 are institutional users. The system presently consists of ¾" thru 20" distribution mains with appurtenant hydrants and service lines. The distribution system has approximately 387,827 linear feet of main and 631 hydrants. The City purchases their water pursuant to a long-term contract with the City of Fort Wayne.

Water Utility Rates..... The Common Council of the City promulgates water rates. Rates currently in effect were approved on May 24, 2011. The City has opted out of the jurisdiction of the Indiana Utility Regulatory Commission.

Financial Information

City of New Haven Water Utility

FINANCIAL INFORMATION:

Pro-Forma Net Revenue Available for Debt Service (Estimated 2012).....	\$ 964,726
Estimated Debt Service Requirement	
- Combined Average Annual Requirement.....	\$ 632,156
- Combined Maximum Annual Requirement	\$ 638,058
- Coverage Based on Average Annual Requirement - Times	1.53
- Coverage Based on Maximum Annual Requirement - Times	1.51

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**OFFICIAL NOTICE OF INTENT TO SELL BONDS
\$3,800,000 CITY OF NEW HAVEN, INDIANA
WATERWORKS REVENUE BONDS, SERIES 2011**

Notice is hereby given that upon not less than twenty-four (24) hours notice given by telephone, facsimile, electronically or otherwise prior to October 6, 2011, electronic and sealed bids will be received on behalf of the City of New Haven, Indiana (the "City") by the City's financial advisor in the financial advisor's office, Financial Solutions Group, Inc., c/o Greg Guerrettaz, 2680 East Main Street, Suite 223, Plainfield, Indiana 46168, telephone (317) 837-4933, facsimile (317) 837-4935, e-mail: finance@msn.com, for the purchase of the City of New Haven, Indiana Waterworks Revenue Bonds, Series 2011 (the "Bonds"). Pursuant to Ordinance No. G-10-9, adopted by the Common Council of the City of New Haven, Indiana (the "Common Council") on December 14, 2010 (the "Ordinance"), the Bonds are to be issued in the name of the City, for the purpose of procuring funds to apply to the cost of certain improvements to the waterworks of the City, funding a debt service reserve fund and to pay expenses incurred in connection with the issuance of the Bonds. The Bonds are payable solely from net revenues of the waterworks of the City on parity with the 2002 Bonds (as defined in the Ordinance). The Bonds and prescribed uses of the proceeds are authorized by the Ordinance and in accordance with the provisions of I.C. 5-1-11, I.C. 8-1.5, and other applicable laws relating to the issuance of the Bonds (collectively, the "Act").

Bids may be submitted electronically via PARITY in accordance with this Notice of Intent to Sell Bonds, until 11:00 A.M. E.D.T. on the date identified in the notice given by, or on behalf of the City, twenty-four hours prior to the sale of the Bonds, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice of Intent to Sell Bonds, the terms of this Notice shall control. For further information about PARITY, potential bidders may contact Financial Solutions Group, Inc., Financial Advisor of the Issuer, at the address set forth above, or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 404-8102. Sealed bids may be submitted to the financial advisor of the Issuer at the address described above until 11:00 A.M. E.D.T. on the date of the sale. It is currently anticipated that sealed bids will be requested to be submitted on October 6, 2011.

The Bonds will be issued in fully registered form in the denomination of \$5,000 or integral multiples thereof and will be numbered consecutively from 1 upwards. The Bonds will be Book Entry Only and held by The Depository Trust Company (the "DTC"). Interest on the Bonds will be payable semi-annually on January 1 and July 1 in each year, beginning on January 1, 2012, and on the basis of twelve 30-day months for a 360-day year.

The Bonds will mature on January 1 in the years and amounts set forth below:

<u>Date</u>	<u>Principal Amount</u>
2012	\$120,000
2013	150,000
2014	150,000

2015	155,000
2016	160,000
2017	165,000
2018	165,000
2019	170,000
2020	170,000
2021	180,000
2022	180,000
2023	190,000
2024	225,000
2025	235,000
2026	250,000
2027	260,000
2028	275,000
2029	290,000
2030	310,000

As an alternative to part or all of the above series of maturities, the City will consider bids for a term bond or bonds with stated maturity or maturities of any January 1, as determined by the successful bidder. The term bonds shall be subject to mandatory sinking fund redemption and payment(s) at maturity at 100% of the principal amount thereof and without premium, plus accrued interest to redemption date, on dates and the amounts set forth above.

The principal of the Bonds is payable at the principal corporate trust operations office of the Clerk-Treasurer of the City (the "Clerk-Treasurer"), as registrar and paying agent. The Clerk-Treasurer is also authorized to select and appoint a qualified financial institution to serve as registrar and paying agent. Interest on the Bonds will be paid by check mailed one business day prior to the interest payment date to the registered owner thereof at the address as it appears on the bond register or at such other address as is provided to the paying agent in writing by such registered owner or established by agreement with DTC. Interest on the Bonds authenticated on or before December 15, 2011, will be paid from the original date of the Bonds. Bonds authenticated thereafter will be paid interest from the interest payment date next preceding the date of authentication of such Bonds unless the Bonds are authenticated between the 15th day of the month preceding an interest payment date and the interest payment date, in which case interest thereon will be paid from such interest payment date.

The Bonds maturing on and after January 1, 2021 are redeemable prior to maturity at the option of the City, in whole or in part, in the order of maturity as determined by the City, and by lot within a maturity, upon 30 days' notice, on any date on or after January 1, 2020 at 100% of face value, without premium and plus accrued interest to the redemption date.

Each bid must be for all of the Bonds and must state the rate or rates of interest in multiples of 1/100th of 1%, not to exceed 8.00% per annum. Any bid specifying two or more interest rates shall also specify the amount and maturity of the Bonds bearing each rate, but all Bonds maturing on the same date shall bear the same interest rate. The rate on any maturity shall be equal to or greater than the rate on the immediately preceding maturity. The award will be made to the best bidder who has submitted a bid in accordance with the terms of the Ordinance and this Notice. The best bidder shall be the one who offers the lowest interest cost to the City to be determined by computing the total interest on all of the Bonds from the date thereof to their respective maturities, after deduction therefrom of the premium or addition thereto of the discount, if any. No bid for less than 98.5% of the par value of the Bonds, plus accrued interest from the original date of the Bonds to the date of delivery at the rate or rates named in the bid, shall be considered. No conditional bid will be considered. The right is reserved to reject any and all bids. If no satisfactory bids are received at the time and on the date herein fixed, the sale may be continued from day to day thereafter for 30 days until a satisfactory bid has been received, but during such period no bid which provides an equal or higher net interest cost to the City than the best bid received at the time of the advertised sale will be considered.

Any person interested in submitting a bid for the Bonds must furnish written notice of such intent along with such person's name, address and telephone number, on or before 10:00 a.m. (Indianapolis time), October 5, 2011, to the City in care of its financial advisor, Financial Solutions Group, Inc., c/o Greg Guerrettaz, 2680 East Main Street, Suite 223, Plainfield, Indiana 46168, telephone (317) 837-4933, facsimile (317) 837-4935, e-mail: finance@msn.com. The person may also furnish a telex or facsimile number or e-mail address. The City will cause each person so registered to be notified of the date and time bids will be received for the Bonds, not less than twenty-four (24) hours before the date and time of sale. The notification shall be made by telephone at the number furnished by such person and also by telex or facsimile and electronically if a telex or facsimile number or e-mail address has been furnished. No conditional bid or bids for less than ninety eight and one-half percent (98.5%) of the par value of the Bonds, will be considered. The City reserves the right to reject any and all bids and to waive any informality in any bid. If no acceptable bid is received on the date fixed for sale of the Bonds, the sale may be continued from day to day thereafter without further advertisement for a period not to exceed thirty (30) days, but if so continued, no bid will be accepted which offers an interest cost which is equal to or higher than the best bid received at the time fixed for the sale.

Each bid shall be submitted on a customary bid form which shall be enclosed in a sealed envelope addressed to the Clerk-Treasurer and marked on the outside "Bid For City of New Haven, Indiana, Waterworks Revenue Bonds, Series 2011," The successful bidder will be required to deliver to the financial advisor on behalf of the City a certified or cashier's check or a financial surety bond in the amount of \$38,000 (the amount of such check or financial surety bond being referred to hereinafter as the "Deposit") within 24 hours after the bid is accepted. The Deposit shall be made by the successful bidder by certified or cashier's check or financial surety bond including a wire transfer of funds due by 5:00 p.m. the day after the sale. In the event the successful bidder shall fail or refuse to accept delivery of the Bonds and pay for the Bonds as soon as the Bonds are ready for delivery, or at the time fixed herein, then said deposit and the proceeds thereof shall be the property of the City shall be considered as liquidated damages on account of such default. The successful bidder shall make payment for the Bonds

and accept delivery thereof within five days after being notified that the Bonds are ready for delivery at such place in the City or the City of New Haven, Indiana, as the Clerk-Treasurer shall designate. It is anticipated that the Bonds will be ready for delivery on or before October 18, 2011, and if not, deliverable within 45 days from the date of the sale, the successful bidder shall be entitled to cancel the sale and in such event his good faith deposit will be returned. No interest shall be paid on the good faith deposit.

The opinion of Barnes & Thornburg LLP, approving the legality of the Bonds, together with a transcript of the Bond proceedings and closing certificates in the usual form showing no litigation, will be furnished to the successful bidder at the expense of the City. In the opinion of Barnes & Thornburg LLP, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended, (the "Code") for federal income tax purposes. In addition, the interest on the Bonds is exempt from income taxation in the State of Indiana for all purposes except the state financial institutions tax. The Bonds are subject to the Code, as amended, as in effect on the date of their issuance, which imposes limitations on the issuance of obligations such as the Bonds under federal tax law. The City has covenanted to comply with those limitations to the extent required to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes.

The City has prepared an Official Statement relating to the bonds which they deemed to be nearly final. A copy of the nearly final Official Statement may be obtained upon application by prospective bidders from the Financial Advisor, Financial Solutions Group, Inc., c/o Greg Guerrettaz, 2680 East Main Street, Suite 223, Plainfield, Indiana 46168.

Within seven (7) business days of the sale, the City will provide the successful bidder with up to 50 copies of the final Official Statement at the City's expense and such additional copies as may be requested, within five (5) business days of the sale, by the successful bidder at the expense of the successful bidder. Inquiries concerning matters contained in the nearly final Official Statement must be made and pricing and other information necessary to complete the final Official Statement must be submitted by the successful bidder within two (2) business days following the sale to be included in the final Official Statement.

Dated this 21st day of September, 2011.

CITY OF NEW HAVEN, INDIANA

[TO BE PUBLISHED TWICE ON SEPTEMBER 21, 2011 AND SEPTEMBER 28, 2011 IN THE COURT AND COMMERCIAL RECORD, THE JOURNAL GAZETTE AND THE NEWS-SENTINEL]

OFFICIAL STATEMENT

CITY OF NEW HAVEN, INDIANA

\$3,800,000

Waterworks Revenue Bonds, Series 2011

INTRODUCTORY STATEMENT

The purpose of this Official Statement, including the Cover Page, the Summary Statement, the Notice of Intent to Sell Bonds and the Appendices, is to provide information relating to the Waterworks Revenue Bonds, Series 2011 (the "Bonds"), to be issued by the City of New Haven, Indiana (the "City").

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information concerning the City and its utilities, including financial statements, rate schedules and tax tables, is intended to show recent historic information and is not intended to indicate or project future or continuing trends in the financial position or other affairs of the City. No representation is made, or implied hereby, that any past experience, as might be shown by the financial and other information, will necessarily continue in the future. References to provisions of Indiana law or of the Indiana Constitution are references to current provisions, which may be amended, repealed or supplemented.

DESCRIPTION OF THE BONDS

General

The Bonds are being issued pursuant to the provisions of Indiana Code 8-1.5 and other applicable laws in effect on the date of delivery of the Bonds (collectively, the "Act") and pursuant to Ordinance No. G-10-09, adopted by the Common Council of the City (the "Common Council") on December 14, 2010 (the "Ordinance"), for the purpose of providing funds for improvements to the City's system, including but not limited to: (i) the acquisition, construction and installation of new water mains and lines for the purpose of expanding the Waterworks System and replacing aging and undersized water lines; (ii) the acquisition and installation of equipment appurtenant thereto; and (iii) the making of other site improvements related thereto (the "Project"), funding a debt service reserve fund and paying expenses incidental to the issuance of the Bonds. The City is authorized, under the Act, to undertake improvements and extensions to the system and to issue revenue bonds to finance such improvements and extensions, payable from the Net Revenues (defined as gross revenue after deduction only for the reasonable expenses of operation, repair and maintenance), derived from the system.

When issued, the Bonds will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). Purchases of beneficial interests in the Bonds will be made in book-entry-only form. Purchasers of beneficial interests in the Bonds (the “Beneficial Owners”) will not receive physical delivery of certificates representing their interests in the Bonds. For so long as the Bonds are held in book-entry-only form, payments of principal of and interest on the Bonds will be paid by the Paying Agent only to DTC or its nominee. Neither the Issuer nor the Paying Agent will have any responsibility for a Beneficial Owner’s receipt from DTC or its nominee, or from any Direct Participant (as hereinafter defined) or Indirect Participant (as hereinafter defined), of any payments of principal of or interest on any Bonds (See “Book-Entry-Only System” under this caption of this Official Statement).

Redemption of the Bonds

Optional Redemption. The Bonds maturing on or after January 1, 2021 shall be redeemable, prior to maturity, at the option of the City, in whole or in part, on January 1, 2020, or at any time thereafter, in amounts and maturities selected by the City and, by lot, within any such maturity or maturities as determined by the Registrar and Paying Agent, at par, plus accrued interest to the redemption date.

The Term Bond maturing on January 1, _____ is also subject to mandatory sinking fund redemption, at a price equal to the principal amount thereof, plus accrued interest to the date of redemption, on January 1, in accordance with the following schedule:

Term Bonds

<u>Date</u>	<u>Amount</u>
-------------	---------------

*Final Maturity

The Registrar and Paying Agent shall credit against any mandatory redemption requirement for a Term Bond of a particular maturity, any Bonds of such maturity purchased for cancellation by the City and cancelled by the Registrar and Paying Agent and not, theretofore, applied as a credit against any mandatory redemption requirement. Each Bond so purchased shall be credited, by the Registrar and Paying Agent, at one hundred percent (100%) of the principal amount thereof against the mandatory redemption requirements for the applicable Term Bond, in inverse order, and the principal amount of such Term Bond to be redeemed on such mandatory redemption dates by operation of the mandatory requirements shall be reduced accordingly.

Selection of Bonds to be Redeemed. Each Five Thousand Dollars (\$5,000) principal amount shall be considered a separate bond for purposes of optional or mandatory redemption. If less than an entire maturity is called for redemption, the Bonds to be called shall be selected,

by lot, by the Registrar. If some Bonds are to be redeemed by optional redemption and mandatory 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 redemption.

Notice of Redemption: Payment of Redeemed Bonds. Official notice of such redemption of the Bonds shall be mailed by the Registrar and Paying Agent at least thirty (30) days prior to the scheduled redemption date to each of the registered owners of the Bonds called for redemption (unless waived by such registered owner) at the address shown on the registration books of the Registrar and Paying Agent, as of the date which is forty-five (45) days prior to such (redemption date) or at such other address as is furnished, in writing, by such registered owner to the Registrar; provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any such Bond, shall not affect the validity of the proceedings for the redemption of any other Bond. The notice shall specify the redemption price, the date and place of redemption, and sufficient identification of the Bonds called for redemption. The place of redemption may be at the principal corporate trust office of the Registrar and Paying Agent, or as otherwise determined by the City. Interest on the Bonds (or portions thereof) so called for redemption shall cease to accrue on the redemption date fixed in such notice, if sufficient funds are available at the place of redemption to pay the redemption price on the redemption date. Any Bond redeemed in part may be exchanged for a Bond or Bonds of the same maturity, in authorized denominations equal to the remaining principal amount thereof.

For so long as the Bonds are held in book-entry-only form, the Registrar will send notices of redemption of the Bonds only to DTC or its nominee, as the registered owner of the Bonds, in accordance with the preceding paragraphs. Neither the Issuer nor the Registrar will have any responsibility for any Beneficial Owners' receipt from DTC or its nominee, or from any Direct Participant or Indirect Participant, of any notices of redemption. See "Book-Entry-Only System" under this caption of this Official Statement.

Book-Entry-Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. [If, however, the aggregate principal amount of any maturity exceeds \$500 million, one Bond certificate will be issued with respect to each \$500 million of principal amount of such maturity and an additional Bond certificate will be issued with respect to any remaining principal amount of such maturity.]

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100

countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions and proposed amendments to the Bond Ordinance. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal, premium and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this sub caption concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Discontinuation of Book-Entry System

In the event that the book-entry system for the Bonds is discontinued, the Registrar would provide for the registration of the Bonds in the name of the Beneficial Owners thereof. The City and the Registrar would treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purposes of making and receiving payment of the principal thereof and interest thereon, and for all other purposes, except as otherwise described under the caption, "CONTINUING DISCLOSURE," and neither the City nor the Registrar would be bound by any notice or knowledge to the contrary.

Each Bond would be transferable or exchangeable only upon the presentation and surrender thereof at the corporate trust office of the Registrar, duly endorsed for transfer or exchange, or accompanied by a written assignment duly executed by the owner or its authorized representative in form satisfactory to the Registrar. Upon due presentation of any Bonds for transfer or exchange, the Registrar would authenticate and deliver in exchange therefore, within a reasonable time after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees (in the case of a transfer), or the owner (in the case of an exchange), in authorized denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the Bond or Bonds so presented. The City or the Registrar would require the owner of any Bonds to pay a sum sufficient to cover any tax, fee or other governmental charge required to be paid in connection with the transfer or exchange of such Bonds. The Registrar would not be required to transfer or exchange any Bonds: (i) during any period between the Record Date and the next Interest Payment Date; or (ii) during the required number of days prior to the mailing of any notice of redemption.

PURPOSE OF THE BOND ISSUE

The Bonds are being issued for the purpose of providing funds for improvements to the City's system, including but not limited to: (i) the acquisition, construction and installation of new water mains and lines for the purpose of expanding the Waterworks System and replacing aging and undersized water lines; (ii) the acquisition and installation of equipment appurtenant thereto; and (iii) the making of other site improvements related thereto (the "Project"), funding a debt service reserve fund and paying expenses incidental to the issuance of the Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The City discloses the following estimated sources and uses of funds, excluding accrued interest, if any:

Estimated Sources of Funds

Bond Proceeds	\$ 3,800,000
Estimated Interest Income	<u>10,000</u>
Total Estimated Sources of Funds	<u>\$ 3,810,000</u>

Estimated Uses of Funds

Construction (includes Engin. & Contin.)	\$ 3,325,000
Cost of Issuance	96,437
Underwriter's Discount (based on 1.5%)	57,000
Debt Reserve Fund (based on max)	<u>331,563</u>
Total Estimated Uses of Funds	<u>\$ 3,810,000</u>

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The Bonds are binding special revenue obligations of the City. The Bonds are on parity with the City's Waterworks Revenue Bonds, Series of 2002 (the "2002 Bonds") and will be payable solely from and secured by an irrevocable pledge of and constitute a first charge upon all of the Net Revenues (defined as the gross revenue of the system after deduction only for the reasonable expenses of operation, repair and maintenance) of the system. The City shall not be obligated to pay the Bonds or the interest thereon except from the Net Revenues of the system and the 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.

For a detailed description of the funds and accounts under the Ordinance and the flow of funds, see the Ordinance in APPENDIX D herein.

RATES AND CHARGES

The City covenants, to the fullest extent permitted by law, to establish, maintain and collect non-discriminatory, reasonable and just rates and charges for the use of and the services rendered by the system, which rates and charges shall produce revenue at least sufficient in each year to pay all the operation maintenance costs of the system and pay all obligations of the system. So long as any of the Bonds are outstanding, none of the facilities and services afforded by the system shall be furnished without a reasonable and just charge being made therefore. The rates and charges shall be established, to the extent permitted by law, to produce Net Revenues sufficient to pay 1.25 times the annual debt service on the Bonds. Such rates and charges shall, if necessary, be changed and readjusted from time to time so that the revenue therefrom shall always be sufficient to meet the expenses of the operation and maintenance of the system and the requirements of the Sinking Fund. The value of service rendered to the City, or to any department, agency or instrumentality thereof, shall be charged against the City and shall be paid for as the charges accrue, and the revenue so received shall be deemed to be revenue derived from the operation of the system and shall be used and accounted for in the same manner as other revenue derived from the operation of the system.

IRREVOCABLE PLEDGE

The City irrevocably pledges the entire Net Revenues of the system, to the extent necessary for such purpose, to the prompt payment of principal of and interest on the 2002 Bonds, the Bonds authorized by the Ordinance and any bonds hereafter issued on parity therewith. The City shall, by Ordinance of the Common Council, to the fullest extent permitted by law, establish, maintain and collect just and equitable rates and charges for the use of and the services rendered by said system, which will provide revenue at least sufficient, in each year, for the payment of the proper and reasonable expense of operation, repair and maintenance of the system, and for the payment of the sums to be paid into the Sinking Fund as required by the Act and the Ordinance.

ISSUANCE OF ADDITIONAL REVENUE BONDS

The City reserves the right to authorize and issue additional Bonds, payable out of the Net Revenues of its system, ranking on parity with the 2002 Bonds and the Bonds authorized by the Ordinance, for the purpose of financing the cost of future additions, extensions and improvements to the system, or for refunding bonds, subject to the following conditions:

- (a) The principal of and interest on all bonds payable from the Net Revenues of the system shall have been paid to date, and all payments into the Sinking Fund shall have been made;
- (b) The amount of Net Revenues of the system, in the fiscal year immediately preceding the issuance of any such additional parity bonds, shall be not less than one hundred twenty-five percent (125%) of the maximum annual principal and interest requirements of all of the then-outstanding bonds and the additional parity bonds proposed to be issued; or, prior to the issuance of such additional parity bonds, the water rates and charges shall be increased sufficiently so that such increased water rates and charges, if realized and when applied to the previous calendar year's operations (provided, within the 90-day period following the end of such preceding fiscal year, if such year's accounting records are not final as of the sale date of the additional bonds, the fiscal year preceding such year may be used in lieu of the immediately preceding fiscal year), would have produced Net Revenues in an amount equal to and not less than one hundred twenty-five percent (125%) of the maximum annual principal and interest requirements of all of the then-outstanding bonds and the additional parity bonds proposed to be issued. For purposes of this calculation, the records of the system shall be analyzed and all showings shall be prepared by a certified public accountant retained by the City for that purpose; and
- (c) The principal of and interest on all bonds payable from the Net Revenues of the System shall have been paid in accordance with the terms thereof, and the amounts required to be paid into the Sinking Fund shall have been made as of the date of issuance of the Parity Bonds in accordance with the provisions of Ordinance G-10-09. The Reserve Requirement shall be satisfied for the Parity Bonds either at the time of delivery of the Parity Bonds or over a five-year or shorter period, in a manner which is commensurate with the requirements established in Section 11(c) of Ordinance G-10-09.

DEFEASANCE

If, when 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 and the interest and the premium, if any, so due and payable on all of the Bonds then outstanding or any portion thereof shall be paid; or (i) sufficient monies, or (ii) direct obligations of, or obligations the principal of and interest on which are unconditionally

guaranteed by the Department of the Treasury of the United States of America, the principal of and 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 in connection with the redemption, then and in such event, the Bonds or any designated portion thereof, shall no longer be deemed outstanding or entitled to the pledge of the Net Revenues of the City's system.

ACCOUNTS AND REPORTS

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 revenue collected from the system and all disbursements made therefrom and all transactions relating to the system. Copies of all such statements and reports shall, at all times, be kept on file and available for inspection in the office of the Clerk-Treasurer.

RIGHTS AND REMEDIES OF REVENUE BONDHOLDERS

The provisions of the Ordinance shall constitute a contract by and between the City and the owners of the Bonds, all the terms of which shall be enforceable, by any bondholder, by any and all appropriate proceedings in law and in equity. After the issuance of the Bonds, the Ordinance shall not be repealed or amended in any respect which will adversely affect the rights of the owners of the Bonds, 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 the Bonds or the interest thereon remains unpaid; provided, that the City shall have the right to amend the Ordinance in accordance with the provisions of the Ordinance.

LITIGATION

To the knowledge of the City officials and City Attorney, no litigation or administrative action or proceeding is pending or threatened, restraining or enjoining, or seeking to restrain or enjoin, any proceeding or transactions relating to the issuance, sale or delivery of the Bonds or which questions or affects the validity of the Bonds. Certificates to such effect will be delivered at the time of the original delivery of the Bonds.

LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES

The enforceability of the rights and remedies of the registered owners of the Bonds under the Bond Ordinance and the availability of remedies to any party seeking to enforce the lien on the Net Revenues are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the federal bankruptcy code), the

enforceability of the rights and remedies under the Bond Ordinance and the availability of remedies to any party seeking to enforce the lien on the Net Revenues may be limited.

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State and the United States of America and bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). Those exceptions would encompass any exercise of federal, State or local police powers (including the police powers of the City and the State), in a manner consistent with the public health and welfare. The enforceability of the Bond Ordinance and the availability of remedies to a party seeking to enforce the lien on the Net Revenues, in a situation where such enforcement or availability may adversely affect the public health and welfare, may be subject to those police powers.

RATINGS

Moody's has assigned a rating of "A2" to the Bonds and Standard & Poor's has assigned a rating of "A+" to the Bonds. Such ratings reflect only the view of the organization and any such desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following addresses: Moody's, 100 N. Riverside Plaza, Suite 2220, Chicago, Illinois 60606 and Standard & Poor's, 130 E. Randolph St., Suite 2900, Chicago, Illinois 60601. Generally, a rating agency bases its rating on information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will continue, for any given period of time, or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price or marketability of the Bonds.

TAX MATTERS

In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana ("Bond Counsel"), under existing laws, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Bonds (the "Code"). The opinion of Bond Counsel is based on certain certifications, covenants and representations of the City and is conditioned on continuing compliance therewith. In the opinion of Bond Counsel, under existing laws, interest on the Bonds is exempt from income taxation in the State for all purposes, except the State financial institutions tax (See Appendix E for the form of opinion of Bond Counsel).

The Code imposes certain requirements which must be met subsequent to the issuance of the Bonds as a condition to the excludability of the interest on the Bonds from gross income for federal income tax purposes. Noncompliance with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issue, regardless of the date on which noncompliance occurs. Should the Bonds bear interest that is not excludable from gross income for federal income tax purposes, the market value of

the Bonds would be materially and adversely affected. It is not an event of default if interest on the Bonds is not excludable from gross income for federal income tax purposes pursuant to any provision of the Code which is not in effect on the date of issuance of the Bonds.

The interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, interest on the Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

The Bonds are “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

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

Although Bond Counsel will render an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes and exempt from State income tax, the accrual or receipt of interest on the Bonds may otherwise affect an owner’s federal or state tax liability. The nature and extent of these other tax consequences will depend upon the owner’s particular tax status and the owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors with regard to the other tax consequences of owning the Bonds.

The foregoing does not purport to be a comprehensive description of all of the tax consequences of owning the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the Bonds.

ORIGINAL ISSUE DISCOUNT

The initial public offering price of the Bonds maturing on January 1, 20__ through and including January 1, 20__ (collectively, “Discount Bonds”) are less than the principal amounts thereof payable at maturity. As a result, the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price of each maturity of the Discount Bonds, as set forth on the [inside front] cover page of this Official Statement (assuming it is the first price at which a substantial amount of that maturity is sold) (the “Issue Price” for such maturity), and the amount payable at its maturity, will be treated as “original issue discount.” The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Discount Bond on the basis of the yield to maturity determined on the basis of compounding at the end of each six-month period (or shorter period from the date of the original issue) ending on January 1 and July 1 (with straight line interpolation between compounding dates). An owner who purchases a Discount Bond in the initial public offering at the Issue Price for such maturity will treat the accrued amount of

original issue discount as interest which is excludable from the gross income of the owner of that Discount Bond for federal income tax purposes.

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discount Bonds, that the amount of original issue discount accruing each period will be added to the owner's tax basis for the Discount Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale, redemption or payment at maturity). Owners of Discount Bonds who dispose of Discount Bonds prior to maturity should consult their tax advisors concerning the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bonds prior to maturity.

The original issue discount that accrues in each year to an owner of a Discount Bond may result in certain collateral federal income tax consequences. Owners of any Discount Bonds should be aware that the accrual of original issue discount in each year may result in a tax liability from these collateral tax consequences even though the owners of such Discount Bonds will not receive a corresponding cash payment until a later year.

Owners who purchase Discount Bonds in the initial public offering but at a price different from the Issue Price for such maturity should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bonds such as the Discount Bonds. Owners who do not purchase Discount Bonds in the initial public offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discount Bonds. It is possible under the applicable provisions governing the determination of state or local income taxes that accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

AMORTIZABLE BOND PREMIUM

The initial offering price of the Bonds maturing on January 1, 20__ through and including January 1, 20__ (collectively, "Premium Bonds"), is greater than the principal amount payable at maturity. As a result, the Premium Bonds will be considered to be issued with amortizable bond premium ("Bond Premium"). An owner who acquires a Premium Bond in the initial public offering of the Bonds will be required to adjust the owner's basis in the Premium Bond downward as a result of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Premium Bonds, including sale, redemption or payment at maturity. The amount of amortizable Bond Premium will be computed on the basis of the taxpayer's yield to maturity, with compounding at the end of each accrual period. Rules for determining (i) the amount of amortizable Bond Premium and (ii) the amount amortizable in a particular year are set forth in Section 171(b) of the Code. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Bond

Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning Premium Bonds. Owners of the Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of such Premium Bonds and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Special rules governing the treatment of Bond Premium, which are applicable to dealers in tax-exempt securities, are found at Section 75 of the Code. Dealers in tax-exempt securities are urged to consult their tax advisors concerning treatment of Bond Premium.

VERIFICATION OF COMPUTATIONS

_____, Certified Public Accountants, LLP will deliver to the City its parity report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the City, the Underwriter.

CONTINUING DISCLOSURE

General

The following is a summary of certain provisions of the Continuing Disclosure Contract. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Continuing Disclosure Contract.

The City will covenant for the benefit of the Bondholders and the Beneficial Owners (as hereinafter defined under this caption only), pursuant to the Continuing Disclosure Contract to be delivered on the date of issuance of the Bonds (the "Disclosure Contract"), to provide or cause to be provided: (1) each year, certain financial information and operating data relating to the City for its preceding fiscal year (the "Annual Report") by not later than the date six months after the first day of its fiscal year, commencing with the Annual Report for its fiscal year ended December 31, 2011; provided, however, that if the audited financial statements of the City are not available by such date, they will be provided when and if available; and (2) timely notices of the occurrence of certain enumerated events. Currently, the City's fiscal year commences on January 1. "Beneficial Owner" means, under this caption only, any person which has or shares power, directly or indirectly, to make investment decisions concerning the ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

The Annual Report will be provided by the City to the Municipal Securities Rulemaking Board (the "MSRB"). If the City is unable to provide to the MSRB an Annual Report by the date required, the City shall provide, in a timely manner, to the MSRB, a notice of the failure to file

the Annual Report by such date. The notices of certain events will be provided by the City to the MSRB. Each Annual Report and each of the foregoing notices shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

Those covenants have been made in order to assist the purchaser of the Bonds and registered brokers, dealers and municipal securities dealers in complying with the requirements of subsection (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended ("Rule 15c2-12").

By its payment for and acceptance of a Bond, the holder and Beneficial Owners thereof accept and assent to the Disclosure Contract and the exchange of such payment and acceptance for such promises.

Content of Annual Report

The Annual Report will contain or include by reference at least the following items:

1. The audited financial statements of the City for its fiscal year immediately preceding the due date of the Annual Report. Such financial statements, however, shall not be included if State law does not require the City to prepare such statements for its immediately preceding fiscal year by the due date of the Annual Report for such fiscal year.
2. The financial information and operating data relating to the City, for its fiscal year immediately preceding the due date of the Annual Report, of the same nature as that contained in this Official Statement in Appendix A, Exhibits E and G.

The City's financial statements (1) shall be audited and prepared pursuant to accounting and reporting policies conforming in all material respects to generally accepted accounting principles as applicable to governments with such changes as may be required from time to time in accordance with State law, or (2) shall be audited (only if required by State law) and prepared in accordance with State law.

Any or all of the items listed above may be included by specific reference to documents available to the public on the MSRB's Internet Web site or filed with the SEC. The City shall clearly identify each such other document so included by reference.

Notice of Certain Events

The City covenants to provide, or cause to be provided, notice of any of the following events with respect to the Bonds, in a timely manner not in excess of 10 business days after the occurrence of the event and in accordance with Rule 15c2-12:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;

- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purpose of the event set forth in clause (12) above, such event is considered to occur when any of the following occur:

- (1) the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority; or
- (2) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

It is anticipated that on the date of issuance of the Bonds, the events described in clause[s] (3), (4) and (5)] above will not be applicable to the Bonds.

Beneficiaries of Disclosure Contract

Nothing expressed or implied in the Disclosure Contract is intended to give, or gives, to the SEC or any obligated person, or any underwriters, brokers or dealers, or any other person, other than the City and each Bondholder and Beneficial Owner, any legal or equitable right, remedy or claim under or with respect to the Disclosure Contract or any rights or obligations thereunder. The Disclosure Contract and the rights and obligations thereunder are intended to be, and are, for the sole and exclusive benefit of the City, the participating underwriters and each Bondholder and Beneficial Owner.

Failure to Comply

In the event of a failure of the City to comply with any provision of the Disclosure Contract, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the City under the Disclosure Contract, but no person or entity shall be entitled to recover monetary damages thereunder under any circumstances, and any failure to comply with the obligations under the Disclosure Contract shall not constitute a default with respect to the Bonds or under Bond Ordinance. A failure by the City to comply with the Disclosure Contract must be reported in accordance with the Disclosure Contract and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market prices.

Disclosure Contract Constitutes Special and Limited Obligation of the City

The obligations of the City under the Disclosure Contract are special and limited obligations of the City, payable solely from the funds subject to the lien created under the Bond Ordinance. The obligations of the City under the Disclosure Contract are not a general obligation, debt or liability of the City or the State or any political subdivision thereof, within the meaning of any constitutional limitation or provision, or a pledge of the faith, credit or taxing power of the City or the State or any political subdivision thereof, and do not constitute or give rise to any pecuniary liability or charge against the general credit or taxing power of the City or the State or any political subdivision thereof.

Amendment of Disclosure Contract

The Disclosure Contract may be amended, without notice to or consent from any Bondholder or Beneficial Owner, provided that the following conditions are satisfied:

(1) (a) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the City, or type of business conducted;

(b) the Disclosure Contract, after giving effect to such amendment, would have complied with the requirements of Rule 15c2-12 on the date of issuance of the Bonds, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any change in circumstances; and

(c) such amendment does not materially impair the interests of any Bondholder or Beneficial Owner, as determined either by (i) any person selected by the City that is unaffiliated with the City (such as Bond Counsel) or (ii) an approving vote of the Bondholders pursuant to the terms of Bond Ordinance at the time of such amendment; or

(2) such amendment is otherwise permitted by Rule 15c2-12.

Assignability of Disclosure Contract

No Bondholder or Beneficial Owner may, without the prior consent of the City, assign any of its rights under the Disclosure Contract to any other person. The City may not assign any of its rights or delegate any of its obligations under the Disclosure Contract to any other person, except that the City may assign any of its rights or delegate any of such obligations to any entity (1) into which the City merges, with which the City consolidates or to which the City transfers all or substantially all of its assets or (2) which agrees in writing for the benefit of the Bondholders and the Beneficial Owners to assume such rights or obligations.

Termination of Reporting Obligations

The obligation to provide annual financial information and notices of material events, as set forth above, shall terminate with respect to the City, if and when the City no longer remains an "obligated person" with respect to the Bonds within the meaning of Rule 15c2-12.

Compliance with Previous Undertakings

In the previous five years, the City has never failed to comply, in all material respects, with any previous undertakings in a written contract or agreement that it entered into pursuant to subsection (b)(5)(i) of Rule 15c2-12.

UNDERWRITING

The Bonds are being purchased by _____ (the "Underwriter") at a purchase price of \$_____, which is the par amount of the Bonds of \$3,800,000 less the Underwriter's discount of \$_____. The Notice of Intent to Sell Bonds provides that all of the Bonds will be purchased by the Underwriter if any of such Bonds are purchased.

The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the Cover Page of this Official Statement. The Underwriter may allow concessions to certain dealers (including dealers in a selling group of the Underwriter and other dealers depositing the Bonds into investment trusts), who may re-allow concessions to other dealers. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

CONCLUDING STATEMENT

The foregoing summaries and statements in this Official Statement do not purport to be complete and are expressly made subject to the exact provisions of the complete documents.

For details of all terms and conditions, prospective purchasers are referred to the Ordinance and the Notice of Intent to Sell Bonds for details.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and are not presented as unqualified statements of fact. The information contained herein has been carefully compiled from sources deemed reliable and to the best knowledge and belief of the City, there are neither untrue statements nor omissions of material fact in the Official Statement that would make the statements and representations therein misleading.

Certain supplemental information concerning the financial condition of the City, which is exhibited hereafter, is considered part of this Official Statement.

The presentation of historical tax and other financial data exhibited elsewhere herein is intended to show recent trends and conditions. There is no intention to represent, by such data, that such trends will continue in the future, nor that any pending improvement or diminution of local conditions is indicated thereby.

Financial Solutions Group, Inc. has served as Financial Advisor to the City in connection with the sale of the Bonds. The Financial Advisor makes no representation as to the completeness or the accuracy of the information set forth in this Official Statement. Inquiries concerning information with respect to the Bonds should be directed to Financial Solutions Group, Inc., Attention: Gregory T. Guerrettaz; Phone: (317) 837-4933; Facsimile: (317) 837-4935; Email: finance@msn.com.

The execution of this Official Statement has been duly authorized by the City of New Haven.

Dated: October 5, 2011

CITY OF NEW HAVEN, INDIANA

/s/ Brenda Adams
Clerk-Treasurer

APPENDIX A

Rate Consultant's Report

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**NEW HAVEN MUNICIPAL
WATER UTILITY**

New Haven, Indiana

Rate Consultant's Report

July 1, 2011



Financial

Solutions

Group,

Inc.

**NEW HAVEN MUNICIPAL
WATER UTILITY**

New Haven, Indiana

Rate Consultant's Report

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July 1, 2011

The Honorable Terry McDonald
Mayor, City of New Haven
815 Lincoln Hwy. East
New Haven, IN 46774

VIA EMAIL: tmcdonald@newhavenin.org

RE: WATER UTILITY RATE CONSULTANT'S REPORT

2680 East Main Street
Suite 223
Plainfield, IN 46168
Phone: 317.837.4933
Fax: 317.837.4935

Mayor McDonald:

Pursuant to your request, we have made a study and analysis of the financial reports, budgets and other data pertaining to New Haven Municipal Water Utility (the "Utility"). The results of our analysis are contained in the report attached hereto.

The purpose of our report is to estimate the Utility's cash flow and financial capacity to meet its ongoing revenue requirements for operation, maintenance and debt service, as well as to improve the system and set forth financing.

This report is based on data for the Calendar Years 2009 and 2010, as well as the twelve months ended April, 30, 2011.

In the course of preparing this report, we have not conducted an audit of any financial data. We have made certain projections of revenue and expense, which may vary from actual results because of events and circumstances unknown to us as of the date of this report.

Sincerely,

Financial Solutions Group, Inc.

Gregory T. Guerrettaz

Email Addresses:

finance@msn.com

For large documents, please
send to:

fsg_documents@yahoo.com

**NEW HAVEN MUNICIPAL
WATER UTILITY**
New Haven, Indiana

Comparative Statement of Receipts and Disbursements

	Calendar Year Ended 12/31/1999	Twelve Months Ended 6/30/2000	Calendar Year Ended 12/31/2000	Calendar Year Ended 12/31/2007	Calendar Year Ended 12/31/2008	Calendar Year Ended 12/31/2009	Twelve Months Ended 7/31/2010	Calendar Year Ended 12/31/2010	Twelve Months Ended 4/30/2011
<u>Operating Receipts</u>									
Water Revenue	\$ 950,257	\$ 987,525	\$ 954,280	\$ 1,569,258	\$ 1,543,205	\$ 1,476,202	\$ 1,446,391	\$ 1,499,189	\$ 1,511,914
Water Meter	12,065	9,150	15,463	18,746	13,540	6,805	9,570	9,570	7,340
Water Taps	8,745	7,035	18,056	11,805	10,544	2,835	6,360	3,525	2,500
Fire Protection	119,643	108,323	96,691	257,640	259,104	266,016	261,181	254,364	259,250
Interest	14,368	12,185	12,511	73,770	43,767	6,803	3,039	2,709	2,298
Miscellaneous	10,854	7,986	9,103	12,796	3,043	22,624	23,061	21,958	23,000
Total Operating Receipts	\$ 1,115,932	\$ 1,132,204	\$ 1,106,104	\$ 1,944,016	\$ 1,873,204	\$ 1,781,284	\$ 1,749,601	\$ 1,791,315	\$ 1,806,303
<u>Operating Disbursements</u>									
Labor Wages	\$ 144,767	\$ 144,858	\$ 146,164	\$ 170,447	\$ 173,891	\$ 178,735	\$ 174,301	\$ 172,215	\$ 178,574
Office Wages	103,345	113,998	127,691	172,983	178,333	179,423	184,570	188,588	188,995
Official & Director Wages	23,781	13,799	14,003	31,426	32,655	33,305	33,282	33,327	33,372
Reapplication of Credit	7,896	11,121	11,121	-	-	-	-	-	-
Gross Income Tax	13,568	13,780	13,019	22,629	23,257	21,797	21,925	22,116	22,587
Office Supplies	14,845	15,761	16,807	25,441	30,066	27,846	28,539	24,818	27,464
PERF	25,995	26,482	26,333	40,136	41,161	41,934	42,162	42,237	44,573
FICA	20,788	20,858	22,021	29,535	30,370	30,870	30,939	31,093	31,790
Insurance Group	50,049	55,944	62,803	96,981	89,338	88,056	101,637	102,738	105,880
457 Plan	5,322	6,730	8,361	10,940	11,840	11,253	11,461	11,533	11,736
Purchased Water	487,443	485,816	469,298	679,055	558,457	547,249	550,917	546,900	507,014
Supplies & Expense	100,764	94,570	100,223	55,469	68,422	81,363	60,629	64,127	75,596
Outside Services	15,409	1,500	5,476	2,050	17,003	90	200	530	580
Contractual Services	213,668	216,269	4,852	21,012	6,589	10,975	11,671	23,607	70,279
Lease Payment	-	-	-	34,140	34,500	34,344	34,638	34,848	34,896
Transportation	5,050	3,425	5,920	16,856	21,682	13,263	15,041	16,652	18,843
Insurance (General Liability)	11,276	11,276	14,203	35,794	28,372	38,114	38,114	41,077	41,077
Insurance Workmen's Comp.	-	-	-	10,430	12,257	-	-	-	-
Utilities	4,481	5,215	6,771	14,643	16,920	16,545	15,122	17,817	18,766
Miscellaneous	1,086	1,359	2,550	4,680	1,460	2,151	1,448	31,697	32,772
Total Operating Disburse.	\$ 1,249,533	\$ 1,242,762	\$ 1,057,616	\$ 1,474,646	\$ 1,376,574	\$ 1,357,312	\$ 1,356,595	\$ 1,405,920	\$ 1,444,794
Net Operating Receipts	\$ (133,601)	\$ (110,558)	\$ 48,488	\$ 469,371	\$ 496,630	\$ 423,972	\$ 393,006	\$ 385,395	\$ 361,509

**NEW HAVEN MUNICIPAL
WATER UTILITY**

New Haven, Indiana

**Comparative Statement of Receipts and Disbursements
(Continued)**

	Calendar Year Ended 12/31/1999	Twelve Months Ended 6/30/2000	Calendar Year Ended 12/31/2000	Calendar Year Ended 12/31/2007	Calendar Year Ended 12/31/2008	Calendar Year Ended 12/31/2009	Twelve Months Ended 7/31/2010	Calendar Year Ended 12/31/2010	Twelve Months Ended 4/30/2011
<u>Other Receipts</u>									
Meter Deposits	\$ 6,596	\$ 6,475	\$ 6,400	\$ 10,200	\$ 8,800	\$ 6,750	\$ 7,550	\$ 6,400	\$ 6,500
Assessment	3,000	1,500	6,000	-	1,650	-	-	-	-
Sales Tax	40,906	36,383	15,686	1,122	929	476	670	647	491
Total Other Receipts	\$ 50,502	\$ 44,358	\$ 28,086	\$ 11,322	\$ 11,379	\$ 7,226	\$ 8,220	\$ 7,047	\$ 6,991
<u>Other Disbursements</u>									
Sales Tax	\$ 41,267	\$ 40,456	\$ 39,907	\$ 88,885	\$ 95,437	\$ 95,608	\$ 94,481	\$ 96,977	\$ 98,570
Water Improvement Fund	36,980	27,343	25,051	83,165	145,594	140,121	136,230	33,354	20,410
Bond & Interest Payment	-	-	-	289,070	290,020	295,145	292,345	294,545	294,545
Construction & Contingency	-	-	-	460,556	55,788	-	-	2,421	-
Meter Deposits	8,364	6,121	4,012	10,775	11,600	10,475	10,550	8,600	8,875
Total Other Disbursements	\$ 86,611	\$ 73,920	\$ 68,970	\$ 932,451	\$ 598,439	\$ 541,349	\$ 533,606	\$ 435,897	\$ 422,400
Net Receipts	\$ (169,710)	\$ (140,120)	\$ 7,604	\$ (451,757)	\$ (90,431)	\$ (110,151)	\$ (132,380)	\$ (43,455)	\$ (53,900)

**NEW HAVEN MUNICIPAL
WATER UTILITY**

New Haven, Indiana

Fund Balance Analysis

Fund Number	Fund	12/31/1998	12/31/1999	6/30/2000	12/31/2000
40	Operating	\$ 279,944	\$ 145,184	\$ 110,391	\$ 145,832
41	Depreciation	34,752	1,570	24,961	6,113
42	Customer Deposit	74,352	72,584	73,822	74,997
	Total Cash and Investments	<u>\$ 389,048</u>	<u>\$ 219,338</u>	<u>\$ 209,174</u>	<u>\$ 226,942</u>
	Change in Cash		<u>\$ (169,710)</u>	<u>\$ (179,874)</u>	<u>\$ 7,604</u>

Fund	12/31/2005	12/31/2006	12/31/2007	5/31/2008	12/31/2008	
40	Cash Control	\$ 393,116	\$ 352,724	\$ 382,715	\$ 302,942	\$ 396,354
41	Depreciation	14,250	18,900	18,900	20,550	20,550
42	Deposit Cash	84,374	81,505	80,930	15,255	76,955
43	Improvement	282,146	335,016	290,827	155,948	227,155
60	Bond Construction	1,527,082	521,043	57,526	2,965	2,365
61	Bond and Interest Sinking	30,021	53,868	80,400	127,185	97,489
62	Bond Debt Reserve	329,805	329,805	329,805	329,805	329,805
	Total Cash and Investments	<u>\$ 2,660,793</u>	<u>\$ 1,692,861</u>	<u>\$ 1,241,103</u>	<u>\$ 954,649</u>	<u>\$ 1,150,672</u>
	Change in Cash		<u>\$ (967,932)</u>	<u>\$ (451,757)</u>	<u>\$ -</u>	<u>\$ (90,431)</u>

Fund	7/31/2009	12/31/2009	4/30/2010	7/31/2010	12/31/2010	
40	Cash Control	\$ 376,661	\$ 375,025	\$ 257,250	\$ 375,060	\$ 362,165
41	Depreciation	20,550	20,550	20,550	20,550	20,550
42	Deposit Cash	75,230	73,230	73,205	72,230	71,080
43	Improvement	245,196	138,181	118,838	112,476	104,948
60	Bond Construction	2,422	2,422	-	-	-
61	Bond and Interest Sinking	205,054	101,309	100,205	212,405	108,519
62	Bond Debt Reserve	329,805	329,805	329,817	329,817	329,805
	Total Cash and Investments	<u>\$ 1,254,918</u>	<u>\$ 1,040,522</u>	<u>\$ 899,864</u>	<u>\$ 1,122,538</u>	<u>\$ 997,067</u>
	Change in Cash		<u>\$ (110,151)</u>		<u>\$ (132,380)</u>	<u>\$ (43,455)</u>

Fund	4/30/2011	
40	Cash Control	\$ 243,992
41	Depreciation	20,550
42	Deposit Cash	70,930
43	Improvement	80,673
60	Bond Construction	-
61	Bond and Interest Sinking	100,014
62	Bond Debt Reserve	329,805
	Total Cash and Investments	<u>\$ 845,964</u>
	Change in Cash	<u>\$ (53,900)</u>

**NEW HAVEN MUNICIPAL
WATER UTILITY**

New Haven, Indiana

Waterworks Utility Revenue Bonds, Series 2002

Actual Debt Schedule

Date	Principal Amount	Interest Rate	Interest Amount	Semi-Annual Debt Service	Annual Debt Service
7/1/2011			\$ 61,611	\$ 61,611	
1/1/2012	\$ 175,000	3.75%	61,611	236,611	\$ 298,223
7/1/2012			58,330	58,330	
1/1/2013	185,000	3.90%	58,330	243,330	301,660
7/1/2013			54,723	54,723	
1/1/2014	190,000	4.00%	54,723	244,723	299,445
7/1/2014			50,923	50,923	
1/1/2015	200,000	4.10%	50,923	250,923	301,845
7/1/2015			46,823	46,823	
1/1/2016	215,000	4.20%	46,823	261,823	308,645
7/1/2016			42,308	42,308	
1/1/2017	225,000	4.30%	42,308	267,308	309,615
7/1/2017			37,470	37,470	
1/1/2018	240,000	4.40%	37,470	277,470	314,940
7/1/2018			32,190	32,190	
1/1/2019	250,000	4.50%	32,190	282,190	314,380
7/1/2019			26,565	26,565	
1/1/2020	265,000	4.50%	26,565	291,565	318,130
7/1/2020			20,603	20,603	
1/1/2021	280,000	4.50%	20,603	300,603	321,205
7/1/2021			14,303	14,303	
1/1/2022	300,000	4.60%	14,303	314,303	328,605
7/1/2022			7,403	7,403	
1/1/2023	315,000	4.70%	7,403	322,403	329,805
Total	\$ 2,840,000		\$ 906,498	\$ 3,746,498	\$ 3,746,498

**NEW HAVEN MUNICIPAL
WATER UTILITY**

New Haven, Indiana

Adjusted Receipts & Disbursements Statement and Statement of Coverage

	Twelve Months Ending 4/30/2011	<u>Adjustments</u>		<u>Adjusted</u>
		<u>Amount</u>	<u>Ref.</u>	
<u>Operating Receipts</u>				
Water Revenue	\$ 1,511,914	\$ 559,408	(1)	\$ 2,071,322
Fire Protection	259,250	95,923	(2)	355,173
Water Taps	2,500			2,500
Interest Income	2,298			2,298
Miscellaneous	30,340			30,340
	<hr/>	<hr/>		<hr/>
Total Operating Receipts	\$ 1,806,303	\$ 655,331		\$ 2,461,633
	<hr/>	<hr/>		<hr/>
<u>Operating Disbursements</u>				
Operation and Maintenance Expense	\$ 1,444,794			
		12,028	(3)	
		1,698	(4)	
		15,882	(5)	
		3,000	(6)	
		6,889	(7)	
		12,616	(8)	
	<hr/>	<hr/>		<hr/>
Total Operating Disbursements	\$ 1,444,794	\$ 52,114		\$ 1,496,908
	<hr/>	<hr/>		<hr/>
Net Operating Receipts	\$ 361,509	\$ 603,217		\$ 964,726
	<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>
Combined Debt Service - Maximum				\$ 638,008
				<hr/>
Debt Service Coverage - \$				\$ 326,718
				<hr/>
Debt Service Coverage - X				1.51
				<hr/> <hr/>

**NEW HAVEN MUNICIPAL
WATER UTILITY**

New Haven, Indiana

Detail of Adjustments

(1)

To adjust "Operating Receipts" to reflect a 37% increase in user rates.

Current Year's Revenue	\$ 1,511,914	
Times: Rate Increase Effective July 1, 2011	<u>37%</u>	
Adjustment - Increase		<u><u>\$ 559,408</u></u>

(2)

To adjust "Fire Protection" to reflect a 37% increase in user rates.

Current Year's Revenue	\$ 259,250	
Times: Rate Increase Effective July 1, 2011	<u>37%</u>	
Adjustment - Increase		<u><u>\$ 95,923</u></u>

(3)

To adjust "Operating Disbursements" to reflect an increase in Salaries and Wages.

Test Year Salaries and Wages	\$ 400,942	
Times: Estimated Percentage Increase	<u>3%</u>	
Adjustment - Increase:		<u><u>\$ 12,028</u></u>

**NEW HAVEN MUNICIPAL
WATER UTILITY**

New Haven, Indiana

**Detail of Adjustments
(Continued)**

(4)

To adjust "Operating Disbursements" to reflect an increase in the FICA, PERF and SEP due to the increase in Salaries and Wages.

Increase in Salaries and Wages	\$ 12,028	
FICA Tax, PERF and 457 (combined rate)	<u>14.12%</u>	
Adjustment - Increase:		<u><u>\$ 1,698</u></u>

(5)

To adjust "Operating Disbursements" to allow for an increase in employer's share of Health Insurance.

Test Year Premiums	\$ 105,880	
Estimated Increase	<u>15%</u>	
Adjustment - Increase:		<u><u>\$ 15,882</u></u>

(6)

To adjust "Operating Disbursements" to allow for a rate review.

Rate Review	\$ 6,000	
Estimated Period	<u>2 Years</u>	
Adjustment - Increase:		<u><u>\$ 3,000</u></u>

**NEW HAVEN MUNICIPAL
WATER UTILITY**

New Haven, Indiana

Detail of Adjustments
(Continued)

(7)

To adjust "Operating Disbursements" to allow for the adjusted level of Gross Receipts Tax.

Adjusted Operating Revenue (includes Other)	\$ 2,461,633	
Less: Public Fire Protection	355,173	
Exemption	1,000	
Taxable Revenue	<u>\$ 2,105,461</u>	
Rate	<u>1.40%</u>	
Adjusted Gross Receipts Tax	\$ 29,476	
Less: Test Year	<u>22,587</u>	
Adjustment - Increase:		<u><u>\$ 6,889</u></u>

(8)

To adjust "Operating Disbursements" to allow for an inflation adjustment and compliance with new regulations.

Other Expenses	\$ 315,395	
Inflation Adjustment	<u>4%</u>	
Adjustment - Increase:		<u><u>\$ 12,616</u></u>

**NEW HAVEN MUNICIPAL
WATER UTILITY**

New Haven, Indiana

Estimated Sources and Uses of Funds

Sources of Funds

Par Amount of Bonds	\$ 3,800,000
Estimated Interest Earnings	10,000
	<hr/>
Total Sources of Funds	\$ 3,810,000
	<hr/> <hr/>

Uses of Funds

Project Cost (includes Contingency and Engineering)	\$ 3,325,000
Cost of Issuance	96,487
Underwriter's Discount (1.5%)	57,000
Debt Reserve Fund (Max Debt Service)	331,513
	<hr/>
Total Uses of Funds	\$ 3,810,000
	<hr/> <hr/>
Estimated Annual Debt Service	\$ 316,120
	<hr/> <hr/>

**NEW HAVEN MUNICIPAL
WATER UTILITY**

New Haven, Indiana

Waterworks Revenue Bonds of 2011

Proposed Debt Service Schedule

Date	Principal	Interest Rate	Interest Amount	Semi-Annual Debt Service	Annual Debt Service
7/1/2011					
1/1/2012	\$ 120,000	2.00%	\$ 91,956	\$ 211,956	\$ 211,956
7/1/2012			90,756	90,756	
1/1/2013	150,000	2.00%	90,756	240,756	331,513
7/1/2013			89,256	89,256	
1/1/2014	150,000	3.00%	89,256	239,256	328,513
7/1/2014			87,006	87,006	
1/1/2015	155,000	3.00%	87,006	242,006	329,013
7/1/2015			84,681	84,681	
1/1/2016	160,000	4.50%	84,681	244,681	329,363
7/1/2016			81,081	81,081	
1/1/2017	165,000	4.50%	81,081	246,081	327,163
7/1/2017			77,369	77,369	
1/1/2018	165,000	4.50%	77,369	242,369	319,738
7/1/2018			73,656	73,656	
1/1/2019	170,000	4.50%	73,656	243,656	317,313
7/1/2019			69,831	69,831	
1/1/2020	170,000	5.00%	69,831	239,831	309,663
7/1/2020			65,581	65,581	
1/1/2021	180,000	5.00%	65,581	245,581	311,163
7/1/2021			61,081	61,081	
1/1/2022	180,000	5.00%	61,081	241,081	302,163
7/1/2022			56,581	56,581	
1/1/2023	190,000	5.00%	56,581	246,581	303,163
7/1/2023			51,831	51,831	
1/1/2024	225,000	5.50%	51,831	276,831	328,663
7/1/2024			45,644	45,644	
1/1/2025	235,000	5.50%	45,644	280,644	326,288
7/1/2025			39,181	39,181	
1/1/2026	250,000	5.50%	39,181	289,181	328,363
7/1/2026			32,306	32,306	
1/1/2027	260,000	5.50%	32,306	292,306	324,613
7/1/2027			25,156	25,156	
1/1/2028	275,000	5.75%	25,156	300,156	325,313
7/1/2028			17,250	17,250	
1/1/2029	290,000	5.75%	17,250	307,250	324,500
7/1/2029			8,913	8,913	
1/1/2030	310,000	5.75%	8,913	318,913	327,825
	<u>\$ 3,800,000</u>		<u>\$ 2,206,281</u>	<u>\$ 6,006,281</u>	<u>\$ 6,006,281</u>

**NEW HAVEN MUNICIPAL
WATER UTILITY**

New Haven, Indiana

Combined Debt Service Schedule

Date	Principal	Interest Amount	Semi-Annual Debt Service	Annual Debt Service
7/1/2011				
1/1/2012	\$ 295,000	\$ 153,568	\$ 448,568	\$ 448,568
7/1/2012		149,086	149,086	
1/1/2013	335,000	149,086	484,086	633,173
7/1/2013		143,979	143,979	
1/1/2014	340,000	143,979	483,979	627,958
7/1/2014		137,929	137,929	
1/1/2015	355,000	137,929	492,929	630,858
7/1/2015		131,504	131,504	
1/1/2016	375,000	131,504	506,504	638,008
7/1/2016		123,389	123,389	
1/1/2017	390,000	123,389	513,389	636,778
7/1/2017		114,839	114,839	
1/1/2018	405,000	114,839	519,839	634,678
7/1/2018		105,846	105,846	
1/1/2019	420,000	105,846	525,846	631,693
7/1/2019		96,396	96,396	
1/1/2020	435,000	96,396	531,396	627,793
7/1/2020		86,184	86,184	
1/1/2021	460,000	86,184	546,184	632,368
7/1/2021		75,384	75,384	
1/1/2022	480,000	75,384	555,384	630,768
7/1/2022		63,984	63,984	
1/1/2023	505,000	63,984	568,984	632,968
7/1/2023		51,831	51,831	
1/1/2024	225,000	51,831	276,831	328,663
7/1/2024		45,644	45,644	
1/1/2025	235,000	45,644	280,644	326,288
7/1/2025		39,181	39,181	
1/1/2026	250,000	39,181	289,181	328,363
7/1/2026		32,306	32,306	
1/1/2027	265,000	32,306	297,306	329,613
7/1/2027		25,156	25,156	
1/1/2028	275,000	25,156	300,156	325,313
7/1/2028		17,250	17,250	
1/1/2029	290,000	17,250	307,250	324,500
7/1/2029		8,913	8,913	
1/1/2030	310,000	8,913	318,913	327,825
	<u>\$ 6,645,000</u>	<u>\$ 3,051,168</u>	<u>\$ 9,696,168</u>	<u>\$ 9,696,168</u>

**NEW HAVEN MUNICIPAL
WATER UTILITY**

New Haven, Indiana

Schedule of Present Rates and Charges

		<u>Inside the City</u>
<u>Consumption per Month</u>		Present
<u>- Rate per 1,000 Gallons</u>		<u>Monthly</u>
		<u>Rates</u>
First	2,500 gallons	\$ 5.99
Next	5,000 gallons	5.38
Next	10,500 gallons	4.82
Next	18,000 gallons	4.51
Next	24,000 gallons	4.22
Next	940,000 gallons	3.89
Next	1,000,000 gallons	3.58
 <u>Minimum Charge</u>		
	3/4 inch meter	\$ 11.97
	1 inch meter	22.08
	1-1/4 inch meter	32.33
	1-1/2 inch meter	40.37
	2 inch meter	68.27
	3 inch meter	122.08
	4 inch meter	189.39
	6 inch meter	303.70
	 Fire Hydrant Rental	 \$ 468.49

**NEW HAVEN MUNICIPAL
WATER UTILITY**

New Haven, Indiana

Schedule of Present Rates and Charges

(Continued)

		<u>Outside the City</u>	
<u>Consumption per Month - Rate per 1,000 Gallons</u>		<u>Present Monthly Rates</u>	
First	2,500 gallons	\$	7.17
Next	5,000 gallons		6.45
Next	10,500 gallons		5.78
Next	18,000 gallons		5.43
Next	24,000 gallons		5.07
Next	940,000 gallons		4.67
Next	1,000,000 gallons		4.29
 <u>Minimum Charge</u>			
	3/4 inch meter	\$	14.33
	1 inch meter		26.52
	1-1/4 inch meter		38.81
	1-1/2 inch meter		48.46
	2 inch meter		81.93
	3 inch meter		146.51
	4 inch meter		227.27
	6 inch meter		364.45
	Fire Hydrant Rental	\$	562.18
 <u>Sprinkler System Rate</u>			
	4 inch meter	\$	347.02
	6 inch meter		468.49
	8 inch meter		582.51
	10 inch meter		919.61
	12 inch meter		1,318.69

**NEW HAVEN MUNICIPAL
WATER UTILITY**

New Haven, Indiana

Example Monthly Bill

In City (Residential Only)

<u>Gallons Used</u>	<u>Current Rate</u>
1,000	\$ 11.97
2,000	11.97
3,000	17.66
4,000	23.04
5,000	28.43
6,000	33.81
7,000	39.20
8,000	44.30
9,000	49.12
10,000	53.94

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APPENDIX B

Description of the Waterworks, the City and the County

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CITY OF NEW HAVEN, INDIANA

Description of the Waterworks, the City and the County

Description of the Waterworks

The City owns and operates the Waterworks, which serves approximately 4,881 customers in and around the City (of which 4,432 are residential, 28 are industrial, 375 are commercial, 10 are municipal, and 36 are institutional users). The Waterworks presently consists of ¾" thru 20" distribution mains with appurtenant hydrants and service lines. The service lines are typically ¾" in size. The distribution system has approximately 387,827 linear feet of main. The City purchases all water from the City of Fort Wayne and is supplied with up to 3,000,000 gallons of treated water per day. The Waterworks also has approximately 631 hydrants. The City currently maintains one 500,000 gallon elevated storage tank located east of I-469 in an industrial area. There are four separate, metered points of connection currently with the City of Fort Wayne's water supply. Each of the connections consists of a valved meter vault and an appropriate bypass main when service is required on the meter. The City also owns and operates the local municipal wastewater utility, which is also interconnected to the City of Fort Wayne.

*Largest Waterworks Customers
(For the 12 Months Ending 12/31/10)*

<u>Customer Name</u>	<u>Annual Billings</u>
Parker Hannifin Corp.	\$ 39,785
Glen Ridge Manor	28,161
Superior Aluminum Alloys	17,471
CSC Indiana LLC	15,714
East 24 Estates	11,165
Harborside Healthcare	10,963
Cameron Court Apartments	10,802
Halls Drive In	6,748
Lincoln Heights Mobile Home Park	6,552
Holiday Inn Express	5,953
East Allen Schools	5,147

Number of Customers Historically

<u>Year</u>	<u>Number of Customers</u>
1990	3,637
1991	3,704
1992	3,695
1993	3,782
1994	3,824
1995	3,821
1996	3,844
1997	3,880
1998	3,919
1999	4,093
2000	4,206
2001	4,150
2002	4,276
2003	4,312
2004	4,426
2005	4,335
2006	4,723
2007	4,760
2008	4,808
2009	4,834
2010	4,871
Current	4,881

Description of the City and the County

Location

The City of New Haven is located in northern Indiana, 116 miles northeast of Indianapolis, 3 miles east of Fort Wayne and 156 miles southwest of Detroit. It is located in Allen County.

Population-Employment

Population	<u>Years</u>	<u>New Haven</u>	<u>Allen County</u>
	1950	2,336	183,722
	1960	3,396	232,196
	1970	5,346	280,455
	1980	6,714	291,759
	1990	9,320	300,836
	2000	12,373	331,849
	2010	14,794	355,329

Employment

Workforce of 177,788 (Allen County);
8.2% Unemployment Rate as of May 2011

<u>Year</u>	<u>Allen County Unemployment Rate</u>	<u>Allen County Labor Force</u>	<u>State of Indiana Unemployment Rate</u>
2010	10.5%	175,251	10.2%
2009	10.4%	171,978	10.1%
2008	6.0%	181,181	5.8%
2007	4.7%	180,585	5.1%
2006	4.9%	182,091	5.0%
2000	3.1%	173,360	3.0%

Source: *Department of Workforce Development, Indiana's New Economy Workforce*

Personal Income (as reported in the U.S. Census)

	<u>City of New Haven</u>	<u>Allen County</u>
2009 Median Family Income	\$ 49,597	\$ 47,284

Per Capita Income (Allen County)

<u>Year</u>	<u>Income</u>
1996	\$ 25,037
1997	25,727
1998	27,274
1999	27,775
2000	28,844
2005	31,722
2006	32,574
2007	33,698
2008	35,021
2009	34,078

Taxes

Assessed Value: \$462,999,391 for taxes payable in 2011.

Property Tax: \$2.8722 for taxes assessed in 2010 and payable in 2011 for City of New Haven, Adam Township per \$100 of True Tax Value. Household goods are exempt.

Sales & Use Tax: 7% tangible personal property except food and prescription drugs; Allen County Food and Beverage sales tax of 1%.

Individual Adjusted Gross Income Tax: 3.4% of earnings - \$1,000 annual exemption allowed for taxpayer and each dependent.

Excise Tax: Cigarettes - 99.5 cents per package; Gasoline - 18 cents per gallon.

Automobile Tax: Excise tax in lieu of personal property tax, based on initial retail price and age of vehicle.

County Surtax: Annual tax of 5% with a \$7.50 vehicle minimum on vehicles subject to state license excise tax.

County Wheel Tax: Annual tax on buses, tractors, trailers, trucks, special machinery and recreational vehicles with a minimum of \$7.50 and a maximum of \$30 per vehicle.

County Option Income Tax: .6% of taxable income of Allen County residents.

County Economic Development Income Tax: .4% of taxable income of Allen County residents.

Education

The City is served by one school district - East Allen County Schools, which provides public education for school-aged children, offering a comprehensive academic curriculum and a variety of extra-curricular activities. The total enrollment for 2010/2011 is 9,996. The East Allen County Schools has two senior high schools, one

middle school, three junior/senior high schools, eleven elementary schools, one preschool and one academy.

Colleges and Universities in the area include: Indiana-Purdue Regional Campus, St. Francis College, Concordia Theological Seminary, International Business Junior College, Indiana Vocational Technical College, Indiana Institute of Technology, Summit Christian College, ITT Technical Institute and Indiana Wesleyan University.

Transportation

Air Lines: Delta, American Eagle, Northwest, United Express, Comair, U.S. Air and Transworld Express (Allen County).

Air Cargo Facilities: Federal Express and UPS.

Railroads: Norfolk & Southern.

Highways: Interstate 469, US 24, 30; State Road 14.

Motor Carriers: 60 common and contract motor carriers, of which 53 have terminals in nearby Fort Wayne.

Utilities

Utility services in the City are provided as follows:

Telephone - Verizon

Electric - American Electric Power

Natural Gas - Northern Indiana Public Service Co.

Water - Municipally Owned

Sewage - Municipally Owned

Financial Institutions

The following institutions have branches in the City:

East Allen Federal Credit Union

Fifth Third Bank

Grabill Bank

MidWest America Federal Credit Union

PNC Bank

Wells Fargo Bank Indiana, National Association

1st Source Bank

JPMorgan Chase Bank National Association

Cultural Activities/Recreation/Library

The proximity of the City to Fort Wayne offers residents many leisure-time activities including professional sports, museums and zoos. The City of New Haven has twelve community parks, offering swimming pools, several baseball fields, tennis, volleyball and basketball courts, shuffle board, Archery, soccer fields, playground equipment and picnic areas.

The New Haven Branch Library serves the New Haven community.

Major Employers of New Haven

<u>Name</u>	<u>Business</u>	<u>Reported Employment</u>
East Allen County Schools	Education Services	1,275
Parker Hannifin Corporation	Manufacturing	500
Do-It-Best	Home Improvement	445
Superior Aluminum Alloys, LLC	Manufacturing	210
Tuthill Linkage Group	Manufacturing	200
Don R. Fruchey	Trucking	110

Source: New Haven Planning Department

Employment by Industry (2005) - Allen County

<u>Distribution of Labor Force</u>	<u>Number</u>	<u>Percent</u>
Total by place of work	228,227	100.0%
Wage and Salary	195,740	85.8
Farm Proprietors	1,531	.7
Non-Farm Proprietors	30,956	13.6
Farm	1,709	.7
Non-Farm	226,518	99.3
Private	206,843	90.6
Accommodation, Food Serv.	16,407	7.2
Arts, Ent., Recreation	3,495	1.5
Construction	13,604	6.0
Health Care, Social Services	30,197	13.2
Information	3,816	1.7
Manufacturing	30,950	13.6
Professional, Tech. Serv.	10,176	4.5
Retail Trade	25,714	11.3
Trans., Warehousing	9,256	4.1
Wholesale Trade	12,769	5.6
Other Private (not above)	50,459	22.1
Government	19,675	8.6

Building Permits

<u>Year</u>	<u>Permits Issued</u>	<u>Permit Values</u>
YTD 2011	54	\$ 1,878,323
2010	117	12,049,040
2009	87	6,618,938
2008	121	12,498,707
2007	211	13,477,918
2006	241	20,474,584
2005	278	21,820,688
2004	318	21,325,196
2003	313	22,942,424
2002	195	21,200,000
2001	249	20,500,000
2000	256	18,900,000
1999	173	17,200,000
1998	170	15,500,000
1997	102	9,500,000

Community Data

Altitude: 791 feet above sea level.

Area: 9.3 square miles

Churches: City of churches - 15 churches representing many denominations.

City Government: Mayor - Councilman form; seven council members.

Climate: 35 inches of precipitation annually - which means annual temperature of 50 degrees.

Fire Protection: 3 station, 11 paid staff, 60 volunteers.

Police Protection: 24 Full-time employees

Hospitals: Lutheran, Parkview, and St. Joseph with a total of 1,289 beds. A Veteran's Administration Hospital, numerous private nursing homes and Charter Beacon Hospital are also available in the area. (Allen County)

Hotels-Motels: 45 with more than 4,000 rooms. (Allen County)

Newspapers: Allen County Times; Journal-Gazette (D) morning daily and Sunday; News-Sentinel ® evening daily excluding Sunday; Frost Illustrated weekly.

Manufacturers: Employ over 38,000 (Allen County).

Radio: WMEE, WAJI, WOWO, WGL, WEZV, WBLC, WIPU, WXWR, WQHK, WBNI (Allen County).

Television: WKJG, WANE, WPTA, WFFT, WFWA (Allen County).

Retail: County retail sales of over One Billion Dollars. Retailers are served by Downtown Fort Wayne Association, several shopping center associations, Better Business Bureau and Fort Wayne Credit Bureau.

Source of Data and Information

The City's Financial Advisor, Financial Solutions Group, Inc., from sources deemed to be reliable, has compiled statistical data and other information set forth under this "Description of the Waterworks, the City and the County".

APPENDIX C

Outstanding Debt and Taxation

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CITY OF NEW HAVEN, INDIANA

OUTSTANDING DEBT AND TAXATION

*Direct Debt, Lease Obligations and Overlapping Debt
(City of New Haven)*

<u>Direct Lease Obligations</u>	<u>Total Lease Obligations</u>	<u>Percent Applicable</u>	<u>Amount Applicable</u>
First Mortgage Bonds, Series 2010 City of New Haven, Indiana Municipal Building Corporation, First Mortgage Refunding Bonds, Series 2008	\$ 4,075,000	100.0%	\$ 4,075,000
New Haven/ Adams Township Fire Station Building Corporation, First Mortgage Refunding Bonds, Series 2002	2,745,000	100.0%	2,745,000
	<u>70,000</u>	100.0%	<u>70,000</u>
Total Direct Lease Obligations	<u>\$ 6,890,000</u>		<u>\$ 6,890,000</u>

Overlapping Debt & Lease Obligations

<u>Overlapping Debt</u>	<u>Total</u>	<u>Percent Applicable</u>	<u>Amount Applicable</u>
Fort Wayne/ Allen County Airport Authority	\$ 14,710,000	5.1%	\$ 750,210
Allen County Public Library	55,155,000	5.1	2,812,905
East Allen County Schools	39,250,000	30.0	11,775,000
Allen County	<u>55,000,000</u>	5.1	<u>2,805,000</u>
Total Overlapping Debt and Lease Obligations	<u>\$164,115,000</u>		<u>\$ 18,143,115</u>
Total Direct Debt and Lease Obligations and Overlapping Direct Debt and Lease Obligations	<u>\$171,005,000</u>		<u>\$ 25,033,115</u>

Direct Debt Issuance Limitation

The City is limited to the issuance of direct debt, not to exceed .67% of the Assessed Value of property within the City. **The Bonds being issued herein are not subject to these limitations.**

Total Assessed Value - 2010/2011	\$ 462,999,391
.67% Thereof	3,102,096
Amount Subject to Margin	<u>0</u>
Issuance Margin	<u>\$ 3,102,096</u>

Per Capita and Debt Ratio Analysis

Population - 2010	14,794
Assessed Value (2010/2011)	\$ 462,999,391

<u>Description</u>	<u>Amount</u>	<u>Debt per Capita</u>	<u>Ratio of Debt/TTV</u>
Total Direct Debt and Lease Obligations	\$ 6,890,000	\$ 465.73	1.49 %
Total Overlapping Debt and Lease Obligations	<u>18,143,115</u>	<u>1,226.38</u>	<u>3.92</u>
Total Direct and Overlapping Direct Debt and Lease Obligations	<u>\$ 25,033,115</u>	<u>\$1,692.11</u>	<u>5.41</u> %

Total Tax Rates^①
(per \$100 Assessed Value)

City of New Haven/Adams Township

<u>Taxing District</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
State	\$0.0000	\$0.0000	\$0.0000	\$0.0024	\$ 0.0230	\$ 0.0239
County	0.5155	0.5187	0.4651	0.6010	0.5331	0.5675
Township	0.0428	0.0399	0.0370	0.0305	0.0290	0.0320
Schools	0.8871	0.8443	0.8236	1.3893	1.3957	1.5491
Airport	0.0447	0.0440	0.0489	0.0233	0.0233	0.0243
Library	0.1985	0.1871	0.1800	0.1480	0.1521	0.1607
Public Trans.	<u>0.0552</u>	<u>0.0521</u>	<u>0.0492</u>	<u>0.0375</u>	<u>0.0324</u>	<u>0.0393</u>
Subtotal	<u>\$1.7438</u>	<u>\$1.6861</u>	<u>\$1.6038</u>	<u>\$2.2320</u>	<u>\$ 2.1886</u>	<u>\$ 2.3968</u>
<u>City</u>						
General Fund	0.6981	0.6981	0.6613	0.5213	\$ 0.5548	\$ 0.6559
MVH Streets	0.1347	0.1382	0.1278	0.1105	0.0726	0.0450
Police Pension	0.0019	0.0030	0.0132	0.0135	0.0133	0.0114
Parks	0.1229	0.1113	0.1103	0.0971	0.0964	0.1018
Park Debt Service	0.0495					
Fire	0.0333	0.0333	0.0241	0.0241	0.0241	0.0280
Lease Rental	<u>0.0591</u>	<u>0.0864</u>	<u>0.0811</u>	<u>0.0659</u>	<u>0.0689</u>	<u>0.0973</u>
Total Civil City	<u>\$1.0995</u>	<u>\$1.0703</u>	<u>\$1.0178</u>	<u>\$0.8324</u>	<u>\$ 0.8301</u>	<u>\$ 0.9394</u>
Total City Tax Rate	<u>\$2.8433</u>	<u>\$2.7564</u>	<u>\$2.6216</u>	<u>\$3.0644</u>	<u>\$ 3.0187</u>	<u>\$ 3.3362</u>

① All tax rates exhibited are before deduction of approximately 14% to 16% thereof for property tax relief funds provided from State of Indiana tax sources and before deduction of homestead credits.

Record of Taxes Levied and Collected - City of New Haven

<u>Collection Year</u>	<u>Levied</u>	<u>Current & Delinquent Collected</u>	<u>Percentage</u>
2009	\$ 5,039,673	\$ 4,939,724	98.02 %
2008	4,929,487	4,950,694	100.43
2007	4,763,457	4,762,850	99.99
2006	4,751,848	4,780,723	100.61
2005	4,112,655	4,041,781	98.28
2004	3,773,732	3,547,860	94.01
2003	3,538,759	3,456,859	97.69
2002	3,108,904	3,152,429	101.40

Assessed Value

The assessed values set forth below are net of exemptions.

<u>Assessment Year</u>	<u>Assessed Value</u>	<u>Percentage Growth</u>
2010-2011	\$ 462,999,391	(1.1)%
2009-2010	468,219,830	(1.1)
2008-2009	473,470,860	(16.6)
2007-2008	567,938,230	2.9
2006-2007	551,438,875	13.8
2005-2006	484,502,015	

Note: Assessed value decreased for 2008-2009 due to new homestead deduction.

Largest Taxpayers of the City of New Haven

<u>Name</u>	<u>Type of Business</u>	<u>Most Recent Assessed Value</u>
Central States Enterprises Inc	Grain Processing	\$ 12,736,260
Parker-Hannifin Corp	Manufacturing	11,033,020
Tuthill Corp	Manufacturing	7,509,230
Verizon North	Utility	7,001,710
Do It Best Corp	Wholesaler	6,079,810
Fort Wayne-Rube Realty LLP	Realtor	4,928,600
Fruchey Don R Inc	Truck Hauling	4,902,010
Bhar Associates	Plastic Inject. Molding	4,408,660
Centro Bradley Spe LLC	Retail	4,122,400
Shamban W S & Co	Distribution	4,107,200

Source of Data and Information

Statistical data and other information set forth under the "Outstanding Debt and Taxation" have been compiled by the City's Financial Advisor, Financial Solutions Group, Inc., from sources deemed to be reliable.

APPENDIX D

Ordinance No. G-10-09

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1st Reading 10-26-10
2nd Reading 11-23-10
3rd Reading 12-14-10

ORDINANCE NO. B-10-9

AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF NEW HAVEN AUTHORIZING THE ACQUISITION OF, AND THE CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO, THE WATERWORKS SYSTEM OF THE CITY OF NEW HAVEN, 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 New Haven, 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 drinking water in the City (the "System") and now owns and operates the System pursuant to IC 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"); and

WHEREAS, the City has withdrawn the System from the jurisdiction of the Indiana Utility Regulatory Commission as of September 26, 1992; and

WHEREAS, the Common Council finds: (i) that the acquisition of, and the construction of certain improvements and extensions to, the System, including, without limitation, 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, the acquisition and installation of equipment appurtenant thereto, and the making of other site improvements related thereto (the "Project"), are necessary; (ii) that a preliminary engineering report and cost estimates for the Project (the "Engineering Report") have been prepared by Schnelker Engineering, Inc., of Fort Wayne, 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 previously adopted by the Common Council and 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 estimates, the cost of the Project, including incidental expenses, is in the amount of approximately \$3,900,000; and

WHEREAS, the Common Council finds that the City has no other funds on hand to pay the cost of the Project, and that the entire cost of the Project is to be financed by the issuance of its tax-

exempt waterworks revenue bonds in a principal amount not to exceed \$3,900,000 (the "New Bonds") and, if necessary, its bond anticipation notes (the "BANs"); and

WHEREAS, the City has issued its Waterworks Revenue Bonds, Series 2002 (the "2002 Bonds"), originally issued in the aggregate principal amount of \$4,000,000, and which 2002 Bonds constitute a charge on the Net Revenues (herein defined as the gross revenues of the System remaining after the payment of the reasonable expenses of operation and maintenance of the System); and

WHEREAS, Ordinance No. G-02-23 adopted by the Common Council on November 12, 2002, as amended by Ordinance No. G-02-25 adopted by the Common Council on December 10, 2002 authorizing the 2002 Bonds (as amended, the "2002 Ordinance allows for the issuance of additional bonds payable from revenues of the System and ranking on parity with the 2002 Bonds; and

WHEREAS, the Common Council now finds that all conditions precedent to the issuance of the Bonds on a parity with the 2002 Bonds have been or will be met; and

WHEREAS, the New Bonds will constitute a charge against the Net Revenues on parity with the 2002 Bonds and are to be issued subject to the provisions of the laws of the Act and this Ordinance; and

WHEREAS, the City desires: (i) to authorize the issuance of the BANs hereunder, if necessary, payable from the proceeds of other BANs to the extent issued for such purpose or the New Bonds and, with respect to the interest thereon and only if necessary, commencing on the due date of such interest, the Net Revenues of the System remaining after all required deposits thereof into the Waterworks Sinking Fund created pursuant to this Ordinance (the "Sinking Fund"), all in accordance with this Ordinance; and (ii) to authorize the refunding of the BANs, if issued; and

WHEREAS, the Common Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of the BANs and the New Bonds have been complied with in accordance with the provisions of the Act; 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 New Bonds, with such advance to be repaid from proceeds of the BANs or the New 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 New Bonds in accordance with the requirements of the Reimbursement Regulations;

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

Sec. 1. Authorization of Project. 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 \$3,900,000, plus investment earnings on the proceeds of the BANs and the New Bonds, without further authorization from the Common Council. The term "System," where used in this Ordinance shall be construed to include the City's existing waterworks system and all real estate, equipment and appurtenances thereto used in connection therewith, and all extensions, additions and improvements thereto and replacements thereof now or at any time hereafter constructed or acquired. The Project is hereby approved and shall be constructed and the BANs and the New Bonds shall be issued pursuant to and in accordance with the Act.

Sec. 2. Issuance of BANs and New Bonds.

(a) The City shall issue, if necessary, the BANs for the purpose of procuring interim financing to pay the cost of the Project 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 \$3,900,000 to be designated "Waterworks Bond Anticipation Notes, Series 20 __," 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 \$1,000 or more, unless sold to the State of Indiana (the "State") or the Indiana Bond Bank, in which case the BANs shall be in authorized denominations of \$1.00 or any integral multiple thereof. The BANs shall be dated as of the date of delivery thereof and shall bear interest at a rate not to exceed 8.0% per annum (the exact rate or rates to be determined through negotiations with the purchasers of the BANs) payable either upon maturity or semiannually on January 1 and July 1, as designated by the Clerk-Treasurer of the City (the "Clerk-Treasurer"), with the advice of Financial Solutions Group, Inc., the financial advisor to the City (the "Financial Advisor"). Each series of BANs will mature no later than one year after their date of delivery, unless determined otherwise by the Clerk-Treasurer, with the advice of the Financial Advisor and Barnes & Thornburg, bond counsel to the City ("Bond Counsel"), or unless sold to the State or the Indiana Bond Bank, in which case the BANs shall mature on a date or dates determined by negotiation with the State or the Indiana Bond Bank, with the advice of the Financial Advisor and Bond Counsel. The BANs are subject to renewal or extension at an interest rate or rates not to exceed 8.0% per annum (the exact rate or rates to be negotiated with the purchaser of the BANs). The term of any renewal BANs may not exceed five (5) years from the date of delivery of the initial BANs, unless such BANs are sold to the State or the Indiana Bond Bank in connection with the State's Drinking Water Revolving Loan Program (the "Program"), in which case the term of such BANs may not exceed four (4) 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 13-18-21, as amended, if sold to the State or the Indiana Bond Bank in connection with the Program, pursuant to IC 5-1.5-8-6.1, if otherwise sold to the Indiana Bond Bank, or pursuant to IC 5-1-14-5, as amended, if sold to a

financial institution or any other purchaser. The BANs shall be sold at a price not less than par if sold to the State or the Indiana Bond Bank pursuant to the Program or at a price not less than 100% of the principal amount thereof, if sold otherwise to the Indiana Bond Bank or to any other purchaser.

The City pledges to the payment of the principal of the BANs the proceeds from the issuance of the New Bonds pursuant to the Act and pledges to the payment of the interest on the BANs the proceeds from the issuance of the New Bonds pursuant to the Act or, if necessary, commencing on the due date of such interest, the Net Revenues of the System remaining after all required deposits thereof into the Sinking Fund in accordance with this Ordinance.

(c) The City shall issue the New Bonds, in one or more series, in an aggregate principal amount not to exceed \$3,900,000 to be designated "Waterworks Revenue Bonds, Series 20__," to be completed with the year in which the New Bonds are issued and an alphabetical designation, if necessary, for the purpose of procuring funds to pay the cost of the Project, the refunding of the BANs, if issued, and the issuance costs of the New Bonds or the BANs, if issued, as determined by the Clerk-Treasurer, with the advice of the Financial Advisor. Each series of New Bonds shall rank on a parity with the 2002 Bonds and the other series for all purposes, including the pledge of Net Revenues under this Ordinance. The New Bonds shall be issued and sold at a price not less than the par amount thereof if sold to the State or the Indiana Bond Bank pursuant to the Program or at a price not less than 98.5% of the principal amount thereof if sold otherwise to the Indiana Bond Bank or to any other purchaser. The New Bonds shall be sold by the Clerk-Treasurer pursuant to IC 5-1-11, as amended, if not sold to the State or the Indiana Bond Bank. The New Bonds shall be issued in fully registered form in authorized denominations of \$5,000 or any integral multiple thereof, unless sold to the State or the Indiana Bond Bank, in which case the New Bonds shall be in authorized denominations of \$1.00 or any integral multiple thereof. The New Bonds shall be lettered and numbered consecutively from R-1 and upward, originally dated the date of delivery, and shall bear interest at a rate or rates not exceeding 8% per annum if sold to any purchaser other than the State or the Indiana Bond Bank in connection with the Program or 4.5% per annum if sold to the State or the Indiana Bond Bank in connection with the Program (the exact rate or rates to be determined by bidding or through negotiation with the State or the Indiana Bond Bank, as applicable). Interest is payable semiannually on January 1 and July 1 in each year, commencing on the January 1 or July 1 following the issuance of the New Bonds, all as determined by the Clerk-Treasurer, with the advice of the Financial Advisor, and as set forth in the Financial Assistance Agreement, between the State and the City (the "Financial Assistance Agreement"), if sold to the State or the Indiana Bond Bank pursuant to the Program, the bond sale notice if the New Bonds are sold competitively pursuant to IC 5-1-11, as amended, or the bond purchase agreement if the New Bonds are otherwise acquired by the Indiana Bond Bank pursuant to IC 5-1.5-8-1, as amended. The New Bonds: (i) shall, if sold to the State or the Indiana Bond Bank pursuant to the Program, mature annually on January 1 of each year, over a period ending no later than twenty years after substantial completion of the Project and in such amounts that will produce annual debt service that is as level as practicable, except as otherwise provided in the Financial Assistance Agreement; or (ii) shall, if sold otherwise to the Indiana Bond Bank or any other purchaser, mature or be subject to mandatory sinking fund redemption annually on January 1 of each year, commencing no earlier than January 1, 2012, over a period ending no later than January 1, 2030, and in such amounts as deemed appropriate by the Clerk-Treasurer, with the advice of the Financial Advisor.

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

(e) The Clerk-Treasurer is authorized to select and appoint a qualified financial institution to serve as the Registrar and the Paying Agent for the BANs and the New Bonds, which registrar is hereby charged with the responsibility of authenticating the BANs and the New Bonds (the "Registrar" or the "Paying Agent"). The Clerk-Treasurer is hereby authorized to enter into such agreements or understandings with such institution as will enable the institution to perform the services required of the Registrar and the Paying Agent. The Clerk-Treasurer is further authorized to pay such fees as the institution may charge for the services it provides as the Registrar and the Paying Agent, and such fees may be paid from the Sinking Fund. If the BANs or the New Bonds are registered in the name of the State, the Indiana Bond Bank or any other purchaser that does not object to such designation, the Clerk-Treasurer shall serve as the Registrar and the Paying Agent and is hereby charged with the duties of the Registrar and the Paying Agent.

(f) If the BANs or the New Bonds are registered in the name of the State or the Indiana Bond Bank, the principal thereof and interest thereon shall be paid by wire transfer to such financial institution if and as directed by the State or the Indiana Bond Bank 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 State or the Indiana Bond Bank is the owner of the BANs or the New Bonds, the BANs or the New Bonds shall be presented for payment as directed by the State or the Indiana Bond Bank. If the BANs or the New Bonds are not sold to the State or the Indiana Bond Bank or if wire transfer payment is not required, the principal of and interest on the BANs (if interest thereon is payable only at maturity) or the principal of the BANs (if interest thereon is not payable only at maturity) and the principal of the New Bonds shall be payable at the principal office of the Paying Agent, and all payments of interest on the BANs (if interest thereon is not payable only at maturity) and the New Bonds shall be paid by check mailed one business day prior to the interest payment date to the registered owners thereof, as of the fifteenth day of the month preceding each interest payment date (the "Record Date"), at the addresses of the registered owners as they appear on the registration books kept by the Registrar. If payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall be instructed to wire transfer payments by 1:00 p.m. (New York City time) so such payments are received at the depository by 2:30 p.m. (New York City time). All payments on the BANs and the New 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.

(g) Each BAN or New 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 BAN or New 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 BAN or BANs or New Bond or New 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; provided, however, that the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Except as otherwise provided in the Continuing Disclosure Agreement described in Section 24, the City, the Registrar and Paying Agent for the New Bonds may treat and consider the person in whose name the BANs or the New 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, the premium, if any, and interest due thereon.

(h) Following delivery, interest on the New Bonds sold to the State or the Indiana Bond Bank to finance Eligible Costs (as defined in the Financial Assistance Agreement) shall begin to accrue from the dates of payment on the New Bonds. Interest on the New Bonds issued to finance all other costs, which are authenticated on or before the Record Date, which precedes the first interest payment date, shall be paid from their original issue date. Interest on the New 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 New Bonds are authenticated, unless a New 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.

(i) If the BANs or the New Bonds are not sold to the State or the Indiana Bond Bank, the BANs or the New Bonds may be issued in book-entry-only form as one fully registered BAN or New Bond per maturity registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, and DTC may act as securities depository for the BANs or the New Bonds. In that event, the purchase of beneficial interests in the BANs or the New Bonds will be made in book-entry-only form in the denomination of \$100,000 or more or in the denomination of \$5,000 or any multiple thereof, respectively. Purchasers of beneficial interests will not receive certificates representing their interests in the BANs or the New Bonds purchased. As long as DTC or its nominee, Cede & Co., is the registered owner of the BANs or the New Bonds, payments of principal, premium, if any, and interest will be made when due directly to such registered owner in same-day funds wired by the Paying Agent in accordance with the procedures set forth in the Blanket Issuer Letter of Representations made by the City to DTC (the "DTC Letter of Representations"). In the event the BANs or the New Bonds are issued in book-entry-only form and registered in the name of Cede & Co., the Clerk-Treasurer is hereby authorized and directed to execute and deliver the DTC Letter of Representations.

Sec. 3. Redemption of BANs and New Bonds.

(a) If deemed appropriate by the Clerk-Treasurer, with the advice of the Financial Advisor, the BANs shall be prepayable by the City, in whole or in part, on or after the date determined to be most appropriate by the Clerk-Treasurer, with the advice of the Financial Advisor, upon 30 days' notice to the owner of the BANs as of the date which is 45 days prior to such prepayment, without any premium, but with accrued interest to the date of prepayment.

(b) The New Bonds are redeemable at the option of the City on any date, but no earlier than July 1, 2020, if the New Bonds are sold to the State or the Indiana Bond Bank pursuant to the Program, or no earlier than a date to be determined by the Clerk-Treasurer with the advice of the Financial Advisor, if the New Bonds are otherwise sold to the Indiana Bond Bank or any other purchaser, on 60 days' notice, if the New Bonds are sold to the State or the Indiana Bond Bank, or on 30 days' notice if the New Bonds are sold to any other purchaser, in whole or in part, in inverse order of maturity and by lot within a maturity, at the par amount thereof, together with a premium not greater than 1%, plus, in each case, accrued interest, if any, to the date fixed for redemption. The exact redemption dates and premiums shall be established by the Clerk-Treasurer with the advice of the Financial Advisor.

(c) If any New Bond is issued as a term bond, the Paying Agent shall credit against the mandatory sinking fund requirement for the New Bonds maturing as term bonds, and corresponding mandatory redemption obligation, in the order determined by the City, any New Bonds maturing as term bonds maturing on the same date 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 New 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 New 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 New Bonds maturing as term bonds to the extent received on or before the date sixty-five (65) days preceding the applicable mandatory redemption date, if the New Bonds are sold to the State or the Indiana Bond Bank, or on or before the date forty-five (45) days preceding the applicable mandatory redemption date, if the New Bonds are sold to any other purchaser.

(d) If less than an entire maturity is called for redemption, the New Bonds to be called for redemption shall be selected by lot by the Registrar. If some New Bonds are to be redeemed by optional redemption and mandatory sinking fund redemption on the same date, the Registrar shall select by lot the New Bonds for mandatory sinking fund redemption before selecting the New Bonds by lot for optional redemption.

(e) Notice of redemption shall be given not less than sixty (60) days prior to the date fixed for redemption for New Bonds that are sold to the State or the Indiana Bond Bank, and not less than thirty (30) days prior to the date fixed for redemption for New Bonds that are sold to any other purchaser, unless such redemption notice is waived by the owner of the New Bond or New Bonds to be 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 prior to such redemption date for New Bonds that are sold to the State or the Indiana Bond Bank and as of the date which is forty-five (45) days prior to such redemption date for New Bonds that are sold to any other purchaser. The notice shall specify the date and place of redemption and sufficient identification of the New Bonds called for redemption. The place of redemption may be determined by the City. Interest on the New 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.

(f) The BANs and the New Bonds shall be called for redemption in multiples of their minimum authorized denomination. The BANs and the New Bonds in denominations of more than the minimum authorized denomination shall be treated as representing the number of BANs and New Bonds, respectively, obtained by dividing the denomination of the BAN and the New Bond, respectively, by the minimum authorized denomination within a maturity. The BANs and the New Bonds may be redeemed in part. In the event of redemption of BANs and New Bonds in part, upon surrender of the BAN or the New Bond to be redeemed, a new BAN or BANs or New Bond or New Bonds in an aggregate principal amount equal to the unredeemed portion of the BAN or the New Bond surrendered shall be issued to the registered owner thereof.

Sec. 4. Execution and Authentication of the BANs and the New Bonds; Pledge of Net Revenues to the New Bonds. The BANs and the New Bonds shall be executed in the name of the City by the manual or facsimile signature of the Mayor of the City (the "Mayor") and attested by the manual or facsimile signature of the Clerk-Treasurer. Those officials, by the signing of a Signature and No Litigation Certificate, shall adopt as and for their own proper signatures their facsimile signatures appearing on the BANs and the New Bonds. The BANs and the New Bonds must be authenticated by an authorized officer of the Registrar or by the Clerk-Treasurer, if the Clerk-Treasurer is acting as the Registrar. The New Bonds, the 2002 Bonds and any additional bonds issued on a parity with the New Bonds in accordance with the restrictions imposed by this Ordinance (the "Parity Bonds" and together with the New Bonds, the "Bonds"), as to both principal and interest, shall be payable from and secured by an irrevocable pledge of and shall constitute a charge upon the Net Revenues of the System. The City shall not be obligated to pay the principal of and interest on the Bonds, except from the Net Revenues of the System (except to the extent payable from the proceeds of the Bonds), and the New Bonds shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State.

Sec. 5. Form of New Bonds.

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

No. R-__

[Unless this 20__ Bond (as defined below) is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City of New Haven, Indiana, or its agent for registration of transfer, exchange or payment, and any 20__ Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]

UNITED STATES OF AMERICA

STATE OF INDIANA

COUNTY OF ALLEN

CITY OF NEW HAVEN
WATERWORKS REVENUE BOND, SERIES 20__

Maturity <u>Date</u>	Interest <u>Rate</u>	Original <u>Issue Date</u>	Authentication <u>Date</u>	[CUSIP]
[See <u>Exhibit A</u>]	____%	_____, 20__	_____, ____	_____

Registered Owner:

Principal Sum:

The City of New Haven (the "City"), in Allen County, State of Indiana, for value received, hereby promises to pay to the Registered Owner specified above or registered assigns, solely out of the special revenue fund hereinafter referred to, the Principal Sum specified 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 20__ Bond (as defined below), or its assigns,] on [the Maturity Date set forth above] or [January 1 in the years and in the amounts set forth in Exhibit A attached hereto] [(unless this 20__ Bond is 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 Interest Rate per annum specified above from the interest payment date to which interest has been paid next preceding the Authentication Date of this 20__ Bond, unless this 20__ 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 20__ Bond is authenticated on or before _____ 15, 20__, in which case it shall bear interest from the Original Issue Date, which interest is payable semiannually on the first days of January and July of each year, beginning on _____ 1, 20__. Interest shall be calculated according to a 360-day calendar year containing twelve 30-day months.

[The principal of and premium, if any, on this 20__ Bond is payable at the principal office of _____ (the "Registrar" or the "Paying Agent"), in the _____ of _____ Indiana.] All payments of [principal of, premium, if any, and] interest on this 20__ Bond shall be paid by [check mailed one business day prior to the interest payment date] [wire transfer for deposit to a financial institution as directed by the State of Indiana (the "State") on the due date or, if such due date is a day when financial institutions are not open for business, on the business day immediately after such due date] to the Registered Owner hereof, as of the fifteenth day of the month preceding such payment, at the address as it appears on the registration books kept by the [Clerk-Treasurer of the City (the "Registrar" or the "Paying Agent") in the City] [Registrar]. [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 so such payments are received at the depository by 2:30 p.m. (New York City time).] All payments on the City's Waterworks Revenue Bonds, Series 20__ (the "20__ Bonds"), 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 20__ Bond shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State, and the City shall not be obligated to pay this 20__ Bond or the interest hereon except from the special fund provided from the Net Revenues (herein defined as the gross revenues of the System (herein defined as the City's waterworks system, including all real estate, equipment and appurtenances thereto used in connection therewith, and all extensions, additions and improvements thereto and replacements thereof, now or at any time hereafter constructed or acquired) remaining after the payment of the reasonable expense of operation and maintenance of the System).

This 20__ Bond is one of an authorized series of 20__ Bonds of like tenor and effect, except as to numbering, interest rates per annum and dates of maturity, in the total amount of _____ Dollars (\$ _____) lettered and numbered consecutively from R-1 and upward, issued for the purpose of providing funds to pay the cost of the acquisition of, and the construction of certain improvements and extensions to, the System, including, without limitation, the acquisition and installation of equipment therefor, and the making of other site improvements related thereto (collectively, the "Project"), [to refund interim notes issued in anticipation of the 20__ Bonds (the "BANs")] and to pay the costs of issuance of the 20__ Bonds [and the BANs], as authorized by an ordinance adopted by the Common Council of the City (the "Common Council") on _____, 20__, entitled "An Ordinance of the Common Council of the City of New Haven authorizing the acquisition of, and the construction of certain improvements and extensions to, the waterworks system of the City of New Haven, 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 "20__ Ordinance"), and in strict compliance with the provisions of IC 8-1.5-2, as in effect on the issue date of this 20__ Bond (the "Act"). Capitalized terms not otherwise defined herein have the same meanings as ascribed to them in the 20__ Ordinance.

[Reference is hereby made to the Financial Assistance Agreement between the City and the State as to certain terms and covenants pertaining to the Project and this 20__ Bond (the "Financial Assistance Agreement").]

Pursuant to the provisions of the 20__ Ordinance and the Act, the principal of and interest on this 20__ Bond, the 2002 Bonds (as defined in the 20__ Ordinance), and any bonds hereafter issued ranking on a parity therewith (collectively, the "Bonds"), are payable solely from the Waterworks Sinking Fund created by the 20__ Ordinance (the "Sinking Fund") to be funded from the Net Revenues of the System, except to the extent payable from the proceeds of the Bonds.

The City irrevocably pledges, the entire Net Revenues of the System to the prompt payment of the principal of and interest on the Bonds on a parity basis, all 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 the System as are sufficient in each year for the payment of the proper and reasonable expenses of [operation and maintenance] [Operation and Maintenance (as defined in the Financial Assistance Agreement)] of the System and for the payment of the sums required to be paid into the 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 fix, maintain and collect such rates or charges, or if there shall be a default in the payment of the principal of or interest on the Bonds when due, the owner of this 20__ Bond shall have all of the rights and remedies provided for in the Act and the Ordinance, including the right to have a receiver appointed to administer the System (but only in the event of a default in the payment of the principal of or the interest on the Bonds when due), and, by civil action, to protect and enforce rights granted by the Act or under the Ordinance in connection with any action or duty to be performed by the City, the Common Council or any officer of the City, including the making and collecting of reasonable and sufficient charges and rates for services provided by the System.

The City covenants that it will set aside and pay into the Sinking Fund a sufficient amount of the Net Revenues to pay: (a) the principal of and interest on the Bonds, as such principal and interest shall come due; (b) the necessary fiscal agency charges for paying the principal of and interest on the Bonds; and (c) an additional amount to create and maintain the debt service reserve required by the Ordinance. Such required payments shall constitute a charge upon all the Net Revenues of the System.

The 20__ Bonds maturing on and after January 1, 2021, are redeemable at the option of the City on July 1, 2020, or any date thereafter, on [sixty (60)] [thirty (30)] days' notice, in whole or in part, in inverse order of maturity and by lot within a maturity, at face value, together with the following premiums:

- 1% if redeemed on July 1, 2020 or thereafter
on or before June 30, 2021;
- 0% if redeemed on July 1, 2021 or thereafter
prior to maturity;

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

[The 20__ 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.]

[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 20__ Bonds called for redemption. The place of redemption may be determined by the City. Interest on the 20__ 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.

[The 20__ Bonds shall be called for redemption in multiples of [\$1.00] [\$5,000]. The 20__ Bonds in denominations of more than [\$1.00] [\$5,000] shall be treated as representing the number of 20__ Bonds obtained by dividing the denomination of the 20__ Bond by [\$1.00] [\$5,000] within a maturity.] The 20__ Bonds may be redeemed in part. In the event of the redemption of the 20__ Bonds in part, upon surrender of the 20__ Bond to be redeemed, a new 20__ Bond or 20__ Bonds in an aggregate principal amount equal to the unredeemed portion of the 20__ Bond surrendered shall be issued to the Registered Owner.

If this 20__ Bond shall not be presented for payment or redemption on the date fixed therefor, and the City shall have deposited in trust with [the Paying Agent] [its depository bank], an amount sufficient to pay this 20__ Bond or the redemption price, as the case may be, then the Registered Owner shall thereafter look only to the funds so deposited in trust with [the Paying Agent] [such depository bank] for payment and the City shall have no further obligation or liability with respect thereto.

This 20__ 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 20__ 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 20__ Bond or 20__ 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. [Except as otherwise provided in the Disclosure Agreement described below, the] [The] City, the Registrar and the Paying Agent may treat and consider the person in whose name this 20__ 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, premium, if any, and interest due hereon.

The 20__ Bonds maturing in any one year are issuable only in fully registered form in the denomination of [\$1.00] [\$5,000] or any integral multiple thereof not exceeding the aggregate principal amount of the 20__ Bonds maturing in such year.

[All of the 20__ Bonds have been designated [or deemed designated] as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.]

THE REGISTERED OWNER, BY THE ACCEPTANCE HEREOF, HEREBY AGREES TO ALL THE TERMS AND PROVISIONS CONTAINED IN THE 20__ ORDINANCE. This 20__ Bond is subject to defeasance prior to redemption or payment as provided in the 20__ Ordinance. The 20__ Ordinance may be amended without the consent of the owners of the 20__ Bonds as provided in the 20__ 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 20__ Bonds[; provided, however, that if the 20__ Bonds are sold to the [Indiana Bond Bank] [State] [to finance Eligible Costs (as defined in the Financial Assistance Agreement)], the City shall obtain the prior written consent of the [Indiana Bond Bank] [State]].

[A Continuing Disclosure Agreement dated as of the Original Issue Date (the “Disclosure Agreement”) has been executed by the City for the benefit of each registered or beneficial owner of any 20__ Bond. 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 20__ Bond, including a covenant to provide continuing disclosure of certain annual financial information and notices of the occurrence of certain events, if material. By its payment for and acceptance of this 20__ Bond, the Registered Owner and any beneficial owner of this 20__ 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 completion of the execution, issuance and delivery of this 20__ Bond have been done and performed in regular and due form as provided by law.

This 20__ 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 20__ Bond to be executed in its corporate name and on its behalf by the manual or facsimile signature of the Mayor of the City and attested manually or by facsimile by the Clerk-Treasurer of the City.

CITY OF NEW HAVEN, INDIANA

By: _____
Mayor

Attest:

Clerk-Treasurer

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

It is hereby certified that this 20__ Bond is one of the Bonds described in the 20__ Ordinance.

CLERK-TREASURER, CITY OF NEW
HAVEN, INDIANA, as Registrar]

as Registrar

By: _____
Authorized Representative]

ABBREVIATIONS

The following abbreviations, when used in this 20__ Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF TRANS
MIN ACT - _____ Custodian _____
(Cust) (Minor)

under Uniform Transfers to Minors Act of

(State)

Additional abbreviations may also be used although not in the list above.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____

(Please print or typewrite name, address and social security or other identifying number of the assignee and insert number for the first named transferee if held by joint account)

the within 20__ Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, as attorney to transfer the within 20__ Bond on the books kept for the registration thereof with full power of substitution in the premises.

Dated: _____

REGISTERED OWNER:

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within 20__ Bond in every particular, without alteration or enlargement or any change whatever. When assignment is made by a guardian, trustee, executor or administrator, an officer of a corporation or anyone in a representative capacity, proof of authority to act must accompany this assignment.

Signature guaranteed by:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution as defined in SEC Rule 17Ad-15 (17 CFR 240.17Ad-15) participating in a Securities Transfer Association recognized signature guarantee program.

EXHIBIT A

**CITY OF NEW HAVEN, INDIANA
WATERWORKS REVENUE BOND, SERIES 20__**

Maturity Dates Principal Due]

[End of the New Bond Form.]

(b) In the event the New Bonds are purchased by the State or the Indiana Bond Bank, and, after the completion of the Project and upon the request of the State or the Indiana Bond Bank, the City may exchange and replace, at the City's expense, any temporary New Bond forms initially authenticated and delivered to the State or the Indiana Bond Bank with definite New Bond forms evidencing the final outstanding principal amount of the New Bonds. Such temporary New Bond forms shall otherwise be under the same restrictions as the definite New Bond forms, and both forms shall be in substantially the same form as set forth above.

Sec. 6. Preparation and Sale of BANs and New Bonds. The Clerk-Treasurer is hereby authorized and directed to have the BANs and the New Bonds prepared, and the Mayor and the

Clerk-Treasurer are hereby authorized and directed to execute the BANs and the New Bonds in the form and manner herein provided. The Clerk-Treasurer is hereby authorized and directed to deliver the BANs and the New Bonds to the purchasers thereof after the sale made in accordance with the provisions of this Ordinance, provided that at the time of such delivery, the Clerk-Treasurer shall collect the full amount which the purchasers have agreed to pay therefor, which amount shall not be less than the applicable minimum percentage of the par value of the BANs or the New Bonds set forth in Section 2 of this Ordinance. The City may receive payment for the BANs and the New Bonds in installments. The New Bonds, 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 provided herein. The proceeds derived from the sale of the BANs and the New Bonds shall be and are hereby set aside to pay the costs of the Project, the refunding of the BANs, if applicable, and the expenses necessarily incurred in connection with the issuance of the BANs and the New 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.

Sec. 7. New Bond Sale Notice; Official Statement.

(a) If the New Bonds will be sold at a competitive sale, the Clerk-Treasurer shall cause to be published either (i) a notice of such sale in The Journal Gazette and The News-Sentinel, each a newspaper published in Allen County, with a circulation in the City, two times, at least one week apart, with the first publication being made at least 15 days before the date of the sale and the second publication being made at least three days before the date of the sale, or (ii) a notice of intent to sell in The Journal Gazette, The News-Sentinel and the Court & Commercial Record, a newspaper of general circulation published in the State capital, once each week for two weeks, with the first publication being made at least 15 days before the date selected for sale and the second publication being made at least eight days before the date selected for sale, all in accordance with IC 5-1-11, as amended, and IC 5-3-1, as amended. The notice shall state the character, the amount and the authorized denominations of the New Bonds, the maximum rate or rates of interest thereon, the terms and conditions upon which bids will be received and the sale made, and such other information as the Clerk-Treasurer and the attorneys employed by the City shall deem advisable. 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 financial surety bond in an amount equal to 1% of the principal amount of the New Bonds described in the notice. If a financial surety bond is used, it must be from an insurance company licensed to issue such bond in the State, and such bond must be submitted to the City prior to the opening of the bids. The financial surety bond must identify each bidder whose good faith deposit is guaranteed by such financial surety bond. If the New Bonds are awarded to a bidder utilizing a financial surety bond, then the purchaser is required to submit to the City a certified or cashier's check (or wire transfer such amount as instructed by the City) not later than 3:30 p.m. (local time) on the next business day following the award. In the event the successful bidder shall fail or refuse to accept delivery of the New Bonds and pay for the same as soon as the New Bonds are ready for delivery, or at the time fixed in the notice of sale, then such good faith deposit and the proceeds thereof shall be the property of the City and shall be considered as its liquidated damages on account of such default. Bidders for

the New Bonds will be required to name the rate or rates of interest which the New Bonds are to bear, not exceeding the maximum rate hereinbefore fixed, and that such interest rate or rates shall be in multiples of one-one hundredth (1/100) of one percent (1%). The rate bid on a maturity shall be equal to or greater than the rate bid on the immediately preceding maturity. No conditional bid or bid for less than the applicable minimum percentage of the par value of the New Bonds set forth in Section 2 of this Ordinance will be considered. The opinion of Bond Counsel approving the legality of the New Bonds will be furnished to the purchaser at the expense of the City.

(b) The New Bonds shall be awarded by the Clerk-Treasurer to the best bidder who has submitted its bid in accordance with the terms of this Ordinance, IC 5-1-11, as amended, and the notice. The best bidder will be the one who offers the lowest interest cost to the City, to be determined by computing the total interest on all of the New Bonds to their maturities and deducting the premium bid, if any, or adding thereto the discount 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.

(c) The Preliminary Official Statement related to the New Bonds (the "Preliminary Official Statement") is hereby approved substantially in the form filed with the Clerk-Treasurer prior to this meeting. The distribution of the Preliminary Official Statement and the final Official Statement related to the Bonds (the "Official Statement") to be prepared by the Financial Advisor, on behalf of the City, is hereby authorized and approved and the Mayor is authorized and directed to execute the Official Statement on behalf of the City in a form consistent with this Ordinance. The Mayor or the Clerk-Treasurer is authorized to deem the Preliminary Official Statement as "final" for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

(d) As an alternative to a public sale, the City may negotiate the sale of the New Bonds to the State or the Indiana Bond Bank. The Mayor and the Clerk-Treasurer are hereby authorized to (i) submit an application to the State and the Indiana Bond Bank, (ii) execute a purchase agreement with the State or the Indiana Bond Bank and (iii) sell the New Bonds upon such terms as are acceptable to the Mayor and the Clerk-Treasurer consistent with the terms of this Ordinance and with the advice of the Financial Advisor.

Sec. 8. Use of Proceeds.

(a) The accrued interest and the premium, if any, received at the time of the delivery of the New Bonds shall be deposited in the Bond and Interest Account (the "Bond and Interest Account") of the Sinking Fund. The remaining proceeds from the sale of the New Bonds and the 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 New Haven Water Utility 2002 Waterworks Construction Account" (the "Construction Account"). All funds deposited to the credit of the Sinking Fund or the Construction Account shall be deposited,

held, secured or invested in accordance with the laws of the State relating to the depositing, holding, securing or investing of public funds, including particularly IC 5-13, and the acts amendatory thereof and supplemental thereto. The funds in the Construction Account shall be expended only for the purpose of paying the costs of issuance of the BANs or the New Bonds, the cost of the Project, refunding all or a portion of the BANs, if issued, or as otherwise required by the Act. The cost of obtaining the legal services of Bond Counsel shall be considered a part of the costs of issuance of the BANs and the New Bonds.

(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 New 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 New Bonds when due until depleted or (2) be used for the same purpose or type of project for which the BANs or the New Bonds were originally issued, all in accordance with IC 5-1-13, as amended and supplemented.

(d) With respect to any New Bonds sold to the State or the Indiana Bond Bank to finance Eligible Costs, to the extent that the total principal amount of the New Bonds is not paid by the purchaser or drawn down by the City, the City shall reduce the principal amounts of the New Bond maturities to effect such reduction in a manner that will still achieve annual debt service that is as level as practicable as described in Section 2(c) hereof.

Sec. 9. Revenues. All income and revenues of the System shall be deposited upon receipt in the Revenue Fund, which is hereby continued from the 2002 Ordinance (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 5-13-9, as amended, and other applicable laws.

Sec. 10. Operation and Maintenance Fund. There shall be transferred from the Revenue Fund and credited to the Operation and Maintenance Fund, which is hereby continued from the 2002 Ordinance (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 and maintenance expenses of the System on a day-to-day basis. Any monies in the Operation and Maintenance Fund in excess of the expected expenses of operation 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 Bonds.

Section 11. Sinking Fund.

(a) General. The Sinking Fund is hereby continued from the 2002 Ordinance for the payment of the principal of, the premium, if any, and the interest on the Bonds 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 New Haven Waterworks 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 to meet the requirements of the Bond and Interest Account, the 2002 Reserve Account and the 2010 Reserve Account hereby created in the Sinking Fund (the "Reserve Account"). Such payments shall continue until the balance in the Bond and Interest Account, the 2002 Reserve Account and the 2010 Reserve Account equal the amount necessary to redeem all of the then outstanding Bonds.

(b) Bond and Interest Account. The Bond and Interest Account is hereby continued from the 2002 Ordinance within the Sinking 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: (i) commencing in the first full calendar month after the date of issuance of the New Bonds, an amount of the Net Revenues (or the entire balance if less than the required amount) equal to a fraction of the total amount of interest on the then outstanding Bonds coming due on the next interest payment date (after deducting therefrom the amount already on deposit in the Bond and Interest Account on the date of issuance of the New Bonds for the payment of such interest), which fraction shall be the quotient of one divided by the number of calendar months during which the New Bonds will be outstanding prior to that first interest payment date; (ii) commencing in the first full calendar month after the date of issuance of the New Bonds, an amount of the Net Revenues (or the entire balance if less than the required amount) equal to a fraction of the total amount of principal of the then outstanding Bonds coming due on the next principal payment date, whether by maturity or mandatory sinking fund redemption (after deducting therefrom the amount already on deposit in the Bond and Interest Account on the date of issuance of the New Bonds for the payment of such principal), which fraction shall be the quotient of one divided by the number of calendar months during which the New Bonds will be outstanding prior to that first principal payment date; (iii) commencing in the month of the first interest payment date for the Bonds following the date of issuance of the New Bonds, an amount of the Net Revenues (or the entire balance if less than the required amount) equal to one-sixth of the interest on the then outstanding Bonds coming due on the next interest payment date; and (iv) commencing in the month of the first principal payment date for the Bonds following the date of issuance of the New Bonds, an amount of the Net Revenues (or the entire balance if less than the required amount) equal to one-twelfth of the principal of the then outstanding Bonds coming due on the next principal payment date, whether by maturity or mandatory sinking fund redemption. 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 Clerk-Treasurer, for paying the principal of, premium, if any, and interest on the Bonds 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 Clerk-Treasurer.

(c) 2002 Reserve Account.

(1) The 2002 Reserve Account within the Sinking Fund is hereby continued from the 2002 Ordinance and re-designated as the "2002 Reserve Account" (the "2002 Reserve Account"). The balance in the 2002 Reserve Account shall equal the least of: (i) the maximum annual principal and interest requirements on the 2002 Bonds; (ii) 125% of the average annual principal and interest requirements on the 2002 Bonds; or (iii) 10% of the stated principal amount of the 2002 Bonds, provided that if the 2002 Bonds have more than a de minimis amount of original issue discount or premium, the issue price of the 2002 Bonds (net of pre-issuance accrued interest) shall be used to measure the 10% limitation in lieu of the stated principal amount of the 2002 Bonds (the "2002 Reserve Requirement"). Upon the defeasance of a portion of the 2002 Bonds in connection with a refunding thereof in accordance with Section 17 of the 2002 Ordinance, the 2002 Reserve Requirement will on and after such date be equal to the least of (i) the maximum annual principal and interest requirements on the 2002 Bonds then outstanding under the 2002 Ordinance in the then current and any succeeding year; (ii) 125% of the then remaining average annual principal and interest requirements on the 2002 Bonds then outstanding under the 2002 Ordinance; or (iii) 10% of the stated principal amount of the 2002 Bonds then outstanding under the 2002 Ordinance, provided that if the 2002 Bonds then outstanding under the 2002 Ordinance had more than a de minimis amount of original issue discount or premium, the issue price of such 2002 Bonds (net of pre-issuance accrued interest) shall be used to measure the 10% limitation in lieu of the stated principal amount of the 2002 Bonds. The preceding sentence shall be applicable only if the amount of the new 2002 Reserve Requirement is less than the prior 2002 Reserve Requirement.

(2) The 2002 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 outstanding 2002 Bonds, and the moneys in the 2002 Reserve Account shall be used to pay the principal of and interest on outstanding 2002 Bonds to the extent that moneys in the Bond and Interest Account are insufficient for that purpose. The 2002 Reserve Account shall not be pledged to nor be security for any New Bonds or Parity Bonds, and the holders of any New Bonds or Parity Bonds shall not have any right to be paid out of the deposit in the 2002 Reserve Account. Any deficiency in the balance maintained in the 2002 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 2002 Reserve Account are transferred to the Bond and Interest Account to pay the principal of and interest on outstanding 2002 Bonds, then that depletion of the balance in the 2002 Reserve Account shall be made up from the next available Net Revenues after the required deposits into the Bond and Interest Account. Investments in the 2002 Reserve Account shall be valued at least annually at their fair market value and marked to market. If, after such valuation, it is determined that the amount on deposit in the 2002 Reserve Account is in excess of the 2002 Reserve Requirement, such excess shall be transferred to the Utility Account created pursuant to Section 12 of the 2002 Ordinance (the "Utility Account").

(d) 2010 Reserve Account.

(1) The 2010 Reserve Account is hereby created within the Sinking Fund. On the date of delivery of the New Bonds, the City may deposit New Bond proceeds, funds on hand or a combination thereof, into the 2010 Reserve Account; provided however, that the balance in the 2002 Reserve Account shall be equal to the 2002 Reserve Requirement. The balance to be maintained in the 2010 Reserve Account shall equal but not exceed an amount equal to the least of: (i) the maximum annual principal and interest requirements on the New Bonds and any additional bonds secured by the 2010 Reserve Account (the "2010 Reserve Bonds"); (ii) 125% of the average annual principal and interest requirements on the 2010 Reserve Bonds; or (iii) 10% of the stated principal amount of the 2010 Reserve Bonds (the "2010 Reserve Requirement"). If the initial deposit into the 2010 Reserve Account does not equal the 2010 Reserve Requirement or if no deposit is made, then, after meeting the requirements of the Bond and Interest Account set forth above and the requirements of the 2002 Reserve Account and beginning with the first full calendar month after the date of issuance of the New Bonds, the City shall on or before the last day of each calendar month deposit an amount of Net Revenues or other funds legally available therefor in the 2010 Reserve Account until the balance therein equals the 2010 Reserve Requirement. The monthly deposits of Net Revenues shall be equal in amount (or the entire balance if less than such amount) and sufficient to accumulate the 2010 Reserve Requirement for the New Bonds on or before the date that is five (5) years after the date of issuance of the New Bonds.

(2) The 2010 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 outstanding 2010 Reserve Bonds, and the moneys in the 2010 Reserve Account shall be used to pay the principal of and interest on outstanding 2010 Reserve 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 2010 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 2010 Reserve Account are transferred to the Bond and Interest Account to pay the principal of and interest on outstanding 2010 Reserve Bonds, then that depletion of the balance in the 2010 Reserve Account shall be made up from the next available Net Revenues after the required deposits into the Bond and Interest Account. If it is determined that the amount on deposit in the 2010 Reserve Account is in excess of the 2010 Reserve Requirement, such excess shall be transferred to the Utility Account.

(3) Notwithstanding the forgoing, the Clerk-Treasurer, with the advice of the Financial Advisor and Bond Counsel, may enable the City to satisfy all or any part of its obligation to maintain an amount in the 2010 Reserve Account equal to the 2010 Reserve Requirement by depositing a Reserve Fund Credit Facility in the 2010 Reserve Account, provided that such deposit does not adversely affect any then existing rating on the New Bonds. A Reserve Fund Credit Facility is hereby defined as a letter of credit, liquidity facility, insurance policy or comparable instrument furnished by a bank, insurance company, financial institution or other entity pursuant to a reimbursement agreement or similar instrument between such entity and the City, for the purpose of satisfying in whole or in part the City's obligation to maintain the 2010 Reserve Requirement.

Section 12. Utility Account.

(a) The Utility Account is hereby continued from the 2002 Ordinance and shall be designated the "City of New Haven Utility Account." After meeting the requirements of the Operation and Maintenance Fund and the Sinking Fund set forth above, the City shall transfer to the Utility Account from the Revenue Fund on or before the last day of each calendar month a sufficient amount of Net Revenues to be used and applied in the extension, replacement in whole or in part, repair, and operation and maintenance 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 or the interest on the BANs, or, if necessary, to eliminate any deficiency in the balance maintained in the Reserve Account as required by Section 11(c) 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) 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 in accordance with IC 8-1.5-3-11, outstanding bond ordinances and contract provisions under IC 8-1-2.2, as amended; (ii) the payment of the interest on a loan made for utility construction; or (iii) the creation of a sinking fund for the liquidation of the debt; in each case as the Common Council determines.

Sec. 13. Maintenance of Accounts: Investments. The Sinking Fund shall be maintained as a separate account or accounts from all other accounts of the City. The Operation and Maintenance Fund and the Utility Account may be maintained in a single account or separate accounts, but such account or accounts, shall likewise be maintained separate and apart from all other accounts of the City and apart from the Sinking Fund. All moneys deposited in the Funds and Accounts created by this Ordinance shall be deposited, held and secured as public funds in accordance with the public depository laws of the State; provided that moneys therein may be invested in obligations in accordance with applicable laws, including IC 5-13, as amended or supplemented, and Section 19 of this Ordinance, 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.

Sec. 14. 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 the System, all disbursements made on account of the System and all other transactions relating to the System. Copies of all such statements and reports shall be kept on file in the office of the Clerk-Treasurer.

(b) If the BANs or the New Bonds are sold to the Indiana Bond Bank or the State to finance Eligible Costs, 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 Governmental Accounting Standards Board, and (ii) the rules, regulations and guidance of the State Board of Accounts.

Sec. 15. Rate Covenant. The City covenants and agrees that it will establish and maintain just and equitable rates and charges for the use of and the service rendered by the 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, or that in any way uses or is served by the System, at a level adequate to produce and maintain sufficient revenue (including user and other charges, fees, income or revenues available to the City) to provide for the proper operation and maintenance of the System, to comply with and satisfy all covenants contained in this Ordinance and to pay all obligations of the System and 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 the operation and maintenance of the System and the requirements of the Sinking Fund and any BANs. The rates and charges so established shall apply to any and all use of the System by and service rendered to the City and shall be paid by the City as the charges accrue.

Sec. 16. Defeasance of New Bonds. If: (i) any of the New 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 New 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 New 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 New 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, 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 New Bonds; then and in that case, such New Bonds shall no longer be deemed outstanding or entitled to the pledge of the Net Revenues of the System.

Sec. 17. 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 Parity Bonds for the purpose of financing the cost of future additions to, extensions of and improvements to the System, or to refund obligations, subject to the following conditions:

(a) The principal of and interest on all bonds payable from the Net Revenues of the System shall have been paid in accordance with the terms thereof, and the amounts required to be paid into the Sinking Fund shall have been made as of the date of issuance of the Parity Bonds in accordance with the provisions of this Ordinance. The Reserve Requirement shall be satisfied for

the Parity Bonds either at the time of delivery of the Parity Bonds or over a five-year or shorter period, in a manner which is commensurate with the requirements established in Section 11(c) of this Ordinance.

(b) The Net Revenues of the System in the fiscal year immediately preceding the issuance of any Parity Bonds shall be not less than one hundred twenty-five percent (125%) of the maximum annual principal and interest requirements of the then outstanding bonds payable from the Net Revenues (which does not include the Parity Bonds proposed to be issued or the bonds to be refunded by the Parity Bonds proposed to be issued and which are hereinafter referred to in this paragraph as the "Then Outstanding Bonds") and the Parity Bonds proposed to be issued to the final maturity of the Then Outstanding Bonds; or, prior to the issuance of the Parity Bonds, the water rates and charges shall be increased sufficiently so that such increased rates and charges applied to the previous fiscal year's operations would have produced Net Revenues for such fiscal year equal to not less than one hundred twenty-five percent (125%) of the maximum annual principal and interest requirements of the Then Outstanding Bonds and the Parity Bonds proposed to be issued to the final maturity of the Then Outstanding Bonds. Notwithstanding the foregoing, the City may issue Parity Bonds to refund a portion of the New Bonds, if after such issuance, the annual principal and interest requirements of the Then Outstanding Bonds and the Parity Bonds proposed to be issued in each year until the final maturity of the Then Outstanding Bonds is less than the annual principal and interest requirements of the New Bonds and the other Then Outstanding Bonds, which are outstanding immediately prior to such issuance in each year until the final maturity of the Then Outstanding Bonds. For purposes of this subsection, the records of the System shall be analyzed and the requirements of this Section shall be prepared and certified by a certified public accountant employed by the City for that purpose.

(c) The principal of, or mandatory sinking fund redemption for, the Parity Bonds shall be payable annually on January 1 and interest on such 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 New Bonds are sold to the Indiana Bond Bank or the State to finance Eligible Costs: (i) the City obtains the consent of the State; (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 the Ordinance; and (iii) the City is in compliance with its waterworks permits, except for noncompliance, the elimination of which is a purpose for which the Parity Bonds, including any refunding bonds, are issued, so long as such issuance constitutes part of an overall plan to eliminate such noncompliance.

Sec. 18. Further Covenants. For the purpose of further safeguarding the interests of the owners of the BANs and the New 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) The Project shall be constructed under the supervision and subject to the approval of the Engineer. All estimates for work done or material furnished shall first be checked by the Engineer and approved by the City.

(c) So long as any of the BANs or the New Bonds are outstanding, the City shall at all times maintain the System 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 the New Bonds are outstanding, the City shall acquire and maintain insurance on the insurable parts of the system, of a kind and in an amount such as is usually carried by private corporations engaged in a similar type of business. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the State. If the BANs or the New Bonds are sold to the State or the Indiana Bond Bank to finance Eligible Costs, such insurance coverage shall be acceptable to the State, and the proceeds of insurance or condemnation awards shall be used to replace or restore the System, unless the State consents to a different use of such proceeds.

(e) So long as any of the BANs or the New Bonds are outstanding, the City shall not sell, transfer, lease, mortgage, pledge or otherwise encumber the property and plant of the System, or any portion thereof, or any interest therein, except for such machinery, equipment or other property as may be replaced or shall no longer be necessary for use in connection with the System.

(f) If the BANs or the New Bonds are sold to the Indiana Bond Bank or the State to finance Eligible Costs, and, except as otherwise specifically provided in Section 17 of this Ordinance, the City shall not borrow any money, enter into any contract or agreement or incur any other liabilities in connection with the System, other than for normal operating expenditures, without the prior written consent of the State or the Indiana Bond Bank, as applicable, if such undertaking would involve, commit or use the revenues of the System.

(g) Except as otherwise specifically provided in Section 17 hereof, so long as any of the BANs or the New Bonds are outstanding, no additional bonds or other obligations pledging any portion of the revenues of the System shall be authorized, executed, or issued by the City, except those as shall be made subordinate and junior in all respects to the Bonds, unless all of the BANs and the Bonds are redeemed or defeased pursuant to Section 16 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 BANs and the New Bonds, all the terms of which shall be enforceable by any holder of the BANs or the New Bonds by any and all appropriate proceedings in law or in equity. After the issuance of the BANs or the New Bonds, this Ordinance shall not be repealed,

amended or modified in any respect which will adversely affect the rights or interests of the owners of the BANs or the New Bonds, nor shall the Common Council or any other body of the City adopt any law, ordinance or resolution which in any way adversely affects the rights of such owners so long as any of the BANs or the New Bonds remain outstanding. Except for the changes set forth in Section 21(a)(1)-(7) of this Ordinance, this Ordinance may be amended, however, without the consent of the BAN or the New Bond owners, if the Common Council determines, in its sole discretion, that such amendment would not adversely affect the rights of any of the owners of the BANs or the New Bonds; provided, however, that if the BANs or the New Bonds are sold to the Indiana Bond Bank or the State to finance Eligible Costs, the State shall obtain the prior written consent of the State.

(i) The provisions of this Ordinance shall be construed to create a trust in the proceeds of the sale of the BANs and the New Bonds for the uses and purposes set forth herein, and the owners of the BANs and the New Bonds shall retain a lien on such proceeds until the same are applied in accordance with the provisions of this Ordinance and the Act. The provisions of this Ordinance shall also be construed to create a trust in the portion of the Net Revenues herein directed to be set apart and paid into the Sinking Fund or the Utility Account for the uses and purposes of such Funds as set forth in this Ordinance. The owners of the BANs and the New Bonds shall have all of the rights, remedies and privileges set forth in the provisions of the Act, including the right to have a receiver appointed to administer the System, in the event of default in the payment of the principal of or interest on any of the New Bonds. Upon the appointment of such receiver, the receiver may: (i) charge and collect rates sufficient to provide for the payment of the expenses of the operation and maintenance of the System; (ii) pay the interest on the BANs or the principal of, premium, if any, and interest on any bonds payable from Net Revenues; and (iii) apply the revenues of the System in conformity with the Act and this Ordinance. In addition, any owner of the BANs and the New Bonds may, by civil action, protect and enforce rights granted by the Act or under this Ordinance in connection with any action or duty to be performed by the City, the Common Council or any officer of the City, including the making and collecting of reasonable and sufficient charges and rates for services provided by the System.

(j) None of the provisions of this Ordinance shall be construed as requiring the expenditure of any funds of the City derived from any source other than the proceeds of the BANs, the New Bonds or the operation of the System.

Sec. 19. Investment of Funds.

(a) The Clerk-Treasurer is hereby authorized pursuant to IC 5-1-14-3, as amended, to invest moneys pursuant to the provisions of this Ordinance (subject to applicable requirements of federal law to insure the yields on such investments are equal to the then current market rates) to the extent necessary or advisable to preserve the exclusion from gross income of interest on the BANs or the New Bonds under federal law.

(b) The Clerk-Treasurer shall keep full and accurate records of investment earnings and income from moneys held in the Funds and Accounts created by this Ordinance. In

order to comply with the provisions of this Ordinance, the Clerk-Treasurer is hereby authorized and directed to employ consultants or attorneys from time to time to advise the City as to the requirements of federal law to preserve the tax exclusion described above. The Clerk-Treasurer may pay the fees of such consultants or attorneys as operation expenses of the System.

Sec. 20. Tax Covenants. In order to preserve the exclusion of interest on the BANs and the New 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 New Bonds, as the case may be (the "Code"), and as an inducement to the purchasers of the BANs and the New Bonds, the City represents, covenants and agrees that:

(a) The use of the System will be based upon arrangements providing for use that is available to the general public on the basis of rates that are generally applicable and uniformly applied, and, to the extent so used, such use shall constitute general public use. 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 BANs or the New Bonds or the property financed by the BAN or New Bond proceeds, other than in a manner constituting general public use. No person or entity, other than the City or another state or local governmental unit, will own property financed by the BAN or New Bond proceeds or will have actual or beneficial use of such property pursuant to a lease, management, service or incentive payment contract, 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 general public use, unless such uses in the aggregate relate to no more than 10% of the proceeds of the BANs or the New Bonds, as the case may be. If the City enters into a management contract for all or a portion of the System, the terms of the contract will comply with the Treasury Regulations issued by the United States Department of the Treasury (the "Regulations") and IRS Revenue Procedure 97-13, as amended by IRS Revenue Procedure 2001-39, and as such may hereafter be further amended, supplemented or superseded from 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 the aggregate will not relate to more than 10% of the proceeds of the BANs or the New Bonds.

(b) No more than 10% of the principal of or interest on the BANs or the New Bonds is (under the terms of the BANs, the New Bonds, this Ordinance or any underlying arrangement), directly or indirectly, secured by an interest in property used or to be used for 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 property or borrowed money used or to be used for a private business use.

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

(d) The City reasonably expects, as of the date hereof, that the BANs and the New Bonds 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 BANs and the New Bonds.

(e) No more than 5% of the proceeds of the BANs or the New Bonds will be attributable to private business use as described in paragraph (a) above and private security or payments described in paragraph (b) above 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 issues and use that is related but disproportionate to any governmental use of those proceeds.

(f) The City will not take any action nor fail to take any action with respect to the BANs or the New Bonds that would result in the loss of the exclusion from gross income for federal tax purposes of interest on the BANs or the New Bonds pursuant to Section 103 of the Code, nor will the City act in any other manner which would adversely affect such exclusion.

(g) It shall not be an event of default under this Ordinance if the interest on any BANs or New Bonds 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 BANs or the New Bonds, as the case may be.

(h) The City represents that it will rebate any arbitrage profits to the United States of America to the extent required by the Code and the Regulations.

(i) On or before the date of issuance of each series of BANs and the New Bonds, the Clerk-Treasurer is hereby authorized to designate all or any portion of such BANs or New Bonds as qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Code, if determined appropriate and permissible thereunder, with the advice of Bond Counsel.

(j) If the principal amount of the BANs or the New Bonds issued in any one calendar year by the City, together with the aggregate principal amount of all other tax-exempt bonds, notes, lease obligations and other indebtedness or obligations of the City issued or entered into or to be issued or entered into by the City, its subordinate entities and entities that issue any such indebtedness or obligations on behalf of the City, or on behalf of which the City issues any such indebtedness or obligations, within the meaning of and taken into account under Section 148(f)(4)(D) of the Code, during such calendar year (excluding "private activity bonds" and obligations issued to currently refund tax-exempt obligations to the extent that the principal amount of the refunding obligations does not exceed the principal amount of the refunded obligations), is \$5,000,000 or less, then such BANs or New Bonds will be exempt from rebate pursuant to the small issuer exemption set forth in Section 148(f)(4)(D).

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

(l) 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 the New 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.

Sec. 21. Amendments with Consent of Bondholders.

(a) Subject to the terms and provisions contained in this Section and Section 18(h) of this Ordinance, and not otherwise, the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the New Bonds 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 Common Council of such ordinance or ordinances supplemental hereto or amendatory hereof, as shall be deemed necessary or desirable by the Common Council 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 any supplemental ordinance; provided, however, that if the BANs or New Bonds are sold to the State or the Indiana Bond Bank to finance Eligible Costs, the City shall obtain the prior written consent of the State; and provided, further, that nothing herein contained shall permit or be construed as permitting:

(1) An extension of the maturity of the principal of or the due date of interest on any BAN or New Bond; or

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

(3) 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

(4) A preference or priority of any BAN or BANs over any other BAN or BANs or of any New Bond or New Bonds over any other New Bond or New Bonds; or

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

(6) A reduction in the Reserve Requirement; or

(7) The extension of mandatory sinking fund redemption dates for the New 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 New 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 Clerk-Treasurer, no owner of any New 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 New 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 New Bonds, and the terms and provisions of the New 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 New Bonds then outstanding.

Sec. 22. Issuance of BANs.

(a) The City, having satisfied all the statutory requirements for the issuance of the New Bonds, may elect to issue the BAN or BANs to a financial institution, the Indiana Bond Bank, the State 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. Notwithstanding the foregoing, if the BANs are sold to the State or the Indiana Bond Bank to finance Eligible Costs, 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 New 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 New Bonds, as the procedures followed before the issuance of the BAN or BANs are for all purposes sufficient to authorize the issuance of the New Bonds and the use of the proceeds to repay the BAN or BANs.

(b) The Mayor and the Clerk-Treasurer are hereby authorized and directed to execute a Bond Anticipation Note Agreement, if any, or the Financial Assistance Agreement (and any amendments made from time to time) in such form or substance as they shall approve, acting upon the advice of Bond Counsel. The Mayor or the Clerk-Treasurer 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 New Bonds and the other documents needed for the financing as any one of them deem necessary or desirable in connection therewith.

Sec. 23. Bond Insurance. In the event the New Bonds will be sold at a competitive sale in accordance with the provisions of Section 7 of this Ordinance, the Mayor or the Clerk-Treasurer, with the advice of the Financial Advisor, is authorized to negotiate with one or more municipal bond insurers for the purpose of qualifying one or more municipal bond insurers to issue an insurance policy guaranteeing the payment of the principal of and interest on the New Bonds, when due. In

that event, any bidder on the New Bonds may submit a bid with the requirement that the City purchase an insurance policy to be issued by such an insurer. If a bid is submitted with this requirement, the amount of the premium to be paid by the City for such an insurance policy will be added to the net interest cost of such bidder to determine which bid provides the lowest overall interest cost to the City (consisting of the aggregate of the total interest due on the New Bonds and the cost of the premium for such policy and deducting therefrom the premium bid, if any, or adding thereto the discount bid, if any, by such bidder).

Sec. 24. Continuing Disclosure. If necessary in order for the purchaser of the BANs or the New Bonds to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule"), the Mayor and the Clerk-Treasurer are hereby authorized to execute and deliver, in the name and on behalf of the City, (i) an agreement by the City to comply with the requirements for a continuing disclosure undertaking of the City pursuant to subsection (b)(5) or (d)(2) of the Rule, and (ii) amendments to such agreement from time to time in accordance with the terms of such agreement (the agreement and any amendments thereto are collectively referred to herein as 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. The remedies for any failure of the City to comply with and carry out the provisions of the Continuing Disclosure Agreement shall be as set forth therein.

Sec. 25. Conflicting Ordinances. All prior ordinances and parts of prior ordinances, except for the 2002 Ordinance insofar as they are in conflict herewith, are hereby repealed.

Sec. 26. 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. 27. Effective Date. This ordinance shall be in full force and effect from and after its passage and execution by the Mayor.

Passed and adopted by the Common Council of the City of New Haven on the 14th day of December, 2010.

CITY OF NEW HAVEN

Terry E. McDonald
Presiding Officer

Attest:

Brenda Adams
Clerk-Treasurer, Brenda Adams

Presented by me to the Mayor of the City of New Haven at 7:14 p.m., on the 14th day of December, 2010.

Brenda Adams
Clerk-Treasurer, Brenda Adams

This Ordinance approved and signed by me, the Mayor of the City of New Haven, at 7:14 p.m., on the 14th day of December, 2010.

Terry E. McDonald
Mayor Terry E. McDonald

APPENDIX E

Form of Bond Counsel Opinion

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FORM OF BOND COUNSEL OPINION

_____, 2011

City of New Haven
New Haven, Indiana

Re: City of New Haven, Indiana Waterworks Revenue Bonds, Series 2011

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of New Haven, Indiana (the "Issuer") of \$_____ aggregate principal amount of its Waterworks Revenue Bonds, Series 2011, dated _____, 2011 (the "Bonds"), pursuant to Indiana Code 8-1.5, *et seq.* and Ordinance No. G-10-9, adopted by the Common Council of the Issuer (the "Council") on December 14, 2010 (the "Ordinance"). We have examined the law and such certified proceedings and such other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Ordinance, the certified proceedings and other certifications of public officials furnished to us, and certifications, representations and other information furnished to us by or on behalf of the Issuer and others, including certifications contained in the tax and arbitrage certificate of the Issuer, dated the date hereof, without undertaking to verify the same by independent investigation. We have relied upon the legal opinion of _____, _____, Indiana, counsel to the Issuer, dated the date hereof, as to the matters stated therein. We have relied upon the report of _____, independent certified public accountants, dated the date hereof, as to the matters stated therein.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been duly authorized, executed and delivered by the Issuer, and, as and to the extent paid for, are valid and binding, limited obligations of the Issuer, enforceable in accordance with their terms. The Bonds, 2002 Bonds (as defined in the Ordinance), and any other bonds hereafter issued on a parity therewith, are payable solely from the Sinking Fund (as defined in the Ordinance) to be provided from the Net Revenues (as defined in the Ordinance) of the waterworks of the Issuer.

2. The Ordinance has been duly adopted by the Issuer, and is a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms.

3. Under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on this date (the "Code"), the interest on the Bonds is excludable from gross income for federal income tax purposes. The opinion set forth in this paragraph is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted or represented that it will comply with such requirements. Failure to comply with certain of such requirements may cause the interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

4. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations.

5. Interest on the Bonds is exempt from income taxation in the State of Indiana (the "State") for all purposes except the State financial institutions tax.

6. [The Issuer has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.]

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement dated _____, 2011, or any other offering material relating to the Bonds, and we express no opinion relating thereto.

We express no opinion regarding any tax consequences arising with respect to the Bonds, other than as expressly set forth herein.

With respect to the enforceability of any document or instrument, this opinion is subject to the qualifications that: (i) enforceability of such document or instrument may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance and similar laws relating to or affecting the enforcement of creditors' rights; (ii) the enforceability of equitable rights and remedies provided for in such document or instrument is subject to judicial discretion, and the enforceability of such document or instrument may be limited by general principles of equity; (iii) the enforceability of such document or instrument may be limited by public policy; and (iv) certain remedial, waiver and other provisions of such document or instrument may be unenforceable, provided, however, that in our opinion the unenforceability of those provisions would not, subject to the other qualifications set forth herein, affect the validity of such document or instrument or prevent the practical realization of the benefits thereof.

This opinion is given only as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

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APPENDIX F

Bid Form - Optional

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BID FORM
(Optional)

PROPOSAL FOR PURCHASE OF
\$3,800,000
City of New Haven, Indiana
Waterworks Revenue Bonds, Series 2011

To the City of New Haven:

The undersigned herewith submits its sealed proposal for the purchase of the following described bonds of the City of New Haven, Indiana ("City"):

Designation of issue: Waterworks Revenue Bonds, Series 2011
Amount of issue: \$3,800,000
Dated: Date of Delivery
Interest: First payment January 1, 2012 and semi-annually thereafter
Denomination: \$5,000 or integral multiples thereof
Delivery: Issuer is expected to have the Bonds ready for delivery to the successful bidder on or about October 27, 2011.
Maturities: On the dates and in the amounts as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Principal Amount</u>
1/1/12	\$ 120,000	1/1/22	\$ 180,000
1/1/13	150,000	1/1/23	190,000
1/1/14	150,000	1/1/24	225,000
1/1/15	155,000	1/1/25	235,000
1/1/16	160,000	1/1/26	250,000
1/1/17	165,000	1/1/27	260,000
1/1/18	165,000	1/1/28	275,000
1/1/19	170,000	1/1/29	290,000
1/1/20	170,000	1/1/30	310,000
1/1/21	180,000		

For all of the above-mentioned bonds, bearing interest at the following rates of interest per annum:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
1/1/12	\$ 120,000	_____	1/1/22	\$ 180,000	_____
1/1/13	150,000	_____	1/1/23	190,000	_____
1/1/14	150,000	_____	1/1/24	225,000	_____
1/1/15	155,000	_____	1/1/25	235,000	_____
1/1/16	160,000	_____	1/1/26	250,000	_____
1/1/17	165,000	_____	1/1/27	260,000	_____
1/1/18	165,000	_____	1/1/28	275,000	_____
1/1/19	170,000	_____	1/1/29	290,000	_____
1/1/20	170,000	_____	1/1/30	310,000	_____
1/1/21	180,000	_____			

Net dollar interest cost \$ _____

Net interest rate _____%

The undersigned will pay the sum of Three Million Eight Hundred Thousand Dollars (\$3,800,000.00), and a premium or (discount) of (\$_____). The Bonds are payable as to principal, redemption premium, if any, and interest from the Net Revenue (defined as gross revenue after deduction only for the payment of the reasonable expenses of operation, repair and maintenance) of the Water Utility on parity with the City's outstanding Waterworks Revenue Bonds, Series 2002. The transcript of the proceedings, closing certificates showing no litigation, the unqualified approving opinion of Barnes & Thornburg LLP, Bond Counsel, and the printed bond forms will be furnished.

If this bid is accepted, the undersigned will submit to the City a duly certified check or cashier's check drawn on a bank or trust company which is insured by the Federal Deposit Insurance Corporation or a financial surety bond, payable from an insurance company licensed to issue such bond in the State of Indiana, which identifies each bidder whose good faith deposit is guaranteed by the financial surety bond, payable to the City in the amount of Thirty-Eight Thousand Dollars (\$38,000.00), which check or financial surety bond shall be held by the City as a guaranty of the performance of this bid.

Dated this _____ day of _____, 2011.

Name or Names of Bidder

By: _____
Authorized Officer or Agent

Address of Authorized Officer or Agent

Phone Number: _____

Fax Number: _____