

1 **BILL NO. G-14-04-20**

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4 **ORDINANCE NO. G-8-14**

5 **An Ordinance of the City of Fort Wayne authorizing the issuance**
6 **of waterworks revenue bonds for the purpose of providing funds**
7 **to pay the costs of the settlement of all ongoing legal issues**
8 **pertaining to the acquisition of the northern territory of Utility**
9 **Center, Inc., d/b/a/ Aqua Indiana, Inc. ("Aqua") and the**
10 **acquisition and integration of the water assets of the southwest**
11 **territory of Aqua, together with all necessary additions,**
12 **improvements, equipment and appurtenances in connection**
13 **therewith, providing for the safeguarding of the interests of the**
14 **owners of said bonds, other matters connected therewith,**
15 **including the issuance of notes in anticipation of bonds and**
16 **repealing ordinances inconsistent herewith**

17 WHEREAS, the City of Fort Wayne ("City") now owns and operates a
18 municipal waterworks in accordance with the provisions of Title 8, Article 1.5 of the
19 Indiana Code, as in effect on the date of delivery of the bonds herein authorized
20 ("Act"); and

21 WHEREAS, the Board of Public Works ("Board") of the City has adopted a
22 resolution advising the Common Council of the City that it is in the best interests of
23 the City to complete the hereinafter defined Project; and

24 WHEREAS, the Common Council of the City has considered the Board's
25 resolution and has determined that the settlement of all ongoing legal issues
26 pertaining to the acquisition of the northern territory of Utility Center, Inc., d/b/a
27 Aqua Indiana, Inc. ("Aqua") and the acquisition and integration of the water assets of
28 the southwest territory of Aqua, together with all necessary additions, improvements,
29 equipment and appurtenances in connection therewith ("Project") are necessary; and
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1 WHEREAS, the City has been advised that the maximum cost of the Project,
2 including incidental expenses, is in the estimated amount of \$63,000,000; and
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4 WHEREAS, the Common Council finds that it does not have sufficient funds
5 on hand to apply on the costs of the Project and that such costs shall be financed by
6 the issuance of waterworks revenue bonds and, if necessary, bond anticipation notes
7 ("BANs") in an aggregate principal amount not to exceed \$63,000,000; and
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9 WHEREAS, the Common Council finds that there are outstanding bonds
10 payable out of the Net Revenues (as hereinafter defined) of the City's waterworks
11 designated: (a) Waterworks Revenue Bonds of 2003 ("2003 Bonds"), now
12 outstanding in the amount of \$1,885,000 and maturing annually over a period ending
13 December 1, 2017; (b) Waterworks Revenue Bonds of 2005 ("2005 Bonds"), now
14 outstanding in the amount of \$10,840,000 and maturing annually over a period
15 ending December 1, 2019; (c) Waterworks Revenue Bonds of 2006 ("2006 Bonds"),
16 now outstanding in the amount of \$19,325,000 and maturing annually over a period
17 ending December 1, 2021; (d) Taxable Waterworks Revenue Bonds of 2011, Series
18 A ("2011A Bonds"), now outstanding in the amount of \$1,320,000 and maturing on
19 December 1, 2014; (e) Waterworks Revenue Bonds of 2011, Series B ("2011B
20 Bonds"), now outstanding in the amount of \$26,905,000 and maturing annually over
21 a period ending December 1, 2031; and (f) Waterworks Revenue Bonds of 2012
22 ("2012 Bonds"), now outstanding in the amount of \$39,410,000 and maturing
23 annually over a period ending December 1, 2032, which 2003 Bonds, 2005 Bonds,
24 2006 Bonds, 2011A Bonds, 2011B Bonds and 2012 Bonds each constitute a first
25 charge upon the Net Revenues (as hereinafter defined) of the waterworks; and
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1 WHEREAS, the terms and conditions of the ordinances authorizing the
2 issuance of the now outstanding 2003 Bonds, 2005 Bonds, 2006 Bonds, 2011A
3 Bonds, 2011B Bonds and 2012 Bonds (hereinafter, collectively, "Outstanding
4 Bonds") provide that additional revenue bonds may be issued on a parity with the
5 Outstanding Bonds provided certain tests are met, and the City finds that the finances
6 of the waterworks are such as will enable meeting the conditions for the issuance of
7 additional parity bonds and that, accordingly, the additional revenue bonds to be
8 issued hereunder shall rank on a parity with the Outstanding Bonds; and
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10 WHEREAS, the bonds to be issued pursuant to this ordinance are to be
11 issued subject to the provisions of the laws of the State of Indiana, including, without
12 limitation, the Act, and the terms and restrictions of this ordinance; and
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14 WHEREAS, the City is subject to the jurisdiction of the Indiana Utility
15 Regulatory Commission ("IURC"); the approval of the IURC will be obtained by the
16 City prior to the issuance of the bonds authorized in this ordinance; and
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18 WHEREAS, the Common Council has been advised that it may be cost
19 efficient to purchase municipal bond insurance and a debt service reserve surety for
20 all or a portion of the bonds authorized herein; and

21 WHEREAS, the City desires to authorize the issuance of BANs hereunder, if
22 necessary, payable from the proceeds of waterworks revenue bonds issued to finance
23 the aforementioned cost of the Project and to authorize the refunding of the BANs, if
24 issued; and
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1 WHEREAS, the City reasonably expects to reimburse certain preliminary
2 costs of the Project with proceeds of debt to be incurred by the City in an amount not
3 to exceed \$63,000,000; and
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5 WHEREAS, the Common Council now finds that all conditions precedent to
6 the adoption of an ordinance authorizing the issuance of revenue bonds and BANs
7 have been complied with in accordance with the provisions of the Act;

8 NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL
9 OF THE CITY OF FORT WAYNE, INDIANA, THAT:
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11 Section 1. Authorization of Project; Reimbursement. The City
12 authorizes the Board to proceed with the completion of the Project. The estimated
13 cost of the Project is expected not to exceed the sum of \$63,000,000, plus investment
14 earnings on the bond and BAN proceeds. The terms "waterworks," "waterworks
15 system," "system," "works," and other like terms where used in this ordinance shall
16 be construed to mean and include the Drinking Water System, as defined in the
17 Financial Assistance Agreement, dated as of October 1, 2011 ("Financial Assistance
18 Agreement"), between the City and the Indiana Finance Authority ("Authority") and
19 includes the City's existing water distribution system, and all real estate and
20 equipment used in connection therewith and appurtenances thereto, and all
21 extensions, additions, and improvements thereto and replacements thereof now or at
22 any time hereafter constructed or acquired, including the Project. The Project shall
23 be completed and the bonds herein authorized shall be issued pursuant to and in
24 accordance with the Act.
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1 The City hereby declares its official intent to complete the Project, to
2 reimburse certain costs of completing the Project with proceeds of debt to be
3 incurred by the City, and to issue debt not exceeding \$63,000,000 in aggregate
4 principal amount for purposes of paying and reimbursing costs of the Project.
5

6 Section 2. Issuance of BANs and Bonds. (a) The City shall issue, if
7 necessary, its BANs, for the purpose of procuring interim financing to apply to the
8 cost of the Project and to pay costs of issuance. The City shall issue its BANs, in
9 one or more series, in an aggregate amount not to exceed Sixty-three Million Dollars
10 (\$63,000,000) to be designated "Waterworks Bond Anticipation Notes of _____"
11 (to be completed with the year in which issued and series designation, if any). The
12 BANs shall be sold at a price not less than 99% of their par value, shall be numbered
13 consecutively from 1 upward, shall be in denominations of Five Thousand Dollars
14 (\$5,000) or multiples thereof as designated in the hereinafter defined Bond
15 Anticipation Note Agreement, shall be dated as of the date of delivery thereof, and
16 shall bear interest at a rate not to exceed 7% per annum (the exact rate or rates to be
17 determined through negotiation). The BANs will mature no later than one (1) year
18 after their date of delivery. The BANs are subject to renewal or extension at an
19 interest rate or rates not to exceed 7% per annum (the exact rate or rates to be
20 negotiated). The term of the BANs and all renewal BANs may not exceed five years
21 from the date of delivery of the initial BANs. The BANs shall be registered in the
22 name of the purchasers thereof.
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26 The BANs shall be issued pursuant to IC 5-1.5-8-6.1 if sold to the Indiana
27 Bond Bank, or pursuant to IC 5-1-14-5 if sold to a financial institution or any other
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1 purchaser. The principal of and interest on the BANs shall be payable solely from
2 the issuance of revenue bonds pursuant to and in the manner prescribed by the Act.
3 The revenue bonds will be payable solely out of and constitute a first charge against
4 the Net Revenues (herein defined as gross revenues of the waterworks of the City
5 after deduction only for the payment of the reasonable expenses of operation, repair
6 and maintenance, but not including depreciation and payments in lieu of property
7 taxes) of the waterworks of the City, on a parity with the Outstanding Bonds.
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9 (b) The City shall issue its waterworks revenue bonds, in one or more
10 series, in an aggregate principal amount not to exceed Sixty-three Million Dollars
11 (\$63,000,000) to be designated "Waterworks Revenue Bonds of _____," to be
12 completed with the year in which issued and appropriate series designation, if any
13 ("Bonds"), for the purpose of procuring funds to be applied on the cost of the Project,
14 funding the Reserve Account continued herein, the payment of costs of issuance,
15 including premiums for municipal bond insurance and a debt service reserve surety,
16 if any, refunding the BANs, if issued, and all other costs related to the Project.
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19 The Bonds shall be sold at a price not less than 99% of the par value thereof
20 and shall be issued in the denomination of Five Thousand Dollars (\$5,000) each or
21 integral multiples thereof. The Bonds shall be numbered consecutively from 1
22 upward, dated as of the date of delivery and shall bear interest at a rate or rates not
23 exceeding 7% per annum (the exact rate or rates as determined by bidding), payable
24 semiannually on June 1 and December 1 in each year, beginning on the first June 1
25 or the first December 1 following the date of delivery of the Bonds, as determined by
26 the Controller with the advice of the City's financial advisor. The Bonds shall
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1 mature annually on December 1 of each year through and including December 1,
2 2032 and semiannually on June 1 and December 1 thereafter, ending no later than
3 December 1, 2044. The Bonds may mature in amounts that produce as level debt
4 service as practicable with \$5,000 denominations and may take into account the
5 annual debt service on the Outstanding Bonds.
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7 All or a portion of the Bonds may be issued as one or more term bonds, upon
8 election of the successful bidder. Such term bonds shall have a stated maturity or
9 maturities on December 1 through 2032 and on June 1 and December 1 thereafter in
10 the years or on the dates as determined by the successful bidder, but in no event later
11 than the last serial maturity date of the Bonds as determined in accordance with the
12 above paragraph. The term bonds shall be subject to mandatory sinking fund
13 redemption and final payment(s) at maturity at 100% of the principal amount thereof,
14 plus accrued interest to the redemption date, on principal payment dates which are
15 hereinafter determined in accordance with the above paragraph.
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17 Interest on the Bonds and BANs shall be calculated according to a 360-day
18 calendar year containing twelve 30-day months.
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20 Section 3. Registrar and Paying Agent. The Controller is hereby
21 authorized to contract with a qualified financial institution to serve as Registrar and
22 Paying Agent for the Bonds ("Registrar" or "Paying Agent"). The Registrar is
23 hereby charged with the responsibility of authenticating the Bonds. The Controller is
24 hereby authorized to enter into such agreements or understandings with the Registrar
25 as will enable the institution to perform the services required of a registrar and
26 paying agent. The Controller is further authorized to pay such fees as the Registrar
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1 may charge for the services it provides as Registrar and Paying Agent and such fees
2 may be paid from the Waterworks Sinking Fund established to pay the principal of
3 and interest on the Bonds as fiscal agency charges.
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5 As to the BANs and as to the Bonds, if sold to a purchaser that does not
6 object to such designation, the Controller may serve as Registrar and Paying Agent
7 and is hereby charged with the performance of and all duties of and responsibilities
8 of Registrar and Paying Agent.

9 The principal of the Bonds and the principal and interest on the BANs shall
10 be payable at the principal corporate trust office of the Paying Agent. All payments
11 of interest on the Bonds shall be paid by check mailed to the registered owners
12 thereof, as of the fifteenth day of the month preceding each interest payment date
13 ("Record Date"), at the addresses as they appear on the registration books kept by the
14 Registrar or at such other address as is provided to the Paying Agent in writing by
15 such registered owner on or before such Record Date. If payment of principal or
16 interest is made to a depository, payment shall be made by wire transfer on the
17 payment date in same-day funds. If the payment date occurs on a date when
18 financial institutions are not open for business, the wire transfer shall be made on the
19 next succeeding business day. The Paying Agent shall be instructed to wire transfer
20 payments by 1:00 p.m. (New York City time) so such payments are received at the
21 depository by 2:30 p.m. (New York City time).
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25 All payments on the Bonds and BANs shall be made in any coin or currency
26 of the United States of America, which on the date of such payment, shall be legal
27 tender for the payment of public and private debts.
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1 Each Bond shall be transferable or exchangeable only upon the books of the
2 City kept for that purpose at the principal corporate trust office of the Registrar by
3 the registered owner in person, or by its attorney duly authorized in writing, upon
4 surrender of such Bond together with a written instrument of transfer or exchange
5 satisfactory to the Registrar duly executed by the registered owner, or its attorney
6 duly authorized in writing, and thereupon a new fully registered Bond or Bonds in an
7 authorized aggregate principal amount and of the same maturity, shall be executed
8 and delivered in the name of the transferee or transferees or the registered owner, as
9 the case may be, in exchange therefor. The costs of such transfer or exchange shall
10 be borne by the City except for any tax or governmental charge required to be paid
11 with respect to the transfer or exchange, which taxes or governmental charges are
12 payable by the person requesting such transfer or exchange. The City, Registrar and
13 Paying Agent for the Bonds may treat and consider the person in whose name such
14 Bonds are registered as the absolute owner thereof for all purposes including for the
15 purpose of receiving payment of, or on account of, the principal thereof and interest
16 due thereon.
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18 The Registrar and Paying Agent may at any time resign as Registrar and
19 Paying Agent upon giving 30 days' notice in writing to the City and by first class
20 mail to each registered owner of the Bonds then outstanding, and such resignation
21 will take effect at the end of such 30 day period or upon the earlier appointment of a
22 successor registrar and paying agent by the City. Any such notice to the City may be
23 served personally or sent by registered mail. The Registrar and Paying Agent may
24 be removed at any time as Registrar and Paying Agent by the City, in which event
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1 the City may appoint a successor registrar and paying agent. The City shall notify
2 each registered owner of the Bonds then outstanding by first class mail of the
3 removal of the Registrar and Paying Agent. Notices to the registered owners of the
4 Bonds shall be deemed to be given when mailed by first class mail to the addresses
5 of such registered owners as they appear on the registration books kept by the
6 Registrar.
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8 Upon the appointment of any successor registrar and paying agent by the
9 City, the Controller is authorized and directed to enter into such agreements and
10 understandings with such successor registrar and paying agent as will enable the
11 institution to perform the services required of a registrar and paying agent for the
12 Bonds. The Controller is further authorized to pay such fees as the successor
13 registrar and paying agent may charge for the services it provides as registrar and
14 paying agent and such fees may be paid from the Waterworks Sinking Fund
15 continued in Section 12 hereof. Any predecessor registrar and paying agent shall
16 deliver all of the Bonds and any cash or investments in its possession with respect
17 thereto, together with the registration books, to the successor registrar and paying
18 agent.
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21 Interest on all Bonds shall be payable from the interest payment date to which
22 interest has been paid next preceding the authentication date of the Bonds unless the
23 Bonds are authenticated after the Record Date and on or before such interest
24 payment date in which case they shall bear interest from such interest payment date,
25 or unless the Bonds are authenticated on or before the Record Date preceding the
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1 first interest payment date, in which case they shall bear interest from the original
2 date until the principal shall be fully paid.

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4 The City has determined that it may be beneficial to the City to have the
5 Bonds held by a central depository system pursuant to an agreement between the
6 City and The Depository Trust Company, New York, New York ("Depository Trust
7 Company") and have transfers of the Bonds effected by book-entry on the books of
8 the central depository system ("Book Entry System"). The Bonds may be initially
9 issued in the form of a separate single authenticated fully registered Bond for the
10 aggregate principal amount of each separate maturity of the Bonds. In such case,
11 upon initial issuance, the ownership of such Bonds shall be registered in the register
12 kept by the Registrar in the name of CEDE & CO., as nominee of the Depository
13 Trust Company.
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15 With respect to the Bonds registered in the register kept by the Registrar in
16 the name of CEDE & CO., as nominee of the Depository Trust Company, the City
17 and the Paying Agent shall have no responsibility or obligation to any other holders
18 or owners (including any beneficial owner ("Beneficial Owner")) of the Bonds with
19 respect to (i) the accuracy of the records of the Depository Trust Company, CEDE &
20 CO., or any Beneficial Owner with respect to ownership questions, (ii) the delivery
21 to any bondholder (including any Beneficial Owner) or any other person, other than
22 the Depository Trust Company, of any notice with respect to the Bonds including
23 any notice of redemption, or (iii) the payment to any bondholder (including any
24 Beneficial Owner) or any other person, other than the Depository Trust Company, of
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1 any amount with respect to the principal of, or premium, if any, or interest on the
2 Bonds except as otherwise provided herein.

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4 No person other than the Depository Trust Company shall receive an
5 authenticated Bond evidencing an obligation of the City to make payments of the
6 principal of and premium, if any, and interest on the Bonds pursuant to this
7 ordinance. The City and the Registrar and Paying Agent may treat as and deem the
8 Depository Trust Company or CEDE & CO. to be the absolute bondholder of each of
9 the Bonds for the purpose of (i) payment of the principal of and premium, if any, and
10 interest on such Bonds; (ii) giving notices of redemption and other notices permitted
11 to be given to bondholders with respect to such Bonds; (iii) registering transfers with
12 respect to such Bonds; (iv) obtaining any consent or other action required or
13 permitted to be taken of or by bondholders; (v) voting; and (vi) for all other purposes
14 whatsoever. The Paying Agent shall pay all principal of and premium, if any, and
15 interest on the Bonds only to or upon the order of the Depository Trust Company,
16 and all such payments shall be valid and effective fully to satisfy and discharge the
17 City's and the Paying Agent's obligations with respect to principal of and premium,
18 if any, and interest on the Bonds to the extent of the sum or sums so paid. Upon
19 delivery by the Depository Trust Company to the City of written notice to the effect
20 that the Depository Trust Company has determined to substitute a new nominee in
21 place of CEDE & CO., and subject to the provisions herein with respect to consents,
22 the words "CEDE & CO." in this ordinance shall refer to such new nominee of the
23 Depository Trust Company. Notwithstanding any other provision hereof to the
24 contrary, so long as any Bond is registered in the name of CEDE & CO., as nominee
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1 of the Depository Trust Company, all payments with respect to the principal of and
2 premium, if any, and interest on such Bonds and all notices with respect to such
3 Bonds shall be made and given, respectively, to the Depository Trust Company as
4 provided in a representation letter from the City to the Depository Trust Company.
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6 Upon receipt by the City of written notice from the Depository Trust
7 Company to the effect that the Depository Trust Company is unable or unwilling to
8 discharge its responsibilities and no substitute depository willing to undertake the
9 functions of the Depository Trust Company hereunder can be found which is willing
10 and able to undertake such functions upon reasonable and customary terms, then the
11 Bonds shall no longer be restricted to being registered in the register of the City kept
12 by the Registrar in the name of CEDE & CO., as nominee of the Depository Trust
13 Company, but may be registered in whatever name or names the bondholders
14 transferring or exchanging the Bonds shall designate, in accordance with the
15 provisions of this ordinance.
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17 If the City determines that it is in the best interest of the bondholders that
18 they be able to obtain certificates for the fully registered Bonds, the City may notify
19 the Depository Trust Company and the Registrar, whereupon the Depository Trust
20 Company will notify the Beneficial Owners of the availability through the
21 Depository Trust Company of certificates for the Bonds. In such event, the Registrar
22 shall prepare, authenticate, transfer and exchange certificates for the Bonds as
23 requested by the Depository Trust Company and any Beneficial Owners in
24 appropriate amounts, and whenever the Depository Trust Company requests the City
25 and the Registrar to do so, the Registrar and the City will cooperate with the
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1 Depository Trust Company by taking appropriate action after reasonable notice (i) to
2 make available one or more separate certificates evidencing the fully registered
3 Bonds of any Beneficial Owner's Depository Trust Company account or (ii) to
4 arrange for another securities depository to maintain custody of certificates for and
5 evidencing the Bonds.
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7 If the Bonds shall no longer be restricted to being registered in the name of
8 the Depository Trust Company, the Registrar shall cause the Bonds to be printed in
9 blank in such number as the Registrar shall determine to be necessary or customary;
10 provided, however, that the Registrar shall not be required to have such Bonds
11 printed until it shall have received from the City indemnification for all costs and
12 expenses associated with such printing.
13

14 In connection with any notice or other communication to be provided to
15 bondholders by the City or the Registrar with respect to any consent or other action
16 to be taken by bondholders, the City or the Registrar, as the case may be, shall
17 establish a record date for such consent or other action and give the Depository Trust
18 Company notice of such record date not less than fifteen (15) calendar days in
19 advance of such record date to the extent possible.
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21 So long as the Bonds are registered in the name of the Depository Trust
22 Company or CEDE & CO. or any substitute nominee, the City and the Registrar and
23 Paying Agent shall be entitled to request and to rely upon a certificate or other
24 written representation from the Beneficial Owners of the Bonds or from the
25 Depository Trust Company on behalf of such Beneficial Owners stating the amount
26 of their respective beneficial ownership interests in the Bonds and setting forth the
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1 consent, advice, direction, demand or vote of the Beneficial Owners as of a record
2 date selected by the Registrar and the Depository Trust Company, to the same extent
3 as if such consent, advice, direction, demand or vote were made by the bondholders
4 for purposes of this ordinance and the City and the Registrar and Paying Agent shall
5 for such purposes treat the Beneficial Owners as the bondholders. Along with any
6 such certificate or representation, the Registrar may request the Depository Trust
7 Company to deliver, or cause to be delivered, to the Registrar a list of all Beneficial
8 Owners of the Bonds, together with the dollar amount of each Beneficial Owner's
9 interest in the Bonds and the current addresses of such Beneficial Owners.
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11 Section 4. Redemption of BANs and Bonds. (a) The BANs are
12 prepayable by the City, in whole or in part, on any date, upon 20 days' notice to the
13 owner of the BANs, without premium.
14

15 (b) The Bonds maturing on or after December 1, 2025 are redeemable at
16 the option of the City on December 1, 2024, or any date thereafter, on thirty (30)
17 days' notice, in whole or in part, in the order of maturity as determined by the City
18 and by lot within a maturity, at face value, with no premium, plus in each case
19 accrued interest to the date fixed for redemption.
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21 (c) If any Bond is issued as a term bond, the Paying Agent shall credit
22 against the mandatory sinking fund requirement for the Bonds maturing as term
23 bonds, and corresponding mandatory redemption obligation, in the order determined
24 by the City, any Bonds maturing as term bonds which have previously been
25 redeemed (otherwise than as a result of a previous mandatory redemption
26 requirement) or delivered to the Registrar for cancellation or purchased for
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1 cancellation by the Paying Agent and not theretofore applied as a credit against any
2 redemption obligation. Each Bond maturing as a term bond so delivered or
3 cancelled shall be credited by the Paying Agent at 100% of the principal amount
4 thereof against the mandatory sinking fund obligation on such mandatory sinking
5 fund date, and any excess of such amount shall be credited on future redemption
6 obligations, and the principal amount of the Bonds to be redeemed by operation of
7 the mandatory sinking fund requirement shall be accordingly reduced; provided,
8 however, the Paying Agent shall credit only such Bonds maturing as term bonds to
9 the extent received on or before forty-five (45) days preceding the applicable
10 mandatory redemption date as stated above.
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13 Each \$5,000 principal amount shall be considered a separate bond for
14 purposes of optional and mandatory redemption. If less than an entire maturity is
15 called for redemption, the Bonds to be called shall be selected by lot by the
16 Registrar. If some Bonds are to be redeemed by optional redemption and mandatory
17 sinking fund redemption on the same date, the Registrar shall select by lot the Bonds
18 for optional redemption before selecting the Bonds by lot for the mandatory sinking
19 fund redemption.
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21 (d) In either case, notice of such redemption shall be given at least thirty
22 (30) days prior to the date fixed for redemption by mail unless the notice is waived
23 by the registered owner of a Bond. Such notice shall be mailed to the address of the
24 registered owners as shown on the registration records of the City as of the date
25 which is forty-five (45) days prior to such redemption date. The notice shall specify
26 the date and place of redemption and sufficient identification of the Bonds called for
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1 redemption. The place of redemption shall be determined by the City. Interest on
2 the Bonds so called for redemption shall cease on the redemption date fixed in such
3 notice if sufficient funds are available at the principal office of the Paying Agent to
4 pay the redemption price on the date so named. Coincidentally with the payment of
5 the redemption price, the Bonds so called for redemption shall be surrendered for
6 cancellation.
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8 Section 5. Execution and Negotiability. Each of the Bonds and BANs
9 shall be executed in the name of the City by the manual or facsimile signature of the
10 Mayor, countersigned by the manual or facsimile signature of the Controller, and
11 attested by the manual or facsimile signature of its Clerk, and the seal of the City
12 shall be affixed, imprinted or impressed to or on each of the Bonds and BANs
13 manually, by facsimile or any other means; and these officials, by the execution of a
14 Signature and No Litigation Certificate, shall adopt as and for their own proper
15 signatures the facsimile signatures appearing on the Bonds and BANs. In case any
16 officer whose signature or facsimile signature appears on the Bonds or BANs shall
17 cease to be such officer before the delivery of the Bonds or BANs, the signature of
18 such officer shall nevertheless be valid and sufficient for all purposes the same as if
19 such officer had remained in office until such delivery.
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22 The Bonds and BANs shall have all of the qualities and incidents of
23 negotiable instruments under the laws of the State of Indiana, subject to the
24 provisions for registration herein.
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1 The Bonds shall also be authenticated by the manual signature of the
2 Registrar, and no Bond shall be valid or become obligatory for any purpose until the
3 certificate of authentication thereon has been so executed.
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5 Section 6. Form of Bonds. The form and tenor of the Bonds shall be
6 substantially as follows, all blanks to be filled in properly prior to delivery:

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

17 NO. _____

18 UNITED STATES OF AMERICA
19 STATE OF INDIANA COUNTY OF ALLEN
20 CITY OF FORT WAYNE
21 WATERWORKS REVENUE BOND OF _____

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

24 REGISTERED OWNER:

25 PRINCIPAL SUM:

26 The City of Fort Wayne, in Allen County, State of Indiana ("City"), for value
27 received, hereby promises to pay to the Registered Owner named above or registered
28 assigns, solely out of the special revenue fund hereinafter referred to, the Principal
29 Sum set forth above [on the Maturity Date set forth above] **OR** [on the dates and in
30 the amounts as set forth on Exhibit A attached hereto] (unless this bond be subject to
and be called for redemption prior to maturity as hereinafter provided), and to pay
interest hereon until the Principal Sum shall be fully paid at the rate[s] per annum
[specified above] [as set forth on Exhibit A attached hereto] from the interest
payment date to which interest has been paid next preceding the Authentication Date

1 of this bond unless this bond is authenticated after the fifteenth day of the month
2 preceding an interest payment date and on or before such interest payment in which
3 case it shall bear interest from such interest payment date, or unless this bond is
4 authenticated on or before ____ 15, 20__, in which case it shall bear interest from
5 the Original Date, which interest is payable semiannually on the first days of June
6 and December in each year, beginning on _____ 1, 20___. Interest shall be
7 calculated according to a 360-day calendar year containing twelve 30-day months.

8 The principal of this Bond is payable at the principal of office of
9 _____ ("Registrar" or "Paying Agent"), in the
10 _____ of _____, Indiana. All payments of interest on
11 this bond shall be paid by check mailed one business day prior to the interest
12 payment date to the registered owner hereof as of the fifteenth day of the month
13 preceding such interest payment date at the address as it appears on the registration
14 books kept by the Registrar or at such other address as is provided to the Paying
15 Agent in writing by the registered owner. If payment of principal or interest is made
16 to a depository, payment shall be made by wire transfer on the payment date in
17 same-day funds. If the payment date occurs on a date when financial institutions are
18 not open for business, the wire transfer shall be made on the next succeeding
19 business day. The Paying Agent shall wire transfer payments by 1:00 p.m. (New
20 York City time) so such payments are received at the depository by 2:30 p.m. (New
21 York City time). All payments on the bond shall be made in any coin or currency of
22 the United States of America, which on the dates of such payment, shall be legal
23 tender for the payment of public and private debts.

24 THE CITY SHALL NOT BE OBLIGATED TO PAY THIS BOND OR THE
25 INTEREST HEREON EXCEPT FROM THE HEREINAFTER DESCRIBED
26 SPECIAL FUND, AND NEITHER THIS BOND NOR THE ISSUE OF WHICH IT
27 IS A PART SHALL IN ANY RESPECT CONSTITUTE A CORPORATE
28 INDEBTEDNESS OF THE CITY WITHIN THE PROVISIONS AND
29 LIMITATIONS OF THE CONSTITUTION OF THE STATE OF INDIANA.

30 This bond is [the only] one of an authorized issue of bonds of the City[, of
like tenor and effect, except as to numbering, interest rate, and dates of maturity] in
the total amount of _____ Dollars (\$_____); numbered
consecutively from 1 up; issued for the purpose of providing funds to pay the cost of
the settlement of all ongoing legal issues pertaining to the acquisition of the northern
territory of Utility Center, Inc., d/b/a/ Aqua Indiana, Inc. ("Aqua") and the
acquisition of and integration of the water assets of the southwest territory of Aqua,
together with all necessary additions, improvements, equipment and appurtenances
in connection therewith[, to refund interim notes issued in anticipation of the bonds]
and to pay issuance expenses[, including [a municipal bond insurance premium][a
debt service reserve surety premium]]. This bond is issued pursuant to an ordinance
adopted by the Common Council of the City on the ___ day of _____, 2014,
entitled "An Ordinance of the City of Fort Wayne authorizing the issuance of
waterworks revenue bonds for the purpose of providing funds to pay the costs of the
settlement of all ongoing legal issues pertaining to the acquisition of the northern

1 territory of Utility Center, Inc., d/b/a/ Aqua Indiana, Inc. ("Aqua") and the
2 acquisition and integration of the water assets of the southwest territory of Aqua,
3 together with all necessary additions, improvements, equipment and appurtenances
4 in connection therewith, providing for the safeguarding of the interests of the owners
5 of said bonds, other matters connected therewith, including the issuance of notes in
6 anticipation of bonds and repealing ordinances inconsistent herewith" ("Ordinance"),
and in accordance with the provisions of Indiana law, including without limitation
Indiana Code 8-1.5 as in effect on the date of delivery of the bonds of this issue
("Act").

7 Pursuant to the provisions of the Act and the Ordinance, the principal of and
8 interest on this bond and all other bonds of said issue, and any bonds hereafter issued
9 on a parity therewith are payable solely from the Waterworks Sinking Fund
10 continued by the Ordinance ("Sinking Fund") to be provided from the Net Revenues
11 (defined as the gross revenues of the waterworks remaining after deduction for
payment of the reasonable expenses of operation, repair and maintenance, but not
including depreciation and payments in lieu of property taxes) of the waterworks of
the City, on a parity with the Outstanding Bonds (as defined in the Ordinance).

12 The City irrevocably pledges the entire Net Revenues of the waterworks to
13 the prompt payment of the principal of and interest on the bonds authorized by the
14 Ordinance, of which this is one, and any bonds ranking on a parity therewith,
15 including the Outstanding Bonds, to the extent necessary for that purpose, and
16 covenants that it will cause to be fixed, maintained and collected such rates and
17 charges for services rendered by the utility as are sufficient in each year for the
18 payment of the proper and reasonable expenses of Operation and Maintenance (as
19 defined in the Financial Assistance Agreement, as defined in the Ordinance) of the
20 waterworks 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 thereof shall fail or refuse to so fix, maintain and collect such rates or
charges, or if there be a default in the payment of the interest on or principal of this
bond, the owner of this bond shall have all of the rights and remedies provided for in
the Act under Indiana law.

21 [The bonds shall be initially issued in a Book Entry System (as defined in the
22 Ordinance). The provisions of this bond and of the Ordinance are subject in all
23 respects to the provisions of the Letter or Representations between the City and The
Depository Trust Company, or any substitute agreement, effecting such Book Entry
System.]

24 The City further covenants that it will set aside and pay into its Sinking Fund
25 monthly, as available, or more often if necessary, a sufficient amount of the Net
26 Revenues of the works for payment of (a) the interest on all bonds which by their
27 terms are payable from the revenues of the waterworks, as such interest shall fall
28 due, (b) the necessary fiscal agency charges for paying bonds and interest, (c) the
29 principal of all bonds which by their terms are payable from the revenues of the
30 waterworks, as such principal shall fall due, and (d) an additional amount as a

1 margin of safety to [create and] maintain the debt service reserve required by the
2 Ordinance. Such required payments shall constitute a first charge against the Net
3 Revenues of said works, on a parity with the Outstanding Bonds.

4 The bonds of this issue maturing on or after December 1, 2025, are
5 redeemable at the option of the City on December 1 2024, or any date thereafter, on
6 thirty (30) days' notice, in whole or in part, in the order of maturity as determined by
7 the City and by lot within a maturity, at face value, with no premium, plus accrued
8 interest to the date fixed for redemption.

9 [The bonds maturing on _____ 1, _____ are subject to mandatory
10 sinking fund redemption prior to maturity, at a redemption price equal to the
11 principal amount thereof plus accrued interest, on the dates and in the amounts set
12 forth below:

13 Term Bond

14 Date Amount

15 *

16 * Final Maturity]

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

24 Notice of such redemption shall be mailed to the address of the registered
25 owner as shown on the registration records of the City, as of the date which is forty-
26 five (45) days prior to such redemption date, not less than thirty (30) days prior to the
27 date fixed for redemption unless the notice is waived by the registered owner of this
28 bond. The notice shall specify the date and place of redemption and sufficient
29 identification of the bonds called for redemption. The place of redemption may be
30 determined by the City. Interest on the bonds so called for redemption shall cease on
the redemption date fixed in such notice if sufficient funds are available at the place
of redemption to pay the redemption price on the date so named.

If this bond shall not be presented for payment or redemption on the date
fixed therefor, the City may deposit in trust with its depository bank an amount
sufficient to pay such bond or the redemption price, as the case may be, and
thereafter the registered owner shall look only to the funds so deposited in trust with
said bank for payment and the City shall have no further obligation or liability in
respect thereto.

1 This bond is transferable or exchangeable only upon the books of the City
2 kept for that purpose at the principal office of the Registrar by the registered owner
3 hereof in person, or by his attorney duly authorized in writing, upon surrender of this
4 bond together with a written instrument of transfer or exchange satisfactory to the
5 Registrar duly executed by the registered owner, or his attorney duly authorized in
6 writing, and thereupon a new fully registered bond or bonds in an authorized
7 aggregate principal amount and of the same maturity, shall be executed and delivered
8 in the name of the transferee or transferees or to the registered owner, as the case
9 may be, in exchange therefor. This bond may be transferred without cost to the
10 registered owner except for any tax or governmental charge required to be paid with
11 respect to the transfer. The City, the Registrar, the Paying Agent and any other
12 registrar or paying agent for this bond may treat and consider the person in whose
13 name this bond is registered as the absolute owner hereof for all purposes including
14 for the purpose of receiving payment of, or on account of, the principal hereof and
15 interest due hereon.

16 This bond is subject to defeasance prior to redemption or payment as
17 provided in the Ordinance referred to herein. THE OWNER OF THIS BOND, BY
18 THE ACCEPTANCE HEREOF, HEREBY AGREES TO ALL THE TERMS AND
19 PROVISIONS CONTAINED IN THE ORDINANCE. The Ordinance may be
20 amended without the consent of the owners of the bonds as provided in the
21 Ordinance.

22 The bonds maturing in any one year are issuable only in fully registered form
23 in the denomination of \$5,000 or any integral multiple thereof.

24 It is hereby certified and recited that all acts, conditions and things required
25 to be done precedent to and in the execution, issuance and delivery of this bond have
26 been done and performed in regular and due form as provided by law.

27 This bond shall not be valid or become obligatory for any purpose until the
28 certificate of authentication hereon shall have been executed by an authorized
29 representative of the Registrar.

30 IN WITNESS WHEREOF, the City of Fort Wayne, in Allen County, Indiana,
has caused this bond to be executed in its corporate name by the manual or facsimile
signature of its Mayor, countersigned by the Controller, its corporate seal to be
hereunto affixed, imprinted or impressed by any means and attested manually or by
facsimile by its Clerk.

CITY OF FORT WAYNE, INDIANA

By:

Mayor

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COUNTERSIGNED:

By:

Controller

[SEAL]

Attest:

Clerk

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Ordinance.

as Registrar

By:

Authorized Representative

[STATEMENT OF INSURANCE]

ASSIGNMENT

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

Dated: _____

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

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

1 Section 7. Authorization for Preparation and Sale of the Bonds and
2 BANs, Municipal Bond Insurance; Official Statement; and Continuing Disclosure.
3

4 (a) The Controller is hereby authorized and directed to have the Bonds and BANs
5 prepared, and the Mayor, Controller and Clerk are hereby authorized and directed to
6 execute and attest the Bonds and BANs in the form and manner provided herein.
7 The Controller is hereby authorized and directed to deliver the Bonds and BANs to
8 the respective purchasers thereof after the sale made in accordance with the
9 provisions of this ordinance, provided that at the time of delivery of the Bonds and
10 BANs, the Controller shall collect the full amount which the respective purchasers
11 have agreed to pay therefor, which amount shall not be less than 99% of the par
12 value of the BANs, and not less than 99% of the par value of the Bonds. The City
13 may receive payment on the BANs in installments. The Bonds, when paid for and
14 delivered to the purchaser, shall be the binding special revenue obligations of the
15 City payable out of the Net Revenues of the waterworks, on a parity with the
16 Outstanding Bonds. The proper officers of the City are hereby directed to sell the
17 Bonds, to draw all proper and necessary warrants, and to do whatever acts and things
18 which may be necessary to carry out the provisions of this ordinance.
19

20 (b) In the event the financial advisor to the City certifies to the City that it
21 would be economically advantageous for the City to obtain a municipal bond
22 insurance policy and/or a debt service reserve surety for the Bonds, the City hereby
23 authorizes the purchase of such an insurance policy and/or surety. The acquisition of
24 a municipal bond insurance policy is hereby deemed economically advantageous in
25 the event the difference between the present value cost of: (i) the total debt service
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1 on the Bonds if issued without municipal bond insurance; and (ii) the total debt
2 service on the Bonds if issued with municipal bond insurance, is greater than the cost
3 of the premium on the municipal bond insurance policy. If such an insurance policy
4 or debt service reserve surety is purchased, the Mayor and the Controller are hereby
5 authorized to execute and deliver all agreements with the provider of the policy or
6 surety to the extent necessary to comply with the terms of such insurance policy or
7 surety and the commitment to issue such policy or surety. Such agreements shall be
8 deemed a part of this ordinance for all purposes and are hereby incorporated herein
9 by reference.
10

11 (c) Distribution of an Official Statement (preliminary and final) for the
12 Bonds, prepared on behalf of the City, is hereby authorized and approved and the
13 Mayor and the Controller are authorized and directed to execute the Official
14 Statement on behalf of the City in a form consistent with the ordinance. The Mayor
15 or Controller is hereby authorized to designate the preliminary Official Statement as
16 "nearly final" for purposes of Rule 15c2-12 as promulgated by the Securities and
17 Exchange Commission ("Rule").
18

19 (d) If the Bonds are subject to the Rule, a Continuing Disclosure
20 Undertaking ("Continuing Disclosure") for the Bonds is hereby authorized and
21 approved by the Common Council, and the Mayor and Controller are hereby
22 authorized and directed to complete, execute and attest the same on behalf of the
23 City. Notwithstanding any other provisions of this ordinance, failure of the City to
24 comply with the Continuing Disclosure shall not be considered an event of default
25 under the Bonds or this ordinance.
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1 Section 8. Bond Sale Notice. The Controller shall cause to be published
2 either (i) a notice of such sale in the *Fort Wayne Journal Gazette* and the *Fort Wayne*
3 *News Sentinel* two times, at least one week apart, the first publication made at least
4 fifteen (15) days before the date of the sale and the second publication being made at
5 least three (3) days before the date of the sale, or (ii) a notice of intent to sell in the
6 *Fort Wayne Journal Gazette*, the *Fort Wayne News Sentinel* and the *Court &*
7 *Commercial Record*, all in accordance with IC 5-1-11 and IC 5-3-1. A notice or
8 summary notice of sale may also be published one time in the *Court & Commercial*
9 *Record*, and a notice or summary notice may also be published in *The Bond Buyer* in
10 New York, New York. The notice shall state the character and amount of the Bonds,
11 the maximum rate of interest thereon, the terms and conditions upon which bids will
12 be received and the sale made, and such other information as the Controller and the
13 attorneys employed by the City shall deem advisable and any summary notice may
14 contain any information deemed so advisable. Said notice may provide, among other
15 things, that electronic bidding will be permitted and that the successful bidder shall
16 be required to submit a certified or cashier's check or a wire transfer in an amount
17 equal to 1% of the principal amount of the Bonds described in the notice to guarantee
18 performance on the part of the bidder not later than 3:30 p.m. (ET) on the business
19 day following the award. In the event the successful bidder shall fail or refuse to
20 accept delivery of the Bonds and pay for the same as soon as the Bonds are ready for
21 delivery, or at the time fixed in the notice of sale, then said check and the proceeds
22 thereof shall be the property of the City and shall be considered as its liquidated
23 damages on account of such default. Said notice shall also provide that bidders for
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1 the Bonds will be required to name the rate or rates of interest which the Bonds are
2 to bear, not exceeding the maximum rate hereinbefore fixed, and that such interest
3 rate or rates shall be in multiples of one-eighth (1/8) or one-hundredth (1/100) of one
4 percent (1%). The rate bid on a maturity shall be equal to or greater than the rate bid
5 on the immediately preceding maturity. No conditional bid or bids for less than 99%
6 of the face amount of the Bonds will be considered. The opinion of Ice Miller LLP,
7 bond counsel of Indianapolis, Indiana, approving the legality of the Bonds, will be
8 furnished to the purchaser at the expense of the City.

9
10 The Bonds shall be awarded by the Controller to the best bidder who has
11 submitted his bid in accordance with the terms of this ordinance, IC 5-1-11 and the
12 notice of sale. The best bidder will be the one who offers the lowest net interest cost
13 to the City, to be determined by computing the total interest on all of the Bonds to
14 their maturities, deducting the premium bid, if any and adding thereto the discount
15 bid, if any. The right to reject any and all bids shall be reserved. If an acceptable bid
16 is not received on the date of sale, the sale may be continued from day to day
17 thereafter without further advertisement for a period of thirty (30) days, during which
18 time no bid which provides a higher net interest cost to the City than the best bid
19 received at the time of the advertised sale will be considered.

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22 Section 9. Financial Records and Accounts. The City shall keep proper
23 records and books of account, separate from all of its other records and accounts, in
24 which complete and correct entries shall be made showing all revenues received on
25 account of the operation of the waterworks and all disbursements made therefrom
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1 and all transactions relating to the waterworks. Copies of all such statements and
2 reports shall be kept on file in the office of the Controller.

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4 Section 10. Disposition of Proceeds of the Bonds and BANs; City of Fort
5 Wayne, Waterworks Project Account. (a) All accrued interest and premium
6 received, if any, at the time of the delivery of the Bonds shall be deposited in the
7 Waterworks Sinking Fund. The remaining proceeds of the Bonds, to the extent not
8 used to refund the BANs, and BAN proceeds shall be deposited in a bank or banks
9 which are legally qualified depositories for the funds of the City, in the special
10 account to be designated as "City of Fort Wayne, Waterworks Project Account"
11 ("Project Account"). Amounts in the Project Account shall be expended first to
12 repay all amounts advanced for preliminary expenses, if any, and thereafter shall be
13 expended only for the purpose of paying the costs of the Project, refunding the
14 BANs, if issued, paying the costs of issuance of the Bonds and the BANs, if the
15 BANs are issued, as described in this ordinance and in the Act, together with
16 incidental expenses incurred in connection with the Project, or as otherwise
17 permitted or required by the Act. Any balance or balances remaining unexpended in
18 the Project Account after completion of the Project, which are not required to meet
19 unpaid obligations incurred in connection with the Project, shall either (1) be paid
20 into the Waterworks Sinking Fund and shall be used solely for one or more of the
21 purposes permitted thereunder; or (2) be used for the same purpose or type of project
22 for which the Bonds were originally issued, all in accordance with IC 5-1-13, as
23 amended and supplemented.
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1 (b) Each of the funds and accounts of the waterworks shall be deposited,
2 held, secured or invested in accordance with the laws of the State of Indiana relating
3 to the depositing, holding, securing or investing of public funds, including,
4 particularly, applicable provisions of Indiana Code 5-13-9, as amended. Any interest
5 or income derived from any such investments shall become a part of the moneys in
6 the fund or account so invested.
7

8 Section 11. Operation and Maintenance Fund. There shall be set apart and
9 paid out of the gross revenues of the waterworks into a cash operating fund
10 previously established and continued and designated as the Waterworks Operation
11 and Maintenance Fund ("Operation and Maintenance Fund") an amount necessary
12 and sufficient to maintain a balance therein sufficient to pay the monthly costs of
13 operating, repairing and maintaining said waterworks for at least the next two (2)
14 ensuing calendar months. The moneys credited to the Operation and Maintenance
15 Fund shall be used for the payment of the reasonable and proper operation, repair
16 and maintenance expenses of the waterworks on a day-to-day basis, but none of the
17 moneys in said fund shall be used for remediating depreciation, replacements,
18 improvements, extensions or additions with respect to the waterworks. Payments in
19 lieu of property taxes shall be made not more frequently than semiannually on or
20 about June 30 and December 31 and may be made only if the amounts required to be
21 held as of such dates in the Sinking Fund pursuant to Section 12 are so held. Any
22 balance in the Operation and Maintenance Fund may be transferred to the
23 Waterworks Sinking Fund if necessary to prevent a default in the payment of
24 principal of or interest on outstanding bonds of the waterworks.
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1 Section 12. Waterworks Sinking Fund. The Waterworks Sinking Fund
2 ("Sinking Fund") previously established and continued hereby and designated and
3 constituted as the special fund for the payment of the interest on and principal of
4 revenue bonds which by their terms are payable from the Net Revenues of the
5 waterworks. The Sinking Fund shall continue to be divided into two accounts hereby
6 designated as the Waterworks Debt Service Account ("Debt Service Account") and
7 the Waterworks Reserve Account ("Reserve Account"). Such payments shall
8 continue until the balances in the Debt Service Account and the Reserve Account
9 equal the principal of and interest on all of the then outstanding bonds of the
10 waterworks to the final maturity and provide for payment of all fiscal agency
11 charges.
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14 There is hereby continued, within the Sinking Fund, the Debt Service
15 Account. There shall be transferred on the last day of each month to the Debt Service
16 Account an amount of the Net Revenues equal to (i) at least one-sixth (1/6) of the
17 interest on all then outstanding bonds payable on the then next succeeding interest
18 payment date, and (ii) at least one-twelfth (1/12) of the principal on all then
19 outstanding bonds maturing through and including December 1, 2032, and thereafter
20 at least one-sixth (1/6) of the principal on all then outstanding bonds payable on the
21 then next succeeding principal payment date or dates, until the amount of interest
22 and principal payable on the then next succeeding interest and principal payment
23 dates shall have been so credited. There shall similarly be credited to the Account
24 any amount necessary to pay the bank fiscal agency charges for paying principal and
25 interest on outstanding bonds as the same become payable. The City shall, from the
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1 sums deposited in the Sinking Fund and credited to the Debt Service Account, remit
2 promptly to the registered owner or to the bank fiscal agency sufficient moneys to
3 pay the principal and interest on the due dates thereof together with the amount of
4 bank fiscal agency charges.
5

6 There is hereby continued, within the Sinking Fund, the Reserve Account.
7 The City may deposit Bond proceeds, funds on hand, or a combination thereof, into
8 the Reserve Account on the date of delivery of any series of Bonds to cause the
9 balance therein to equal the hereinafter defined Reserve Requirement. If the balance
10 does not equal the Reserve Requirement on the date of delivery of the Bonds, the
11 City shall deposit a sum of Net Revenues of the waterworks into the Reserve
12 Account on the last day of each calendar month until the balance therein equals the
13 maximum annual debt service on the Bonds and the Outstanding Bonds ("Reserve
14 Requirement"). The monthly deposits shall be equal in amount and sufficient to
15 accumulate the Reserve Requirement within twelve (12) months of the date of
16 delivery of the Bonds. After the 2003 Bonds, 2005 Bonds and 2006 Bonds are no
17 longer outstanding, the monthly deposits shall be equal in amount and sufficient to
18 accumulate the Reserve Requirement within five (5) years of the date of delivery of
19 the Bonds.
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22 The Reserve Account shall constitute the margin for safety and protection
23 against default in the payment of principal of and interest on the Bonds and the
24 Outstanding Bonds and the moneys in the Reserve Account shall be used to pay
25 current principal and interest on the Bonds and the Outstanding Bonds to the extent
26 that moneys in the Bond and Interest Account are insufficient for that purpose.
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1 Amounts in the Reserve Account in excess of the Reserve Requirement shall be
2 transferred from time to time to the Debt Service Account and thereupon applied to
3 the required payments into the Debt Service Account as provided above or shall be
4 transferred to the Depreciation Fund (as hereinafter defined). In the event moneys
5 held in the Reserve Account are used to pay principal of and interest on the
6 Outstanding Bonds or the Bonds, then such depletion of the Reserve Account to an
7 amount less than the Reserve Requirement shall be made up from available Net
8 Revenues within twelve (12) months from substantially equal monthly deposits, after
9 required deposits to the Debt Service Account, to restore the balance of the Reserve
10 Account to an amount equal to the Reserve Requirement.
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13 All or a part of the Reserve Requirement for the Bonds issued under this
14 ordinance may be deemed to be satisfied if there is on deposit in the Reserve
15 Account, any surety bond, insurance policy, guaranty, letter of credit or other credit
16 facility in any amount equal to the Reserve Requirement, the issuer of which credit
17 facility is rated at least "AAA" by Standard & Poor's Ratings Group or "Aaa" by
18 Moody's Investor Service at the time of issuance. If any Bonds or Outstanding
19 Bonds are owned by the Authority as part of its DWSRF Program, the City must
20 obtain the consent of the Authority to provide funding in its Reserve Account as
21 authorized in this paragraph. If any part of the Reserve Account for the Bonds is
22 funded as authorized in this paragraph, the City is authorized to create a subaccount
23 of the Reserve Account which only secures the Bonds.
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26 So long as the 2003 Bonds, 2005 Bonds, 2006 Bonds, 2011A Bonds and
27 2011B Bonds remain outstanding, in no event shall any part of the Sinking Fund be
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1 used in calling bonds for redemption prior to maturity except to the extent that the
2 amount then in the Debt Service Account of the Sinking Fund exceeds the amount
3 required to pay the bonds which will mature within a period of twelve (12) calendar
4 months next following the date of such redemption, together with all interest on the
5 bonds payable in said period. Any such excess of funds above said required level
6 may also be used in purchasing outstanding bonds at a price less than the then
7 applicable redemption price, if first approved by the Common Council. Moneys in
8 the Sinking Fund shall not be used for any purpose whatsoever except as stated in
9 this section.
10

11 Section 13. Funding Improvements to the Waterworks. Any excess
12 revenues of the waterworks available after making the deposits required by Sections
13 11 and 12 may be set aside and paid into the special utility fund which is hereby
14 continued and designated as the Waterworks Depreciation Fund ("Depreciation
15 Fund"), and be used to pay the cost of additions, improvements and extensions to the
16 waterworks. No revenues of the waterworks shall be deposited in or credited to the
17 Depreciation Fund which will interfere with the requirements of the Sinking Fund.
18

19 In the event of any deficiency at any time in the Operation and Maintenance
20 Fund or the Sinking Fund, funds may be withdrawn from the Depreciation Fund for
21 deposit into said Operation and Maintenance Fund or Sinking Fund in the amount of
22 such deficiency.
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24 Section 14. Separation of Funds; Investment of Moneys Therein. The
25 Waterworks Sinking Fund shall be deposited in and maintained as a separate account
26 or accounts from all other accounts of the City. The Operation and Maintenance
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1 Fund and the Depreciation Fund may be maintained in a single account, or accounts,
2 but such account, or accounts, shall likewise be maintained separate and apart from
3 all other accounts of the City and apart from the Sinking Fund account or accounts.
4 Each of the funds and accounts of the waterworks shall be deposited, held, secured
5 or invested in accordance with the laws of the State of Indiana relating to the
6 depositing, holding, securing or investing of public funds, including, particularly,
7 applicable provisions of Indiana Code 5-13-9, as amended. Any interest or income
8 derived from any such investments shall become a part of the moneys in the fund or
9 account so invested.
10

11 Section 15. Defeasance of the Bonds. If, when the Bonds or a portion
12 thereof shall have become due and payable in accordance with their terms or shall
13 have been duly called for redemption or irrevocable instructions to call the Bonds or
14 a portion thereof for redemption shall have been given, and the whole amount of the
15 principal and the interest and the premium, if any, so due and payable upon all of the
16 Bonds or a portion thereof then outstanding shall be paid; or (i) cash (insured at all
17 times by the Federal Deposit Insurance Corporation or otherwise collateralized with
18 obligations described in (ii) below), or (ii) direct obligations of (including
19 obligations issued or held in book entry form on the books of) the Department of the
20 Treasury of the United States of America, the principal of and the interest on which
21 when due will provide sufficient moneys for such purpose, shall be held in trust for
22 such purpose, and provision shall also be made for paying all fees and expenses for
23 the redemption, then and in that case the Bonds or any designated portion thereof
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1 issued hereunder shall no longer be deemed outstanding or entitled to the pledge of
2 the Net Revenues of the City's waterworks.

3
4 Section 16. Rate Covenant. The City shall establish and maintain just and
5 equitable rates for the use of and the service rendered by the waterworks, which shall
6 to the extent permitted by law produce sufficient revenues at all times to pay all the
7 legal and other necessary expense incident to the operation of such utility, to include
8 maintenance costs, operating charges, upkeep, repairs, interest charges on bonds or
9 other obligations, to provide for the proper Operation and Maintenance (as defined in
10 the Financial Assistance Agreement), to comply with and satisfy all covenants
11 contained in this ordinance and the Financial Assistance Agreement, to provide the
12 sinking fund and debt service reserve for the liquidation of bonds or other evidences
13 of indebtedness, to provide adequate funds to be used as working capital, as well as
14 funds for making extensions, additions, and replacements, and also, for the payment
15 of any taxes that may be assessed against such utility, it being the intent and purpose
16 hereof that such charges shall produce an income sufficient to maintain such utility
17 property in a sound physical and financial condition to render adequate and efficient
18 service. So long as any of the Bonds herein authorized are outstanding, none of the
19 facilities or services afforded or rendered by said system shall be furnished without a
20 reasonable and just charge being made therefor. The City shall pay like charges for
21 any and all services rendered by said utility to the City, and all such payments shall
22 be deemed to be revenues of the utility. Such rates or charges shall, if necessary, be
23 changed and readjusted from time to time so that the revenues therefrom shall always
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1 be sufficient to meet the expenses of operation, repair and maintenance, and said
2 requirements of the Sinking Fund.

3
4 Section 17. Additional BANs and Bonds. The City reserves the right to
5 authorize and issue additional BANs at any time ranking on a parity with the BANs.
6 The City also reserves the right to authorize and issue additional bonds, payable out
7 of the Net Revenues of its waterworks, ranking on a parity with the Bonds authorized
8 by this ordinance, for the purpose of financing the cost of future additions,
9 extensions and improvements to the waterworks, or to refund obligations, subject to
10 the following conditions:

11
12 (a) All required payments into the Sinking Fund and the accounts thereof
13 shall have been made in accordance with the provisions of this ordinance, and the
14 interest on and principal of all bonds payable from the Net Revenues of the
15 waterworks shall have been paid to date in accordance with their terms.

16
17 (b) As of the date of issuance of such additional bonds, the balance in the
18 Reserve Account shall equal not less than the Reserve Requirement for the
19 Outstanding Bonds if any are then outstanding, the Bonds and all then outstanding
20 bonds ranking on a parity therewith, provided, this condition shall be deemed
21 satisfied if any required amount is to be provided from the proceeds of the newly
22 issued additional parity bonds or other funds of the City, and furthermore, the
23 ordinance authorizing the proposed additional parity bonds must include a provision
24 requiring the City to build the balance in the Reserve Account to an amount equal to
25 the Reserve Requirement for the proposed additional parity bonds, unless the
26 Reserve Account is fully funded as of the time of issuance of the additional parity
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1 bonds, from available Net Revenues within twelve (12) months from substantially
2 equal monthly deposits after required deposits to the Debt Service Account. After
3 the 2003 Bonds, 2005 Bonds and 2006 Bonds are no longer outstanding, the City
4 may fund its Reserve Account for the additional parity bonds from available Net
5 Revenues over a five year period with substantially equal monthly deposits of Net
6 Revenues after the required deposits to the Debt Service Account.
7

8 (c) The Net Revenues of the waterworks in the fiscal year immediately
9 preceding the issuance of any such additional parity bonds shall be not less than one
10 hundred twenty-five percent (125%) of the maximum annual interest and principal
11 requirements of the then outstanding bonds and the additional parity bonds proposed
12 to be issued; or, prior to the issuance of the additional parity bonds, the water rates
13 and charges shall be increased or the service area or customer base shall be expanded
14 sufficiently so that said increased rates and charges applied to the previous fiscal
15 year's operations would have produced Net Revenues for said year equal to not less
16 than one hundred twenty-five percent (125%) of the maximum annual interest and
17 principal requirements of the then outstanding bonds and the additional parity bonds
18 proposed to be issued. For purposes of this subsection, the records of the
19 waterworks shall be analyzed and all showings shall be prepared by a certified public
20 accountant employed by the City for that purpose.
21

22 (d) The principal of said additional parity bonds shall be payable annually
23 on December 1 through and including December 1, 2032 and semiannually thereafter
24 on June 1 and December 1 and the interest on said additional parity bonds shall be
25 payable semiannually on June 1 and December 1 in the years in which such principal
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1 and interest are payable. If the additional parity bonds are issued as capital
2 appreciation bonds, the amount payable at maturity thereof shall be payable on June
3 1 and/or December 1 during the periods in which such maturity amounts are payable.
4

5 Section 18. Further Covenants of the City. For the purpose of further
6 safeguarding the interests of the owners of the Bonds and BANs herein authorized, it
7 is specifically provided as follows:

8 (a) All contracts let by the City in connection with the Project shall be let
9 after due advertisement as required by the laws of the State of Indiana, and all
10 contractors shall be required to furnish surety bonds in an amount equal to one
11 hundred percent (100%) of the amount of such contracts, to insure the completion of
12 said contracts in accordance with their terms, and such contractors shall also be
13 required to carry such employer's liability and public liability insurance as are
14 required under the laws of the State of Indiana in the case of public contracts, and
15 shall be governed in all respects by the laws of the State of Indiana relating to public
16 contracts.
17

18 (b) The Project shall be completed under the supervision and subject to
19 the approval of the consulting engineers for the Project or such other competent
20 engineer as shall be designated by the Common Council.
21

22 (c) The City shall at all times maintain its waterworks in good condition
23 and operate the same in an efficient manner and at a reasonable cost.
24

25 (d) So long as any of the Bonds or BANs herein authorized are
26 outstanding, the City shall maintain insurance (which must be acceptable to the
27 Authority if the Authority owns any Outstanding Bonds) on the insurable parts of the
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1 waterworks of a kind and in an amount such as would normally be carried by private
2 companies engaged in a similar type of business. All insurance shall be placed with
3 responsible insurance companies qualified to do business under the laws of the State
4 of Indiana. In addition to or in lieu of the foregoing, the City may provide coverage
5 on all or part of the waterworks comparable to that described above through a self-
6 insurance program, but only with the consent of the Authority, if any Outstanding
7 Bonds are owned by the Authority as part of its DWSRF Program. All insurance
8 proceeds and condemnation awards shall be used in replacing or restoring the
9 property destroyed, damaged or taken; or, if not used for such purposes, shall be
10 treated and applied as Net Revenues of the waterworks, but only with the consent of
11 the Authority if any Outstanding Bonds are owned by the Authority as part of its
12 DWSRF Program.

13
14
15 (e) So long as any of the Bonds or BANs are outstanding, the City shall
16 not mortgage, pledge or otherwise encumber such works or any part thereof, nor
17 shall it sell, lease or otherwise encumber such works of any part thereof, nor shall it
18 otherwise dispose of any portion thereof except equipment or property which may
19 become worn out, obsolete, or no longer suitable for use in the waterworks, provided
20 that the City shall obtain the prior written consent of the Authority if any
21 Outstanding Bonds are owned by the Authority as part of its DWSRF Program.

22
23 (f) Except as hereinbefore provided in Section 17 hereof, so long as any
24 of the Bonds herein authorized are outstanding, no additional bonds or other
25 obligations pledging any portion of the revenues of said waterworks shall be
26 authorized, executed or issued by the City except such as shall be made subordinate
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1 and junior in all respects to the Bonds herein authorized, unless all of the Bonds
2 herein authorized are redeemed, retired or defeased pursuant to Section 15 hereof
3 coincidentally with the delivery of such additional bonds or other obligations.
4

5 (g) The provisions of this ordinance shall constitute a contract by and
6 between the City and the owners of the Bonds and BANs herein authorized, and after
7 the issuance of the Bonds and BANs, subject to the rights of the City under Section
8 19 hereof, this ordinance shall not be repealed or amended in any respect which will
9 adversely affect the rights of the owners of the Bonds and BANs, nor shall the
10 Common Council adopt any law, ordinance or resolution which in any way adversely
11 affects the rights of such owners so long as any of the Bonds or BANs or the interest
12 thereon remains unpaid. Except in the case of changes described in Section 19(a)-
13 (f), this ordinance may be amended, however, without the consent of the owners of
14 the Bonds or BANs, if the Common Council determines, in its sole discretion, that
15 such amendment would not adversely affect the owners of the Bonds and BANs.
16

17 (h) The provisions of this ordinance shall be construed to create a trust in
18 the proceeds of the sale of the Bonds and BANs herein authorized for the uses and
19 purposes herein set forth, and the owners of the Bonds and BANs shall retain a lien
20 on such respective proceeds until the same are applied in accordance with the
21 provisions of this ordinance and of the Act. The provisions of this ordinance shall
22 also be construed to create a trust in the portion of the Net Revenues herein directed
23 to be set apart and paid into the Waterworks Sinking Fund for the uses and purposes
24 of said fund as in this ordinance set forth. The owners of said Bonds shall have all of
25 the rights, remedies and privileges under Indiana law in the event of default in the
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1 payment of the principal of or interest on any of the Bonds herein authorized or in
2 the event of default in respect to any of the provisions of this ordinance or the Act.

3
4 Section 19. Amendments with Consent of Bondholders. Subject to the
5 terms and provisions contained in this Section and Section 18(g), and not otherwise,
6 the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate
7 principal amount of the Bonds issued pursuant to this ordinance and then outstanding
8 shall have the right from time to time, to consent to and approve the adoption by the
9 Common Council of the City of such ordinance or ordinances supplemental hereto or
10 amendatory hereof, as shall be deemed necessary or desirable by the City for the
11 purpose of modifying, altering, amending, adding to or rescinding any of the terms
12 or provisions contained in this ordinance, or in any supplemental ordinance;
13 provided, however, that nothing herein contained shall permit or be construed as
14 permitting:

15
16 (a) An extension of the maturity of the principal of or interest on, or any
17 mandatory sinking fund redemption date for, any Bond issued pursuant to this
18 ordinance; or

19
20 (b) A reduction in the principal amount of any Bond or the redemption
21 premium or the rate of interest thereon; or

22 (c) The creation of a lien upon or a pledge of the revenues or Net
23 Revenues of the waterworks ranking prior to the pledge thereof created by this
24 ordinance; or
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1 (d) A preference or priority of any Bond or Bonds issued pursuant to this
2 ordinance over any other Bond or Bonds issued pursuant to the provisions of this
3 ordinance; or
4

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

7 (f) A reduction in the Reserve Requirement.

8 If the owners of not less than sixty-six and two-thirds percent (66 2/3%) in
9 aggregate principal amount of the Bonds outstanding at the time of adoption of such
10 supplemental ordinance shall have consented to and approved the adoption thereof
11 by written instrument to be maintained on file in the office of the Clerk of the City,
12 no owner of any Bond issued pursuant to this ordinance shall have any right to object
13 to the adoption of such supplemental ordinance or to object to any of the terms and
14 provisions contained therein or the operation thereof, or in any manner to question
15 the propriety of the adoption thereof, or to enjoin or restrain the Common Council of
16 the City from adopting the same, or from taking any action pursuant to the provisions
17 thereof. Upon the adoption of any supplemental ordinance pursuant to the provisions
18 of this section, this ordinance shall be, and shall be deemed, modified and amended
19 in accordance therewith, and the respective rights, duties and obligations under this
20 ordinance of the City and all owners of Bonds then outstanding, shall thereafter be
21 determined, exercised and enforced in accordance with this ordinance, subject in all
22 respects to such modifications and amendments. Notwithstanding anything
23 contained in the foregoing provisions of this ordinance, the rights and obligations of
24 the City and of the owners of the Bonds authorized by this ordinance, and the terms
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1 and provisions of the Bonds and this ordinance, or any supplemental or amendatory
2 ordinance, may be modified or altered in any respect with the consent of the City and
3 the consent of the owners of all the Bonds then outstanding.
4

5 Section 20. Investment of Funds. (a) The Controller is hereby authorized
6 to invest moneys pursuant to the provisions of this ordinance and IC 5-1-14-3
7 (subject to applicable requirements of federal law to insure such yield is then current
8 market rate) to the extent necessary or advisable to preserve the exclusion from gross
9 income of interest on the Bonds and BANs under federal law.
10

11 (b) The Controller shall keep full and accurate records of investment
12 earnings and income from moneys held in the funds and accounts referenced herein.
13 In order to comply with the provisions of the ordinance, the Controller is hereby
14 authorized and directed to employ consultants or attorneys from time to time to
15 advise the City as to requirements of federal law to preserve the tax exclusion. The
16 Controller may pay any fees as operation expenses of the waterworks.
17

18 Section 21. Tax Covenants. In order to preserve the exclusion of interest
19 on the Bonds and BANs from gross income for federal tax purposes under Section
20 103 of the Internal Revenue Code of 1986 as existing on the date of issuance of the
21 Bonds or BANs, as the case may be ("Code"), and as an inducement to purchasers of
22 the Bonds and BANs, the City represents, covenants and agrees that:

23 (a) The waterworks will be available for use by members of the general
24 public. Use by a member of the general public means use by natural persons not
25 engaged in a trade or business. No person or entity other than the City or another
26 state or local governmental unit will use more than 10% of the proceeds of the Bonds
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1 or BANs or property financed by the Bond or BAN proceeds other than as a member
2 of the general public. No person or entity other than the City or another state or local
3 governmental unit will own property financed by Bond or BAN proceeds or will
4 have any actual or beneficial use of such property pursuant to a lease, a management
5 or incentive payment contract, arrangements such as take-or-pay or output contracts
6 or any other type of arrangement that conveys other special legal entitlements and
7 differentiates that person's or entity's use of such property from use by the general
8 public, unless such uses in the aggregate relate to no more than 10% of the proceeds
9 of the BANs or the Bonds, as the case may be. If the City enters into a management
10 contract for the waterworks, the terms of the contract will comply with IRS Revenue
11 Procedure 97-13, as it may be amended, supplemented or superseded for time to
12 time, so that the contract will not give rise to private business use under the Code and
13 the Regulations, unless such use in aggregate relates to no more than 10% of the
14 proceeds of the Bonds or BANs, as the case may be.

15
16
17 (b) No more than 10% of the principal of or interest on the Bonds or
18 BANs is (under the terms of the Bonds, BANs, this ordinance or any underlying
19 arrangement), directly or indirectly, secured by an interest in property used or to be
20 used for any private business use or payments in respect of any private business use
21 or payments in respect of such property or to be derived from payments (whether or
22 not to the City) in respect of such property or borrowed money used or to be used for
23 a private business use.

24
25
26 (c) No more than 5% of the Bond or BAN proceeds will be loaned to any
27 person or entity other than another state or local governmental unit. No more than
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1 5% of the Bond or BAN proceeds will be transferred, directly or indirectly, or
2 deemed transferred to a nongovernmental person in any manner that would in
3 substance constitute a loan of the Bond or BAN proceeds.
4

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

9 (e) No more than 5% of the proceeds of the Bonds or BANs will be
10 attributable to private business use as described in (a) and private security or
11 payments described in (b) attributable to unrelated or disproportionate private
12 business use. For this purpose, the private business use test is applied by taking into
13 account only use that is not related to any government use of proceeds of the issue
14 (Unrelated Use) and use that is related but disproportionate to any governmental use
15 of those proceeds (Disproportionate Use).
16

17 (f) The City will not take any action nor fail to take any action with
18 respect to the Bonds or BANs that would result in the loss of the exclusion from
19 gross income for federal tax purposes on the Bonds or BANs pursuant to Section 103
20 of the Code, nor will the City act in any other manner which would adversely affect
21 such exclusion. The City covenants and agrees not to enter into any contracts or
22 arrangements which would cause the Bonds or BANs to be treated as private activity
23 bonds under Section 141 of the Code.
24

25 (g) It shall not be an event of default under this ordinance if the interest
26 on any Bond or BAN is not excludable from gross income for federal tax purposes or
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1 otherwise pursuant to any provision of the Code which is not currently in effect and
2 in existence on the date of issuance of the Bonds or BANs, as the case may be.
3

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

6 (i) The City represents that it will rebate any arbitrage profits to the
7 United States in accordance with the Code.

8 Section 22. Issuance of BANs. (a) The City, having satisfied all the
9 statutory requirements for the issuance of its Bonds, may elect to issue its BAN or
10 BANs pursuant to a Bond Anticipation Note Purchase Agreement ("Bond
11 Anticipation Note Agreement") to be entered into between the City and the purchaser
12 of the BAN or BANs. The Common Council hereby authorizes the issuance and
13 execution of the BAN or BANs in lieu of initially issuing the Bonds to provide
14 interim financing for the Project until permanent financing becomes available. It
15 shall not be necessary for the City to repeat the procedures for the issuance of its
16 Bonds, as the procedures followed before the issuance of the BAN or BANs are for
17 all purposes sufficient to authorize the issuance of the Bonds and the use of the
18 proceeds to repay the BAN or BANs.
19
20

21 (b) The Mayor and the Controller are hereby authorized and directed to
22 execute a Bond Anticipation Note Agreement (and any amendments made from time
23 to time) in such form or substance as they shall approve acting upon the advice of
24 counsel. The Mayor, the Clerk and the Controller may also take such other actions
25 or deliver such other certificates as are necessary or desirable in connection with the
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1 issuance of the BANs or the Bonds and the other documents needed for the financing
2 as they deem necessary or desirable in connection therewith.

3
4 Section 23. Noncompliance with Tax Covenants. Notwithstanding any
5 other provisions of this ordinance, the covenants and authorizations contained in this
6 ordinance ("Tax Sections") which are designed to preserve the exclusion of interest
7 on the Bonds and BANs from gross income under federal law ("Tax Exemption")
8 need not be complied with if the City receives an opinion of nationally recognized
9 bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption.

10
11 Section 24. Conflicting Ordinances. All ordinances and parts of
12 ordinances in conflict herewith are hereby repealed; provided, however that this
13 ordinance shall not be deemed in any way to repeal or amend the ordinances
14 authorizing the issuance of the Outstanding Bonds, nor be construed as adversely
15 affecting the rights of the holders of the Outstanding Bonds.

16
17 Section 25. Headings. The headings or titles of the several sections shall
18 be solely for convenience of reference and shall not affect the meaning, construction
19 or effect of this ordinance.

20
21 Section 26. Effective Date. This ordinance shall be in full force and effect
22 from and after its passage and execution by the Mayor.

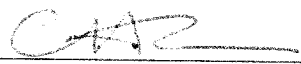
23 PASSED AND ADOPTED by the Common Council of Fort Wayne, Indiana,
24 on this _____ day of _____, 2014.

25
26 COMMON COUNCIL OF THE CITY
27 OF FORT WAYNE, INDIANA

28
29 By: 
30 Member of the Common Council

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APPROVED AS TO FORM AND LEGALITY



Carol Helton, City Attorney

RESOLUTION OF THE
BOARD OF PUBLIC WORKS
OF THE CITY OF FORT WAYNE

WHEREAS, the City of Fort Wayne, Indiana ("City") owns, operates and maintains a municipal waterworks ("Utility"), by and through the Fort Wayne Board of Public Works ("Board"); and

WHEREAS, the Board, after careful and due consideration, finds it to be in the best interests of the Utility and the customers thereof that the Utility concludes its plans to settle all ongoing legal issues pertaining to the Utility's acquisition of the northern territory of the Utility Center, Inc., d/b/a Aqua Indiana, Inc. (Aqua) and to acquire and integrate the water assets of the southwest territory of Aqua, together with all necessary additions, improvements, equipment and appurtenances in connection therewith, refund outstanding notes, if issued and fund a debt service reserve for outstanding and proposed bonds, all of which is hereafter collectively referred to as the "Project;" and

WHEREAS, the Board has found that it is in the further best interests of the Utility and the customers thereof to permanently finance the Project through the issuance of waterworks revenue bonds and bond anticipation notes, if necessary; and

WHEREAS, the Board finds that the legal determination to authorize the issuance of such financing rests with the Common Council of the City of Fort Wayne, Indiana ("Common Council"), subject to approval by the Indiana Utility Regulatory Commission ("IURC"); and

WHEREAS, the Board has received a report from H.J. Umbaugh & Associates, Certified Public Accountants, LLP detailing the cost and financing of the Project; and

WHEREAS, the Board desires to take such steps as are necessary and convenient to permit the Project to proceed immediately;

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE FORT WAYNE BOARD OF PUBLIC WORKS THAT:

1. It is in the best interests of the Utility and the customers thereof that the Project proceed immediately.
2. The Board does hereby recommend to the Common Council that the City issue its waterworks revenue bonds and bond anticipation notes, if necessary, in an aggregate principal amount not to exceed \$63,000,000, to be repaid over a period not to exceed thirty (30) years, at an interest rate not to exceed 7% percent.
3. There is attached to this resolution and made a part hereof the same as if fully set forth herein, a proposed bond ordinance authorizing the Project, the issuance of the bonds and bond anticipation notes, if necessary, and other matters connected therewith, which the Board hereby recommends to the Common Council for its adoption.
4. All resolutions or parts thereof in conflict herewith are hereby repealed.

5. This resolution shall be in full force and effect upon adoption.

Passed and adopted this ___ day of _____, 2014.

FORT WAYNE BOARD OF PUBLIC WORKS:

Robert P. Kennedy, Chairman

Mike Avila, Member

Kumar Menon, Member

ATTEST:

Victoria Edwards, Clerk

Public Hearing Date, if applicable _____

Read the first time in full and on motion by Councilman Geoff Paddock
Read the second time by title and referred to the City Utilities Committee
Committee. Read the third time in full and on motion by Councilman
Paddock, placed on passage by the following vote:

	<u>AYES</u>	<u>NAYS</u>	<u>ABSTAINED</u>	<u>ABSENT</u>
<u>TOTAL VOTES</u>	<u>8</u>	_____	_____	<u>1</u>
BENDER	_____	_____	_____	<u>✓</u>
CRAWFORD	<u>✓</u>	_____	_____	_____
DIDIER	<u>✓</u>	_____	_____	_____
HARPER	<u>✓</u>	_____	_____	_____
HINES	<u>✓</u>	_____	_____	_____
JEHL	<u>✓</u>	_____	_____	_____
PADDOCK	<u>✓</u>	_____	_____	_____
SHOAFF	<u>✓</u>	_____	_____	_____
SMITH	<u>✓</u>	_____	_____	_____

DATED: 5-13-14 Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana, as
(ANNEXATION) (APPROPRIATION) (GENERAL) (SPECIAL) (ZONING) ORDINANCE
(RESOLUTION) NO. G-874 on the 13th day of
May, 2014

ATTEST:
Sandra E. Kennedy
SANDRA E. KENNEDY,
CITY CLERK

Robert A. Bender
PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on the 14th day
of May, 2014, at the hour of 4:00 o'clock PM. E.S.T.

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Approved and signed by me this 15th day of May
2014, at the hour of 2:00 o'clock PM. E.S.T.

Thomas C. Henry
THOMAS C. HENRY, MAYOR

BILL NO. G-14-04-20

REPORT OF COMMITTEE ON CITY UTILITIES

MAY 6, 2014

*Geoff Paddock, Chair
John Shoaff, Co, Chair
All Council Members*



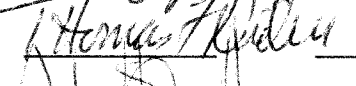





AN ORDINANCE of the City of Fort Wayne authorizing the issuance of waterworks revenue bonds for the purpose of providing funds to pay the costs of the settlement of all ongoing legal issues pertaining to the acquisition of the northern territory of Utility Center, Inc., d/b/a Aqua Indiana, Inc. **COMMITTEE ON CITY UTILITIES HAVE HAD SAID** Ordinance under consideration and beg leave to report back to the Common Council that said ordinance

DO PASS

DO NOT PASS

ABSTAIN

NO REC

	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
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	_____	_____	_____

**SANDRA E. KENNEDY
CITY CLERK**

IURC Cause No. _____

***Accounting Report On
Proposed Acquisition and
Bond Issue***

***Fort Wayne, Indiana
Municipal Water Utility***

April 4, 2014

***Umbaugh
Certified Public Accountants
Indianapolis, Indiana***

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20 Schedule of Amortization of \$10,840,000 Principal Amount of Outstanding
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21 Schedule of Amortization of \$19,325,000 Principal Amount of Outstanding
 Waterworks Revenue Bonds of 2006
22 Schedule of Amortization of \$1,320,000 Principal Amount of Outstanding
 Taxable Waterworks Revenue Bonds of 2011, Series A
23 Schedule of Amortization of \$26,905,000 Principal Amount of Outstanding
 Waterworks Revenue Bonds of 2011, Series B
24 Schedule of Amortization of \$39,410,000 Principal Amount of Outstanding
 Waterworks Revenue Bonds of 2012
25 Schedule of Outstanding Combined Bond Amortization
26 - 28 Schedule of Water Rates and Charges



H. J. Umbaugh & Associates
Certified Public Accountants, LLP
8365 Keystone Crossing
Suite 300
Indianapolis, IN 46240-2687
Phone: 317-465-1500
Fax: 317-465-1550
www.umbaugh.com

ACCOUNTANTS' COMPILATION REPORT

April 4, 2014

Mr. Kumar Menon, Director of Utilities
City of Fort Wayne
200 East Berry Street
Fort Wayne, IN 46802-1804

In connection with the Fort Wayne Water Utility's proposed acquisition of the southwest territory of Utility Center, Inc., doing business as Aqua Indiana, Inc., we have, at your request compiled this special purpose report for submission to the Indiana Utility Regulatory Commission.

This special purpose report has been prepared for the purpose of requesting approval from the Indiana Utility Regulatory Commission to issue bonds to finance the acquisition and integration cost of the southwest territory and to settle all ongoing legal issues pertaining to Fort Wayne Utilities acquisition of the northern territory of Utility Center, Inc., doing business as Aqua Indiana, Inc. and this report should not be used for any other purpose.

Further, the pro forma information in this report which has not been compiled, reviewed or audited by us, is based upon unaudited financial information for the twelve months ended November 30, 2013, which was compiled by us and assumptions provided by management. This pro forma financial information is prepared for the purpose of showing the estimated financial effects on the utility's revenue and revenue requirements from the acquisition of the southwest territory of Utility Center, Inc., doing business as Aqua Indiana, Inc. and the issuance of bonds to finance the acquisition and integration costs. The actual results achieved may vary from the pro forma information and the variations may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We have also compiled the accompanying comparative statement of net position of the water utility as of December 31, 2010, 2011, 2012 and as of November 30, 2013, and the related comparative statements of revenues, expenses, and changes in net position, and cash flows for the periods then ended and supplementary data. We have not audited or reviewed the accompanying historical financial statements and supplementary data, and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the water utility's financial position, results of operations and its cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

FORT WAYNE (INDIANA) MUNICIPAL WATER UTILITY

GENERAL COMMENTS

The City of Fort Wayne, Indiana owns and operates the Fort Wayne Municipal Water Utility (the "Utility"). The Utility provides water services to over 85,500 residential, commercial, industrial and sales for resale customers. The Utility, acting through the Common Council, has proposed to acquire the water assets of the southwest territory of Utility Center, Inc., doing business as Aqua Indiana, Inc. This acquisition will complete the acquisition of Utility Center, Inc., doing business as Aqua Indiana, Inc. water assets in the greater Fort Wayne area. Previously, the Utility paid Utility Center, Inc., doing business as Aqua Indiana, Inc. \$16.9 million for its north territory.

Schedule of Estimated Acquisition Costs and Funding – Page 4

This schedule shows the total estimated acquisition costs which include both the north and southwest assets for a purchase price of \$67 million less the \$16.9 million already paid for the north assets, an additional \$8 million for integration and metering costs and approximately \$5 million for financing costs. This results in an estimated \$63 million bond issue.

Schedule of Amortization of \$63,000,000 Principal Amount of Proposed Waterworks Revenue Bonds of 2014 – Page 5

The amortization of the \$63,000,000 principal amount of proposed Waterworks Revenue Bonds of 2014 ("Proposed Bonds") will mature annually over a period of approximately twenty years with the final bonds due December 1, 2034. The Bonds are amortized around existing bonds at assumed interest rates ranging from 0.85% to 4.65%. Actual interest rates will be determined by competitive bidding.

Pro Forma Schedule of Combined Bond Amortization – Page 6

The principal and interest payments of the Waterworks Revenue Bonds of 2003, the Waterworks Revenue Bonds of 2005, the Waterworks Revenue Bonds of 2006, the Taxable Waterworks Revenue Bonds of 2011, Series A, the Waterworks Revenue Bonds of 2011, Series B, the Waterworks Revenue Bonds of 2012 (collectively the "Outstanding Bonds") and the Proposed Bonds are shown on this schedule based upon the assumed interest rates. The combined annual debt service payments for the five bond years ending December 1, 2019 is estimated to average approximately \$12,600,000.

Pro Forma Annual Cash Operating Expenses – Pages 7 - 8

The recorded cash operating expenses for the twelve months ended November 30, 2013 have been adjusted for inflation and the additional costs associated with serving the former Utility Center, Inc., doing business as Aqua Indiana, Inc. customers as explained on pages 7 and 8 to arrive at the pro forma annual cash operating expenses.

Calculation of Pro Forma Annual Revenues - Pages 9 - 11

The pro forma revenues include the 2014 revenues shown in IURC Cause No. 44162-COSS, petitioner's Exhibit KAH –S6 adjusted by the 5.7% across the board increase in rates granted by the IURC in Cause No. 44162 for Phase III. The revenues were further adjusted for the addition of the former Utility Center, Inc., doing business as Aqua Indiana, Inc. customers as explained on pages 10 and 11.

Pro Forma 2015 Annual Revenues, Revenue Requirements and Debt Service Coverage – Page 12

Pro forma revenues for 2015 including the Phase III rate increase and the addition of the customers from the southwest territory are estimated to be approximately \$46.9 million.

(Continued on next page)

FORT WAYNE (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

GENERAL COMMENTS

The 2015 pro forma cash operating expenses are estimated to be approximately \$24.5 million, this results in net cash before payment in lieu of taxes of approximately \$22.4 million. Subtracting payment in lieu of taxes of approximately \$2.35 million for the twelve months ended November 30, 2013 results in approximately \$20 million available for debt service. Average annual debt service for the 5 years ended December 1, 2019 is estimated at approximately \$12.6 million which results in pro forma debt service coverage of 159% after payments in lieu of tax. Pro forma debt service coverage is calculated at 178% before consideration of the payment in lieu of tax. Accordingly, Fort Wayne meets the requirements of IC 8-1.5-2-19 (b) for issuance of additional bonds.

FORT WAYNE (INDIANA) MUNICIPAL WATER UTILITY
Fort Wayne, Indiana

PRO FORMA FINANCIAL INFORMATION

FORT WAYNE (INDIANA) MUNICIPAL WATER UTILITY

SCHEDULE OF ESTIMATED ACQUISITION COSTS AND FUNDING

(Per Consulting Engineers)

ESTIMATED ACQUISITION COSTS

Estimated Purchase Price and Integration Costs:

Purchase of Utility Center, Inc., doing business as Aqua Indiana, Inc. - North and Southwest Assets	\$67,000,000
Less: amount previously paid for North assets	(16,900,000)
Integration of Southwest areas	7,000,000
Metering cost	1,000,000
	<hr/>

Total Estimated Purchase Price and Integration Costs	<hr/> <u>58,100,000</u>
--	-------------------------

Estimated Financing Costs:

Deposit to debt service reserve	3,127,225
Allowance for underwriter's discount (1.0%)	630,000
Costs of issuance (financing)	342,775
Costs of issuance (legal)	800,000
	<hr/>

Total Estimated Financing Costs	<hr/> <u>4,900,000</u>
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Total Estimated Acquisition Costs	<hr/> <u><u>\$63,000,000</u></u>
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ESTIMATED FUNDING

Proposed Waterworks Revenue Bonds of 2014	<hr/> <u><u>\$63,000,000</u></u>
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(The Accountants' Compilation Report and the accompanying
comments are an integral part of this statement.)

FORT WAYNE (INDIANA) MUNICIPAL WATERWORKS

**SCHEDULE OF AMORTIZATION OF \$63,000,000 PRINCIPAL AMOUNT
OF PROPOSED WATERWORKS REVENUE BONDS OF 2014**

Principal payable annually on December 1st beginning December 1, 2014.

Interest payable semiannually on June 1st and December 1st, beginning June 1, 2014.

Assumed interest rates as indicated.

Assumes bonds are dated October, 21 2014.

Payment Date	Principal Balance (-----In \$1,000's-----)	Principal	Assumed Interest Rates (%)	Assumed		Bond Year Total
				Interest	Total	
				-----In Dollars-----		
12/1/2014	\$63,000			\$283,171.11	\$283,171.11	\$283,171.11
6/1/2015	63,000			1,274,270.00	1,274,270.00	
12/1/2015	63,000	\$580	0.85	1,274,270.00	1,854,270.00	3,128,540.00
6/1/2016	62,420			1,271,805.00	1,271,805.00	
12/1/2016	62,420	585	1.10	1,271,805.00	1,856,805.00	3,128,610.00
6/1/2017	61,835			1,268,587.50	1,268,587.50	
12/1/2017	61,835	590	1.50	1,268,587.50	1,858,587.50	3,127,175.00
6/1/2018	61,245			1,264,162.50	1,264,162.50	
12/1/2018	61,245	600	1.85	1,264,162.50	1,864,162.50	3,128,325.00
6/1/2019	60,645			1,258,612.50	1,258,612.50	
12/1/2019	60,645	610	2.25	1,258,612.50	1,868,612.50	3,127,225.00
6/1/2020	60,035			1,251,750.00	1,251,750.00	
12/1/2020	60,035	695	2.70	1,251,750.00	1,946,750.00	3,198,500.00
6/1/2021	59,340			1,242,367.50	1,242,367.50	
12/1/2021	59,340	715	3.10	1,242,367.50	1,957,367.50	3,199,735.00
6/1/2022	58,625			1,231,285.00	1,231,285.00	
12/1/2022	58,625	3,590	3.40	1,231,285.00	4,821,285.00	6,052,570.00
6/1/2023	55,035			1,170,255.00	1,170,255.00	
12/1/2023	55,035	3,710	3.60	1,170,255.00	4,880,255.00	6,050,510.00
6/1/2024	51,325			1,103,475.00	1,103,475.00	
12/1/2024	51,325	3,820	3.75	1,103,475.00	4,923,475.00	6,026,950.00
6/1/2025	47,505			1,031,850.00	1,031,850.00	
12/1/2025	47,505	3,965	3.85	1,031,850.00	4,996,850.00	6,028,700.00
6/1/2026	43,540			955,523.75	955,523.75	
12/1/2026	43,540	4,090	4.00	955,523.75	5,045,523.75	6,001,047.50
6/1/2027	39,450			873,723.75	873,723.75	
12/1/2027	39,450	4,255	4.10	873,723.75	5,128,723.75	6,002,447.50
6/1/2028	35,195			786,496.25	786,496.25	
12/1/2028	35,195	4,430	4.20	786,496.25	5,216,496.25	6,002,992.50
6/1/2029	30,765			693,466.25	693,466.25	
12/1/2029	30,765	4,615	4.30	693,466.25	5,308,466.25	6,001,932.50
6/1/2030	26,150			594,243.75	594,243.75	
12/1/2030	26,150	4,815	4.40	594,243.75	5,409,243.75	6,003,487.50
6/1/2031	21,335			488,313.75	488,313.75	
12/1/2031	21,335	5,025	4.50	488,313.75	5,513,313.75	6,001,627.50
6/1/2032	16,310			375,251.25	375,251.25	
12/1/2032	16,310	5,195	4.55	375,251.25	5,570,251.25	5,945,502.50
6/1/2033	11,115			257,065.00	257,065.00	
12/1/2033	11,115	5,435	4.60	257,065.00	5,692,065.00	5,949,130.00
6/1/2034	5,680			132,060.00	132,060.00	
12/1/2034	5,680	5,680	4.65	132,060.00	5,812,060.00	5,944,120.00
Totals	\$63,000	\$63,000		\$37,332,298.61	\$100,332,298.61	\$100,332,298.61

(The Accountants' Compilation Report and the accompanying comments are an integral part of this statement.)

**FORT WAYNE (INDIANA) MUNICIPAL WATER UTILITY
PRO FORMA SCHEDULE OF PROPOSED COMBINED BOND AMORTIZATION**

Payment Date	Outstanding					Proposed 2014 Bonds	Total	Bond Year Total
	2003 Bonds	2005 Bonds	2006 Bonds	2011A Bonds	2011B Bonds			
06/01/14	\$38,631.25	\$218,265.63	\$381,668.75	\$24,723.60	\$399,135.73	\$535,775.00	\$1,598,199.96	
12/1/2014	478,631.25	1,693,265.63	2,481,668.75	1,344,723.60	400,135.73	1,460,775.00	8,142,371.07	9,740,571.03
06/01/15	29,831.25	1,888,765.63	340,193.75		399,120.89	526,525.00	2,738,706.52	
12/1/2015	489,831.25	1,718,765.63	2,525,193.75		1,571,120.89	1,671,525.00	9,850,706.52	12,589,413.04
06/01/16	20,631.25	1,581,165.63	297,040.00		381,734.27	515,075.00	1,271,805.00	
12/1/2016	500,631.25	1,748,165.63	2,567,040.00		1,593,734.27	1,675,075.00	9,943,451.15	12,587,902.30
06/01/17	10,731.25	1,776,365.63	252,207.50		363,724.58	503,475.00	1,268,587.50	
12/1/2017	515,731.25	1,776,365.63	2,612,207.50		1,621,724.58	1,678,475.00	1,858,587.50	12,588,182.92
06/01/18		93,365.63	205,597.50		345,062.15	491,725.00	2,399,912.78	
12/1/2018		2,343,365.63	2,660,597.50		1,649,062.15	1,671,725.00	10,188,912.78	12,588,825.56
06/01/19		48,365.63	157,111.25		325,717.31	479,925.00	2,269,731.69	
12/1/2019		2,393,365.63	2,707,111.25		1,676,717.31	1,674,925.00	10,320,731.69	12,590,463.38
06/01/20			106,748.75		305,675.22	467,975.00	2,132,148.97	
12/1/2020			2,756,748.75		1,706,675.22	2,592,975.00	9,003,148.97	11,135,597.94
06/01/21			54,411.25		284,891.38	446,725.00	2,028,395.13	
12/1/2021			2,809,411.25		1,735,891.38	2,616,725.00	9,119,395.13	11,147,790.26
06/01/22					1,767,365.79	425,025.00	1,919,675.79	
12/1/2022					241,033.95	2,635,025.00	9,223,675.79	11,143,551.58
06/01/23					1,800,033.95	2,671,875.00	1,803,183.95	
12/1/2023					217,926.18	357,675.00	9,352,183.95	11,155,367.90
06/01/24					1,832,926.18	2,702,675.00	1,679,076.18	
12/1/2024					193,967.65	322,500.00	1,548,317.65	11,136,152.36
06/01/25					1,867,967.65	2,742,500.00	1,410,857.61	
12/1/2025					169,133.86	2,862,000.00	9,607,317.65	11,155,635.30
06/01/26					1,904,133.86	2,776,200.00	1,410,857.61	
12/1/2026					143,395.13	248,850.00	9,725,857.61	11,136,715.22
06/01/27					1,941,395.13	2,813,850.00	1,265,968.88	
12/1/2027					116,721.80	210,375.00	9,883,968.88	11,149,937.76
06/01/28					1,979,721.80	2,850,375.00	1,113,593.05	
12/1/2028					89,084.19	2,850,375.00	10,046,593.05	11,160,186.10
06/01/29					2,020,084.19	2,890,775.00	953,325.44	
12/1/2029					60,437.80	2,994,975.00	10,219,375.44	11,172,650.88
06/01/30					2,061,437.80	2,994,975.00	784,656.55	
12/1/2030					30,752.96	87,900.00	606,966.71	11,190,313.10
06/01/31					2,103,752.96	2,972,900.00	10,405,656.55	
12/1/2031						44,625.00	10,589,966.71	11,196,933.42
06/01/32						3,019,625.00	419,876.25	
12/1/2032							8,589,876.25	9,009,752.50
06/01/33							257,065.00	
12/1/2033							5,692,065.00	5,949,130.00
06/01/34							132,060.00	
12/1/2034							5,812,060.00	5,944,120.00
Totals	\$2,084,650.00	\$12,506,587.56	\$22,914,957.50	\$1,369,447.20	\$5,566,801.68	\$52,693,950.00	\$227,470,692.55	\$227,470,692.55

Average annual principal and interest payment for the five bond years ending 12/1/2019

\$12,588,957.44

(The Accountants' Compilation Report and the accompanying comments are an integral part of this statement.)

FORT WAYNE (INDIANA) MUNICIPAL WATER UTILITY

PRO FORMA ANNUAL CASH OPERATING EXPENSES

(Amounts Rounded to Nearest \$100)

See Explanation of Referencess on page 8.

Cash Operating Expenses for the twelve months ended November 30, 2013	\$22,166,100
Adjustments:	
(1) Estimated inflation for 2014 and 2015	1,349,900
(2) Estimated cost of servicing Utility Center, Inc., doing business as Aqua Indiana, Inc. customers	<u>974,800</u>
Total Adjustments	<u>2,324,700</u>
Total Pro Forma Cash Operating Expenses	<u><u>\$24,490,800</u></u>

(Continued on next page)

(The Accountants' Compilation Report and the accompanying
comments are an integral part of this statement)

FORT WAYNE (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

PRO FORMA ANNUAL CASH OPERATING EXPENSES
Explanation of References

(1) Pro forma cash expenses for 2015 are estimated based on actual expenses for the 12 months ended November 30, 2013 adjusted annually for inflation.

	Test Year Ended 11/30/13 (Unaudited)	2014		2015		Inflation Adjustment
		Inflation 3%	Forecasted Annual Expenses	Inflation 3%	Forecasted Annual Expenses	
Operating Expenses: (See page 15)						
Source of Supply Expenses	\$86,899	\$2,607	\$89,506	\$2,685	\$92,191	\$5,292
Water Treatment Expenses	9,328,159	279,845	9,608,004	288,240	9,896,244	568,085
Transmission and Distribution Expenses	5,019,223	150,577	5,169,800	155,094	5,324,894	305,671
Customer Accounts Expense	2,455,016	73,650	2,528,666	75,860	2,604,526	149,510
Administrative and General Expense	4,811,500	144,345	4,955,845	148,675	5,104,520	293,020
Utility Receipts Tax	465,308	13,959	479,267	14,378	493,645	28,337
Totals	\$22,166,105	\$664,983	\$22,831,088	\$684,932	\$23,516,020	\$1,349,915
Inflation adjustment rounded						\$1,349,900

(2) Incremental costs associated with acquisition of southwest territory, per management's estimates. Inflation is already taken into account.

	2015
Cost of producing 117,150,000 gallons at .003714 cents per gallon.	\$435,100
Six Additional staff, including overtime at fifteen percent and a benefit multiplier of 1.49	366,800
Additional URT at 1.4% of incremental revenues	69,900
Management's estimate for contingencies	103,000
Total incremental costs	\$974,800

(The Accountants' Compilation Report and the accompanying comments are an integral part of this statement)

FORT WAYNE (INDIANA) MUNICIPAL WATER UTILITY

CALCULATION OF PRO FORMA ANNUAL REVENUES

<u>Revenues</u>	Pro Forma Revenues			Pro Forma 12/31/2015 Revenues
	Existing Customer Base (1)		Adjustments	
	12 Months Ending 12/31/2014	12 Months Ending 12/31/2015		
Residential and Commercial				
Monthly Service Charges	\$12,409,719	\$13,117,073	\$1,833,200 (2)	\$14,950,273
Commodity Charges	18,309,378	19,353,013	2,498,400 (2)	21,851,413
Industrial	2,237,695	2,365,244		2,365,244
Sales for resale	721,616	762,748		762,748
Private Fire Protection	1,042,101	1,101,501	11,400 (3)	1,112,901
Public Fire Protection	3,542,145	3,744,047	505,400 (4)	4,249,447
Miscellaneous Revenues	1,365,463	1,409,782	145,500 (5)	1,555,282
 Total Water Revenues	 <u>\$39,628,117</u>	 <u>\$41,853,408</u>	 <u>\$4,993,900</u>	 <u>\$46,847,308</u>

- (1) The 2014 revenues were taken from IURC Cause No. 44162-COSS Petitioners' Exhibit KAH - S6 Schedule 6. Industrial revenues were summarized to protect the confidentiality of certain customer's competitive data. The 2014 revenues were increased by the allowed 5.70% increase for Phase III which goes into effect on January 1, 2015. The 5.70% increase was not applied to interest income, Connection Fees and Cell Tower Revenue included in the miscellaneous revenues.
- (2) Metered revenues from the acquisition of the southwest territory are calculated on pages 10 and 11. The estimated number and classes of customers for year 2015 were derived from the May 2013 data provided by Utility Center, Inc., doing business as Aqua Indiana, Inc. The number of customers have been increased by a 1% growth factor per year based on management's estimate. Estimated consumption is based on actual test year consumption for the twelve months ended May 31, 2013 normalized to eliminate the effects of the drought experienced in June and July 2012, times a 1% growth factor. Rates are pursuant to the rates and charges approved by the IURC in Cause #44162.

(Continued on next page)

(The Accountants' Compilation Report and the accompanying
comments are an integral part of this statement)

FORT WAYNE (INDIANA) MUNICIPAL WATERWORKS

(Cont'd)

CALCULATION OF PRO FORMA ANNUAL REVENUES

(Explanation of References)

(2) (Cont'd)

Estimated 2015 Revenues:

	Inside			Outside		
	Estimated # of Customers	Monthly Rate	Estimated Annual Revenue (Rounded)	Estimated # of Customers	Monthly Rate	Estimated Annual Revenue (Rounded)
Service Charge:						
5/8 inch	4,360	\$9.23	\$482,900	1,156	\$10.62	\$147,300
3/4 inch	4,101	9.23	454,200	2,073	10.62	264,200
1 inch	305	23.53	86,100	239	27.06	77,600
1 1/2 inch	54	52.71	34,200	42	60.62	30,600
2 inch	59	93.50	66,200	16	107.52	20,600
3 inch	7	210.53	17,700	8	242.12	23,200
4 inch	7	374.27	31,400	9	430.41	46,500
6 inch	5	841.69	50,500	-	967.94	-
8 inch	-	1,496.72	-	-	1,721.24	-
10 inch	-	2,338.41	-	-	2,689.17	-
	<u>8,898</u>		<u>\$1,223,200</u>	<u>3,543</u>		<u>\$610,000</u>
			Total Service Charge Revenues (Southwest Territory)			<u>\$1,833,200</u>
	Estimated Consumption (CF 000's)	Rate	Estimated Annual Revenue (Rounded)	Estimated Consumption (CF 000's)	Rate	Estimated Annual Revenue (Rounded)
Metered Usage:						
Tier 1	658,000	\$2.08	\$1,368,600	264,800	\$2.40	\$635,500
Tier 2	77,200	1.94	149,800	60,900	2.24	136,400
Tier 3	74,400	1.89	140,600	36,200	2.18	78,900
	<u>809,600</u>		<u>\$1,659,000</u>	<u>361,900</u>		<u>\$850,800</u>
			Less: Private Fire Customers			<u>(11,400)</u>
			Total Metered Usage Revenues (Southwest Territory)			<u>\$2,498,400</u>
			Total Estimated 2015 Revenues (Southwest Territory)			<u>\$4,331,600</u>

(3) Based on data provided by Utility services, Inc.

(Continued on next page)

(The Accountants' Compilation Report and the accompanying comments are an integral part of this statement)

FORT WAYNE (INDIANA) MUNICIPAL WATERWORKS

(Cont'd)

CALCULATION OF PRO FORMA ANNUAL REVENUES
(Explanation of References)

(4) Public Fire Protection surcharge revenues are estimated as follows for 2015.

	Inside			Outside		
	Estimated # of Customers	Monthly Rate	Estimated Annual Revenue (Rounded)	Estimated # of Customers	Monthly Rate	Estimated Annual Revenue (Rounded)
5/8 inch	4,360	\$2.54	\$132,900	1,156	\$2.92	\$40,500
3/4 inch	4,101	2.54	125,000	2,073	2.92	72,600
1 inch	305	6.50	23,800	239	7.48	21,500
1 1/2 inch	54	14.64	9,500	42	16.83	8,500
2 inch	59	26.01	18,400	16	29.92	5,700
3 inch	7	58.54	4,900	8	67.32	6,500
4 inch	7	104.07	8,700	9	119.68	12,900
6 inch	5	234.16	14,000	-	269.28	-
	<u>8,898</u>		<u>\$337,200</u>	<u>3,543</u>		<u>\$168,200</u>
Total 2015 Fire Protection Surcharge Revenues (Southwest Territory)						<u>\$505,400</u>

(5) Management estimates miscellaneous revenues at 3% of operating revenues.

(The Accountants' Compilation Report and the accompanying comments are an integral part of this statement)

FORT WAYNE (INDIANA) MUNICIPAL WATER UTILITY

PRO FORMA 2015 ANNUAL REVENUES, REVENUE
REQUIREMENTS AND DEBT
SERVICE COVERAGE

(Amounts rounded to the nearest \$100)

Pro Forma Annual Revenues: (Page 9)	\$46,847,300
Pro Forma Cash Operating Expense: (Page 7)	<u>(24,490,800)</u>
Net cash flow	22,356,500
Less payment in lieu of property taxes (Page 15)	<u>(2,346,600)</u>
Net Cash Flow Available for Debt Service	<u>\$20,009,900</u>
Debt Service Payments (1)	<u>\$12,589,000</u>
Debt Service Coverage*	<u>159%</u>

(1) Represents average annual proposed combined debt service for the five bond years ending 12/1/2019.
See page 6 of this report.

* The projected debt service coverage excluding the payment in lieu of property tax would be 178%.

(The Accountants' Compilation Report and the accompanying
comments are an integral part of this statement)

FORT WAYNE (INDIANA) MUNICIPAL WATER UTILITY
Fort Wayne, Indiana

UNAUDITED SUPPLEMENTAL FINANCIAL DATA

FORT WAYNE (INDIANA) MUNICIPAL WATER UTILITY

COMPARATIVE STATEMENT OF NET POSITION

ASSETS:	As of December 31,			As of
	2010	2011	2012	11/30/2013
Current Assets:				
Operating cash and cash equivalents	\$3,587,058	\$4,394,647	\$5,486,682	\$8,919,908
Customer accounts receivable (net)	3,047,898	3,164,208	2,891,689	3,520,641
Interest receivable	-	2,071	497	7,424
Due from City of Fort Wayne	8,172	358,541	562,395	368,344
Interfund receivable	1,408,617	703,890	-	-
Materials and supplies inventory	1,060,190	1,051,633	1,019,552	917,009
Prepaid expenses	86,979	88,208	88,408	97,529
Total Current Assets	9,198,914	9,763,198	10,049,223	13,830,855
Noncurrent Assets:				
Restricted Assets:				
Sinking fund cash and cash equivalents	538,739	664,993	748,415	-
Debt service reserve cash and cash equivalents	-	1,164,968	4,464,833	4,465,924
Debt service reserve investments	-	5,000,000	5,042,750	5,042,750
Construction fund cash and cash equivalents	1,524,233	22,608,111	28,252,193	17,167,840
Customer deposits	1,161,602	1,205,857	1,371,631	1,433,243
Cummulative fund (Airport Express)	500,000	2,000,000	313,247	313,247
Pension asset	128,859	-	-	-
Total Restricted Assets	3,853,433	32,643,929	40,193,069	28,423,004
Capital Assets:				
Depreciable capital assets	277,844,507	284,990,407	293,052,797	294,301,938
Less Accumulated depreciation	(87,573,958)	(93,118,895)	(99,938,633)	(106,593,575)
Sub-totals	190,270,549	191,871,512	193,114,164	187,708,363
Land	4,566,419	4,685,407	4,687,507	4,687,507
Construction work in progress	8,969,162	6,208,995	19,475,794	30,643,555
Net Capital Assets	203,806,130	202,765,914	217,277,465	223,039,425
Total Assets	\$216,858,477	\$245,173,041	\$267,519,757	\$265,293,284
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred debt issuance costs	\$880,531	\$1,315,205	\$2,441,032	\$2,538,255
Deferred bond discount	945	-	-	-
Total Deferred	\$881,476	\$1,315,205	\$2,441,032	\$2,538,255
Total Assets and Deferred Outflows	\$217,739,953	\$246,488,246	\$269,960,789	\$267,831,539

(Continued on next page)

(The Accountants' Compilation Report and the accompanying
comments are an integral part of this statement)

FORT WAYNE (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

COMPARATIVE STATEMENT OF NET POSITION

LIABILITIES:	As of			
	2010	2011	2012	11/30/2013
Current Liabilities: (payable from current assets)				
Accounts payable	\$2,027,245	\$1,399,241	\$3,443,080	\$860,581
Due to City of Fort Wayne	118,405	193,987	1,278,385	1,053,204
Garbage fees payable	528,564	460,584	423,109	435,959
Interfund payable	837	448,263	436,658	316,982
Compensated absences payable - current portion	576,334	564,305	546,364	545,505
Accrued payroll	462,043	441,926	527,128	577,728
Sales tax payable	123,727	124,377	124,222	154,517
Other current liabilities	318,151	276,272	97,233	178,176
Sub-totals	<u>4,155,306</u>	<u>3,908,955</u>	<u>6,876,179</u>	<u>4,122,652</u>
Current Liabilities: (payable from restricted assets)				
Accrued interest payable	240,821	617,893	878,502	626,218
Customer deposits payable	1,161,602	1,205,857	1,371,631	1,433,243
Bonds payable - current portion	1,705,000	1,775,000	2,435,000	2,840,000
Loans payable - current portion	1,870,000	2,447,000	3,293,000	3,421,000
Notes payable	17,840,000	17,840,000	-	-
Sub-totals	<u>22,817,423</u>	<u>23,885,750</u>	<u>7,978,133</u>	<u>8,320,461</u>
Total Current Liabilities	<u>26,972,729</u>	<u>27,794,705</u>	<u>14,854,312</u>	<u>12,443,113</u>
Noncurrent Liabilities:				
Bonds payable	16,399,283	14,613,624	52,733,439	49,845,796
Loans payable	23,290,000	50,843,000	47,550,000	44,129,000
Compensated absences payable	858,896	830,485	885,879	884,977
Net pension liability	-	68,988	202,809	202,809
Total Noncurrent Liabilities	<u>40,548,179</u>	<u>66,356,097</u>	<u>101,372,127</u>	<u>95,062,582</u>
Total Liabilities	<u>\$67,520,908</u>	<u>\$94,150,802</u>	<u>\$116,226,439</u>	<u>\$107,505,695</u>
NET POSITION:				
Invested in Capital Assets, Net of Related Debt	\$143,583,323	\$116,562,495	\$113,707,058	\$125,341,884
Restricted	2,451,010	30,820,179	37,942,936	26,363,543
Unrestricted	4,184,712	4,954,770	2,084,356	8,620,417
Total Net Position	<u>\$150,219,045</u>	<u>\$152,337,444</u>	<u>\$153,734,350</u>	<u>\$160,325,844</u>

(The Accountants' Compilation Report and the accompanying comments are an integral part of this statement)

FORT WAYNE (INDIANA) MUNICIPAL WATER UTILITY
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

	Calendar Year			12 Months
	2010	2011	2012	Ended 11/30/2013
Operating Revenues:				
Metered Revenues	\$25,728,367	\$25,990,873	\$26,490,410	\$29,934,554
Private Fire Protection	943,804	966,441	1,022,091	1,268,124
Public Fire Protection	2,934,478	2,935,910	2,947,526	3,481,056
Other Sales	357,647	302,070	300,472	1,166,065
Sales for Resale	546,900	568,290	666,519	627,825
Forefeited Discounts	454,721	445,112	454,523	487,976
Interdepartmental Sales	76,395	79,636	105,333	105,098
Water Charges - Private	30,471	29,853	9,852	36,612
Total Operating Revenues	31,072,783	31,318,185	31,996,726	37,107,310
Operating Expenses:				
Source of Supply Expenses	84,549	91,248	83,792	86,899
Water Treatment Expenses	8,003,371	8,962,624	9,027,821	9,328,159
Transmission and Distribution Expenses	4,366,256	4,137,536	4,968,210	5,019,223
Customer Accounts Expense	1,988,774	2,587,725	2,461,981	2,455,016
Administrative and General Expense	4,969,014	4,775,616	4,548,827	4,811,500
Utility Receipts Tax	406,987	413,594	422,742	465,308
Sub-totals	19,818,951	20,968,343	21,513,373	22,166,105
Depreciation expense	7,047,897	7,275,176	7,385,260	8,704,163
Total Operating Expenses	26,866,848	28,243,519	28,898,633	30,870,268
Net Operating Income	4,205,935	3,074,666	3,098,093	6,237,042
Nonoperating Revenues:				
Interest Income	18,104	11,003	68,858	21,275
Connectivity Revenue	122,798	153,087	168,435	176,279
Miscellaneous Non-Operating Income	2,316,113	1,827,869	1,317,920	1,661,510
Sub-totals	2,457,015	1,991,959	1,555,213	1,859,064
Nonoperating Expenses:				
Interest Expense	1,772,900	1,652,894	1,683,199	1,398,569
Amortization of Debt Discount	90,607	93,791	141,176	248,396
Amortization of Acquisition	312,306	182,457	138,577	138,577
Sub-totals	2,175,813	1,929,142	1,962,952	1,785,542
Net Income Before Contributions and Transfers	4,487,137	3,137,483	2,690,354	6,310,564
Capital Contributions and (Transfers):				
Contributed Capital	342,505	1,367,342	1,014,237	1,212,737
Payment in lieu of property taxes	(1,921,873)	(2,386,426)	(2,307,685)	(2,346,646)
Sub-totals	(1,579,368)	(1,019,084)	(1,293,448)	(1,133,909)
Change in Net Position	2,907,769	2,118,399	1,396,906	5,176,655
Total Net Position - Beginning	147,311,276	150,219,045	152,337,444	155,149,189
Total Net Position- Ending	\$150,219,045	\$152,337,444	\$153,734,350	\$160,325,844

(The Accountants' Compilation Report and the accompanying
comments are an integral part of this statement)

FORT WAYNE (INDIANA) MUNICIPAL WATER UTILITY

COMPARATIVE STATEMENT OF CASH FLOWS

Increase (Decrease) in Cash

	Calendar Year			12 Months
	2010	2011	2012	Ended 11/30/2013
Cash flows from operating activities:				
Cash received from customers	\$31,467,903	\$31,561,490	\$32,802,736	\$36,655,655
Cash paid to suppliers, employees and others	(19,478,315)	(20,793,367)	(18,119,766)	(21,120,283)
Net cash from operating activities	11,989,588	10,768,123	14,682,970	15,535,372
Cash flows from noncapital financing activities:				
Transfers out - payment in lieu of property taxes	(1,921,873)	(2,386,426)	(2,307,685)	(2,346,646)
Contributed capital	342,505	1,367,342	1,014,237	1,212,737
Net cash from noncapital financing activities	(1,579,368)	(1,019,084)	(1,293,448)	(1,133,909)
Cash flows from capital and related financing activities:				
Additions to utility plant	(8,110,116)	(5,250,678)	(21,252,865)	(18,303,479)
Principal paid on bonds	(1,645,000)	(1,715,659)	(1,220,185)	(1,918,819)
Principal paid on loans	(1,800,000)	(1,870,000)	(2,447,000)	(3,293,000)
Principal paid on notes	-	-	(17,840,000)	(17,840,000)
Proceeds from bonds	-	-	40,000,000	40,000,000
Proceeds from loans	-	30,000,000	-	-
Interest paid on debt	(2,608,038)	(1,652,894)	(1,683,199)	(1,398,569)
Other income	-	1,980,956	1,486,355	1,837,789
Other expense	-	(157,481)	(846,074)	(641,808)
Net cash from capital and related financing activities	(14,163,154)	21,334,244	(3,802,968)	(1,557,886)
Cash flows from investing activities:				
Interest income	18,104	11,003	68,858	21,275
Investments purchased	-	(5,000,000)	(42,750)	(42,750)
Net cash from investing activities	18,104	(4,988,997)	26,108	(21,475)
Cash and Cash Equivalents:				
Increase (decrease)	(4,077,335)	24,726,944	8,598,425	11,609,365
Beginning balance	11,388,967	7,311,632	32,038,576	20,690,797
Ending balance	\$7,311,632	\$32,038,576	\$40,637,001	\$32,300,162

(Continued on next page)

(See Accountants' Compilation Report and the accompanying summary of accounting policies.)

FORT WAYNE (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

COMPARATIVE STATEMENT OF CASH FLOWS

Increase (Decrease) in Cash

	Calendar Year			12 Months
	2010	2011	2012	Ended 11/30/2013
Reconciliation of net operating revenues to cash provided from operations:				
Net operating revenues	\$4,205,935	\$3,074,666	\$3,098,093	\$6,237,042
Adjustments to reconcile net operating revenue to net cash provided from operating activities:				
Depreciation expense	6,735,591	7,275,176	7,385,260	8,704,163
Change in assets and liabilities:				
Decrease (increase) in:				
Customer accounts receivable (net)	109,287	(116,310)	272,519	(578,008)
Interest receivable	-	(2,071)	1,574	33,080
Due from City of Fort Wayne	251,111	(350,369)	(203,854)	71,488
Interfund receivable	-	704,727	703,890	-
Materials and supplies inventory	-	8,557	32,081	18,215
Prepaid expenses	34,722	(1,229)	(200)	3,570
Increase (decrease) in:				
Accounts payable	648,970	(628,004)	2,043,839	611,903
Due to City of Fort Wayne	-	75,582	1,084,398	(89,528)
Interfund payable	374,279	447,426	(11,605)	56,316
Compensated absences payable - current portion	-	(12,029)	(17,941)	(12,383)
Accrued payroll	-	(20,117)	85,202	36,253
Sales tax payable	123,727	650	(155)	27,017
Other current liabilities	(542,715)	(41,879)	(179,039)	28,441
Accrued interest payable	-	377,072	260,609	268,684
Customer deposits payable	48,681	44,255	165,774	117,367
Garbage fees payable	-	(67,980)	(37,475)	1,752
Compensated absences payable	-	(28,411)	55,394	60,565
Net pension liability	-	68,988	133,821	133,821
Net cash provided from operations	<u>\$11,989,588</u>	<u>\$10,768,123</u>	<u>\$14,682,970</u>	<u>\$15,535,372</u>

(The Accountants' Compilation Report and the accompanying
comments are an integral part of this statement)

FORT WAYNE (INDIANA) MUNICIPAL WATER UTILITY

COMPARISON OF ACCOUNT BALANCES WITH MINIMUM BALANCES REQUIRED

Accounts:	Account Balance at 11/30/2013	Minimum Balance Required (1)	Ref	Variance
Operation and maintenance fund	\$8,919,908	\$3,805,944	(2)	\$5,113,964
Sinking fund:				
Bond and interest account	-	-	(3)	-
Reserve account	9,508,674	9,463,238	(4)	45,436
Construction fund	17,167,840	17,167,840	(5)	-
Customer deposits	1,433,243	1,433,243	(6)	-
Cummulative Fund (Airport Express)	313,247	313,247	(7)	-
Totals	<u>\$37,342,912</u>	<u>\$32,183,512</u>		<u>\$5,159,400</u>

(1) Minimum balance required by Bond Ordinance No. S-30-12.

(2) The balance maintained in this fund shall be sufficient to pay the expenses of operation, repair and maintenance of the then next succeeding two calendar months.

Pro forma operating expenses for 12 months ended 12/31/2014	\$22,831,100
Times two month factor	<u>0.1667</u>
Minimum balance required	<u>\$3,805,944</u>

(3) The balance of this account should be equal to the accrued monthly transfers of 1/6 of the interest on all outstanding bonds payable on the then next succeeding interest payment date and 1/12 of the principal on all outstanding bonds payable on the then next succeeding principal payment date.

	Amount	Months Factor	Balance
Principal due December 1, 2014			
2003 Bonds	\$440,000	0/12	\$ -
2005 Bonds	1,475,000	0/12	-
2006 Bonds	2,100,000	0/12	-
2011A Bonds	1,320,000	0/12	-
2011B Bonds	1,000	0/12	-
2012 Bonds	925,000	0/12	-
Interest due June 1, 2014 *			
2003 Bonds	38,631	0/6	-
2005 Bonds	218,266	0/6	-
2006 Bonds	381,669	0/6	-
2011A Bonds	24,724	0/6	-
2011B Bonds	399,136	0/6	-
2012 Bonds	535,775	0/6	-
Minimum balance required			<u>\$ -</u>

* The December 1, 2013 principal and interest payment was made prior to November 30, 2013.

(4) The balance of this account should be equal to the maximum annual debt service on the outstanding bonds. The reserve is fully funded.

Minimum balance required	<u>\$9,463,238</u>
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(5) Restricted for capital projects.

(6) Restricted for customer refunds.

(7) Restricted for Airport Express.

(The Accountants' Compilation Report and the accompanying
comments are an integral part of this statement)

FORT WAYNE (INDIANA) MUNICIPAL WATER UTILITY

**SCHEDULE OF AMORTIZATION OF \$1,885,000 PRINCIPAL AMOUNT
OF OUTSTANDING WATERWORKS REVENUE BONDS OF 2003**

Principal payable annually on December 1st.

Interest payable semiannually on June 1st and December 1st.

Interest rates as indicated.

Payment Date	Principal		Interest Rates (%)	Interest		Bond Year Total
	Balance (-----In \$1,000's-----)	Principal		Interest	Total (-----In Dollars-----)	
6/1/2014	\$1,885			\$38,631.25	\$38,631.25	
12/1/2014	1,885	\$440	4.000	38,631.25	478,631.25	\$517,262.50
6/1/2015	1,445			29,831.25	29,831.25	
12/1/2015	1,445	460	4.000	29,831.25	489,831.25	519,662.50
6/1/2016	985			20,631.25	20,631.25	
12/1/2016	985	480	4.125	20,631.25	500,631.25	521,262.50
6/1/2017	505			10,731.25	10,731.25	
12/1/2017	505	505	4.250	10,731.25	515,731.25	526,462.50
Totals		<u>\$1,885</u>		<u>\$199,650.00</u>	<u>\$2,084,650.00</u>	<u>\$2,084,650.00</u>

(The Accountants' Compilation Report and the accompanying
comments are an integral part of this statement)

FORT WAYNE (INDIANA) MUNICIPAL WATERWORKS
SCHEDULE OF AMORTIZATION OF \$10,840,000 PRINCIPAL AMOUNT
OF OUTSTANDING WATERWORKS REVENUE BONDS OF 2005

Principal payable annually on December 1st.
Interest payable semiannually on June 1st and December 1st.
Interest rates as indicated.

Payment Date	Principal Balance	Principal	Interest Rates	Interest	Total	Bond Year Total
	(-----In \$1,000's-----)		(%)	(-----In Dollars-----)		
6/1/2014	\$10,840			\$218,265.63	\$218,265.63	
12/1/2014	10,840	\$1,475	4.000	218,265.63	1,693,265.63	\$1,911,531.26
6/1/2015	9,365			188,765.63	188,765.63	
12/1/2015	9,365	1,530	4.000	188,765.63	1,718,765.63	1,907,531.26
6/1/2016	7,835			158,165.63	158,165.63	
12/1/2016	7,835	1,590	4.000	158,165.63	1,748,165.63	1,906,331.26
6/1/2017	6,245			126,365.63	126,365.63	
12/1/2017	6,245	1,650	4.000	126,365.63	1,776,365.63	1,902,731.26
6/1/2018	4,595			93,365.63	93,365.63	
12/1/2018	4,595	2,250	4.000	93,365.63	2,343,365.63	2,436,731.26
6/1/2019	2,345			48,365.63	48,365.63	
12/1/2019	2,345	2,345	4.125	48,365.63	2,393,365.63	2,441,731.26
Totals	<u>\$10,840</u>			<u>\$1,666,587.56</u>	<u>\$12,506,587.56</u>	<u>\$12,506,587.56</u>

(The Accountants' Compilation Report and the accompanying
comments are an integral part of this statement)

FORT WAYNE (INDIANA) MUNICIPAL WATERWORKS
SCHEDULE OF AMORTIZATION OF \$19,325,000 PRINCIPAL AMOUNT
OF OUTSTANDING WATERWORKS REVENUE BONDS OF 2006
Principal payable annually on December 1st.
Interest payable semiannually on June 1st and December 1st.
Interest rate as indicated.

Payment Date	Principal Balance	Principal	Interest Rate	Interest		Bond Year Total
	(-----In \$1,000's-----)		(%)	(-----In Dollars-----)	(-----In Dollars-----)	
6/1/2014	\$19,325			\$381,668.75	\$381,668.75	
12/1/2014	19,325	\$2,100	3.95	381,668.75	2,481,668.75	\$2,863,337.50
6/1/2015	17,225			340,193.75	340,193.75	
12/1/2015	17,225	2,185	3.95	340,193.75	2,525,193.75	2,865,387.50
6/1/2016	15,040			297,040.00	297,040.00	
12/1/2016	15,040	2,270	3.95	297,040.00	2,567,040.00	2,864,080.00
6/1/2017	12,770			252,207.50	252,207.50	
12/1/2017	12,770	2,360	3.95	252,207.50	2,612,207.50	2,864,415.00
6/1/2018	10,410			205,597.50	205,597.50	
12/1/2018	10,410	2,455	3.95	205,597.50	2,660,597.50	2,866,195.00
6/1/2019	7,955			157,111.25	157,111.25	
12/1/2019	7,955	2,550	3.95	157,111.25	2,707,111.25	2,864,222.50
6/1/2020	5,405			106,748.75	106,748.75	
12/1/2020	5,405	2,650	3.95	106,748.75	2,756,748.75	2,863,497.50
6/1/2021	2,755			54,411.25	54,411.25	
12/1/2021	2,755	2,755	3.95	54,411.25	2,809,411.25	2,863,822.50
Totals	<u>\$19,325</u>			<u>\$3,589,957.50</u>	<u>\$22,914,957.50</u>	<u>\$22,914,957.50</u>

(The Accountants' Compilation Report and the accompanying
comments are an integral part of this statement)

FORT WAYNE (INDIANA) MUNICIPAL WATERWORKS

**SCHEDULE OF AMORTIZATION OF \$1,320,000 PRINCIPAL AMOUNT
OF OUTSTANDING TAXABLE WATERWORKS REVENUE BONDS OF 2011, SERIES A**

Principal payable annually on December 1st.

Interest payable semiannually on June 1st and December 1st.

Interest rate as indicated.

<u>Payment Date</u>	<u>Principal Balance</u> (-----In \$1,000's-----)	<u>Principal</u>	<u>Interest Rate</u> (%)	<u>Interest</u>		<u>Bond Year Total</u>
				<u>Interest</u> (-----In Dollars-----)	<u>Total</u>	
6/1/2014	\$1,320			\$24,723.60	\$24,723.60	
12/1/2014	1,320	<u>\$1,320</u>	3.746	<u>24,723.60</u>	<u>1,344,723.60</u>	<u>\$1,369,447.20</u>
	Totals	<u>\$1,320</u>		<u>\$49,447.20</u>	<u>\$1,369,447.20</u>	<u>\$1,369,447.20</u>

(The Accountants' Compilation Report and the accompanying
comments are an integral part of this statement)

FORT WAYNE (INDIANA) MUNICIPAL WATERWORKS

**SCHEDULE OF AMORTIZATION OF \$26,905,000 PRINCIPAL AMOUNT
OF OUTSTANDING WATERWORKS REVENUE BONDS OF 2011, SERIES B**

Principal payable annually on December 1st.

Interest payable semiannually on June 1st and December 1st.

Interest rate as indicated.

Payment Date	Principal Balance (---In \$1,000's---)	Principal	Interest Rate (%)	Interest		Bond Year Total
				Interest	Total (---In Dollars---)	
6/1/2014	\$26,905			\$399,135.73	\$399,135.73	
12/1/2014	26,905	\$1	2.967	399,135.73	400,135.73	\$799,271.46
6/1/2015	26,904			399,120.89	399,120.89	
12/1/2015	26,904	1,172	2.967	399,120.89	1,571,120.89	1,970,241.78
6/1/2016	25,732			381,734.27	381,734.27	
12/1/2016	25,732	1,214	2.967	381,734.27	1,595,734.27	1,977,468.54
6/1/2017	24,518			363,724.58	363,724.58	
12/1/2017	24,518	1,258	2.967	363,724.58	1,621,724.58	1,985,449.16
6/1/2018	23,260			345,062.15	345,062.15	
12/1/2018	23,260	1,304	2.967	345,062.15	1,649,062.15	1,994,124.30
6/1/2019	21,956			325,717.31	325,717.31	
12/1/2019	21,956	1,351	2.967	325,717.31	1,676,717.31	2,002,434.62
6/1/2020	20,605			305,675.22	305,675.22	
12/1/2020	20,605	1,401	2.967	305,675.22	1,706,675.22	2,012,350.44
6/1/2021	19,204			284,891.38	284,891.38	
12/1/2021	19,204	1,451	2.967	284,891.38	1,735,891.38	2,020,782.76
6/1/2022	17,753			263,365.79	263,365.79	
12/1/2022	17,753	1,504	2.967	263,365.79	1,767,365.79	2,030,731.58
6/1/2023	16,249			241,053.95	241,053.95	
12/1/2023	16,249	1,559	2.967	241,053.95	1,800,053.95	2,041,107.90
6/1/2024	14,690			217,926.18	217,926.18	
12/1/2024	14,690	1,615	2.967	217,926.18	1,832,926.18	2,050,852.36
6/1/2025	13,075			193,967.65	193,967.65	
12/1/2025	13,075	1,674	2.967	193,967.65	1,867,967.65	2,061,935.30
6/1/2026	11,401			169,133.86	169,133.86	
12/1/2026	11,401	1,735	2.967	169,133.86	1,904,133.86	2,073,267.72
6/1/2027	9,666			143,395.13	143,395.13	
12/1/2027	9,666	1,798	2.967	143,395.13	1,941,395.13	2,084,790.26
6/1/2028	7,868			116,721.80	116,721.80	
12/1/2028	7,868	1,863	2.967	116,721.80	1,979,721.80	2,096,443.60
6/1/2029	6,005			89,084.19	89,084.19	
12/1/2029	6,005	1,931	2.967	89,084.19	2,020,084.19	2,109,168.38
6/1/2030	4,074			60,437.80	60,437.80	
12/1/2030	4,074	2,001	2.967	60,437.80	2,061,437.80	2,121,875.60
6/1/2031	2,073			30,752.96	30,752.96	
12/1/2031	2,073	2,073	2.967	30,752.96	2,103,752.96	2,134,505.92
Totals	\$26,905			\$8,661,801.68	\$35,566,801.68	\$35,566,801.68

(The Accountants' Compilation Report and the accompanying
comments are an integral part of this statement)

FORT WAYNE (INDIANA) MUNICIPAL WATERWORKS

**SCHEDULE OF AMORTIZATION OF \$39,410,000 PRINCIPAL AMOUNT
OF OUTSTANDING WATERWORKS REVENUE BONDS OF 2012**

Principal payable annually on December 1st.

Interest payable semiannually on June 1st and December 1st.

Interest rates as indicated.

Payment Date	Principal Balance (—In \$1,000's—)	Principal	Interest Rates (%)	Interest		Bond Year Total
				(—In Dollars—)	Total (—In Dollars—)	
6/1/2014	\$39,410			\$535,775.00	\$535,775.00	
12/1/2014	39,410	\$925	2.0	535,775.00	1,460,775.00	\$1,996,550.00
6/1/2015	38,485			526,525.00	526,525.00	
12/1/2015	38,485	1,145	2.0	526,525.00	1,671,525.00	2,198,050.00
6/1/2016	37,340			515,075.00	515,075.00	
12/1/2016	37,340	1,160	2.0	515,075.00	1,675,075.00	2,190,150.00
6/1/2017	36,180			503,475.00	503,475.00	
12/1/2017	36,180	1,175	2.0	503,475.00	1,678,475.00	2,181,950.00
6/1/2018	35,005			491,725.00	491,725.00	
12/1/2018	35,005	1,180	2.0	491,725.00	1,671,725.00	2,163,450.00
6/1/2019	33,825			479,925.00	479,925.00	
12/1/2019	33,825	1,195	2.0	479,925.00	1,674,925.00	2,154,850.00
6/1/2020	32,630			467,975.00	467,975.00	
12/1/2020	32,630	2,125	2.0	467,975.00	2,592,975.00	3,060,950.00
6/1/2021	30,505			446,725.00	446,725.00	
12/1/2021	30,505	2,170	2.0	446,725.00	2,616,725.00	3,063,450.00
6/1/2022	28,335			425,025.00	425,025.00	
12/1/2022	28,335	2,210	3.0	425,025.00	2,635,025.00	3,060,050.00
6/1/2023	26,125			391,875.00	391,875.00	
12/1/2023	26,125	2,280	3.0	391,875.00	2,671,875.00	3,063,750.00
6/1/2024	23,845			357,675.00	357,675.00	
12/1/2024	23,845	2,345	3.0	357,675.00	2,702,675.00	3,060,350.00
6/1/2025	21,500			322,500.00	322,500.00	
12/1/2025	21,500	2,420	3.0	322,500.00	2,742,500.00	3,065,000.00
6/1/2026	19,080			286,200.00	286,200.00	
12/1/2026	19,080	2,490	3.0	286,200.00	2,776,200.00	3,062,400.00
6/1/2027	16,590			248,850.00	248,850.00	
12/1/2027	16,590	2,565	3.0	248,850.00	2,813,850.00	3,062,700.00
6/1/2028	14,025			210,375.00	210,375.00	
12/1/2028	14,025	2,640	3.0	210,375.00	2,850,375.00	3,060,750.00
6/1/2029	11,385			170,775.00	170,775.00	
12/1/2029	11,385	2,720	3.0	170,775.00	2,890,775.00	3,061,550.00
6/1/2030	8,665			129,975.00	129,975.00	
12/1/2030	8,665	2,805	3.0	129,975.00	2,934,975.00	3,064,950.00
6/1/2031	5,860			87,900.00	87,900.00	
12/1/2031	5,860	2,885	3.0 (1)	87,900.00	2,972,900.00	3,060,800.00
6/1/2032	2,975			44,625.00	44,625.00	
12/1/2032	2,975	2,975	3.0 (1)	44,625.00	3,019,625.00	3,064,250.00
Totals	\$39,410			\$13,285,950.00	\$52,695,950.00	\$52,695,950.00

(1) \$5,860,000 of Term Bonds due December 1, 2032.

(The Accountants' Compilation Report and the accompanying comments are an integral part of this statement)

**FORT WAYNE (INDIANA) MUNICIPAL WATERWORKS
SCHEDULE OF OUTSTANDING COMBINED BOND AMORTIZATION**

Payment Date	Bonds						Bond Year Total
	2003	2005	2006	2011A	2011B	2012	
6/1/2014	518,631.25	\$218,265.63	\$381,668.75	\$24,723.60	\$399,135.73	\$335,775.00	\$1,598,199.96
12/1/2014	478,631.25	1,693,265.63	2,481,668.75	490,133.73	1,460,775.00	7,859,199.96	\$9,457,399.92
6/1/2015	29,831.25	184,765.63	340,193.75	1,344,723.60	399,120.89	326,325.00	1,484,436.52
12/1/2015	488,631.25	1,718,765.63	2,525,193.75	1,571,120.89	1,571,120.89	1,671,223.00	9,460,873.04
6/1/2016	20,631.25	138,165.63	297,040.00	381,734.27	1,595,734.27	515,075.00	1,372,646.15
12/1/2016	500,631.25	1,748,165.63	2,567,040.00	363,724.58	1,595,734.27	1,675,075.00	8,086,646.15
6/1/2017	10,731.25	126,365.63	232,207.50	1,621,724.58	1,678,475.00	503,075.00	1,256,503.96
12/1/2017	511,731.25	1,776,365.63	2,612,207.50	1,649,062.15	1,671,723.00	1,678,475.00	8,204,503.96
6/1/2018		93,265.63	205,397.50	345,062.15	491,723.00	1,135,750.28	9,461,007.92
12/1/2018		2,343,265.63	2,660,397.50	1,671,723.00	1,671,723.00	8,324,750.28	9,460,500.56
6/1/2019		48,265.63	157,111.25	2,707,111.25	1,678,475.00	479,025.00	1,011,119.19
12/1/2019		2,393,265.63	106,748.75	1,793,891.38	1,793,891.38	1,678,475.00	9,463,238.38 *
6/1/2020			2,756,748.75	1,767,365.79	1,706,675.22	467,975.00	880,398.97
12/1/2020			54,411.25	263,265.79	1,793,891.38	446,723.00	786,077.63
6/1/2021			2,809,411.25	1,767,365.79	1,706,675.22	2,616,723.00	7,948,955.26
12/1/2021				241,053.95	1,706,675.22	423,025.00	2,162,027.63
6/1/2022				1,800,933.95	1,800,933.95	2,655,025.00	688,390.79
12/1/2022				317,926.18	1,800,933.95	391,875.00	4,402,390.79
6/1/2023				193,967.63	1,832,926.18	2,702,625.00	632,928.95
12/1/2023				1,867,967.63	1,832,926.18	2,702,625.00	4,471,928.95
6/1/2024				169,133.86	1,904,133.86	2,742,500.00	575,601.18
12/1/2024				143,295.13	1,904,133.86	2,742,500.00	516,467.63
6/1/2025				1,941,394.13	2,488,500.00	2,776,200.00	4,610,467.63
12/1/2025				116,721.80	2,488,500.00	2,776,200.00	4,553,372.86
6/1/2026				1,979,721.80	2,850,375.00	2,776,200.00	4,553,372.86
12/1/2026				89,084.19	2,850,375.00	2,776,200.00	4,553,372.86
6/1/2027				2,020,094.19	2,890,775.00	2,776,200.00	4,553,372.86
12/1/2027				60,437.80	2,890,775.00	2,776,200.00	4,553,372.86
6/1/2028				2,061,637.80	2,994,975.00	2,776,200.00	4,553,372.86
12/1/2028				30,732.96	2,994,975.00	2,776,200.00	4,553,372.86
6/1/2029				2,103,132.96	2,972,900.00	2,776,200.00	4,553,372.86
12/1/2029				44,625.00	2,972,900.00	2,776,200.00	4,553,372.86
6/1/2030				3,019,625.00	3,019,625.00	3,019,625.00	5,126,975.30
12/1/2030					3,019,625.00	3,019,625.00	5,126,975.30
6/1/2031					3,019,625.00	3,019,625.00	5,126,975.30
12/1/2031					3,019,625.00	3,019,625.00	5,126,975.30
6/1/2032					3,019,625.00	3,019,625.00	5,126,975.30
12/1/2032					3,019,625.00	3,019,625.00	5,126,975.30
Totals	\$1,084,650.00	\$12,506,587.56	\$22,914,957.30	\$1,269,447.20	\$35,566,801.68	\$52,695,950.00	\$127,138,393.94

Average annual principal and interest payment for the six bond years ending 12/1/2019

* Maximum annual combined debt service.

(The Accountant's Compilation Report used for accompanying comments are an integral part of this statement)

FORT WAYNE (INDIANA) MUNICIPAL WATER UTILITY
SCHEDULE OF WATER RATES AND CHARGES
RATES APPROVED DECEMBER 18, 2013 PER CAUSE # 44162

<u>Inside City</u>		Phase II Effective 1/1/2014	Phase III Effective 1/1/2015
<u>Monthly Service Charge</u>			
5/8 inch meter		\$8.73	\$9.23
3/4 inch meter		8.73	9.23
1 inch meter		22.26	23.53
1 1/2 inch meter		49.87	52.71
2 inch meter		88.46	93.50
2 1/2 inch meter		88.46	93.50
3 inch meter		199.18	210.53
4 inch meter		354.09	374.27
6 inch meter		796.30	841.69
8 inch meter		1,416.01	1,496.72
10 inch meter		2,212.31	2,338.41
12 inch meter		2,212.31	2,338.41
<u>Monthly Metered Usage Rates (Per 100 Cubic Feet)</u>			
First	2,500 cubic feet	\$1.97	\$2.08
Next	9,500 cubic feet	1.84	1.94
Over	12,000 cubic feet	1.79	1.89
<u>Fire Protection Services</u>			
Public Fire Protection Services Monthly Charge:			
5/8 inch meter		\$2.40	\$2.54
3/4 inch meter		2.40	2.54
1 inch meter		6.15	6.50
1 1/2 inch meter		13.85	14.64
2 inch meter		24.61	26.01
2 1/2 inch meter		38.46	40.65
3 inch meter		55.38	58.54
4 inch meter		98.46	104.07
6 inch meter		221.53	234.16
8 inch meter		393.84	416.29
10 inch meter		615.37	650.45
12 inch meter		886.13	936.64
Private Hydrant Rental Monthly Charge		\$30.66	\$32.41
Private Fire Line Connection Monthly Charge:			
1 inch connection		\$0.28	\$0.30
1 1/2 inch connection		0.80	0.85
2 inch connection		1.70	1.80
2 1/2 inch connection		3.07	3.24
3 inch connection		4.95	5.23
4 inch connection		10.55	11.15
6 inch connection		30.66	32.41
8 inch connection		65.33	69.05
10 inch connection		117.49	124.19
12 inch connection		189.78	200.60
16 inch connection		404.42	427.47

(Continued on next page)

(The Accountants' Compilation Report and the accompanying
comments are an integral part of this statement.)

FORT WAYNE (INDIANA) MUNICIPAL WATER UTILITY
SCHEDULE OF WATER RATES AND CHARGES (Cont'd)
RATES APPROVED DECEMBER 18, 2013 PER CAUSE # 44162

<u>Outside City</u>		Phase II Effective 1/1/2014	Phase III Effective 1/1/2015
<u>Monthly Service Charge</u>			
5/8 inch meter		\$10.05	\$10.62
3/4 inch meter		10.05	10.62
1 inch meter		25.60	27.06
1 1/2 inch meter		57.35	60.62
2 inch meter		101.72	107.52
2 1/2 inch meter		101.72	107.52
3 inch meter		229.06	242.12
4 inch meter		407.20	430.41
6 inch meter		915.74	967.94
8 inch meter		1,628.42	1,721.24
10 inch meter		2,544.15	2,689.17
12 inch meter		2,544.15	2,689.17
<u>Monthly Metered Usage (Per 100 Cubic Feet)</u>			
First	2,500 cubic feet	\$2.27	\$2.40
Next	9,500 cubic feet	2.12	2.24
Over	12,000 cubic feet	2.06	2.18
<u>Fire Protection Services</u>			
Public Fire Protection Services Monthly Charge:			
5/8 inch meter		\$2.76	\$2.92
3/4 inch meter		2.76	2.92
1 inch meter		7.08	7.48
1 1/2 inch meter		15.92	16.83
2 inch meter		28.31	29.92
2 1/2 inch meter		44.23	46.75
3 inch meter		63.69	67.32
4 inch meter		113.23	119.68
6 inch meter		254.76	269.28
8 inch meter		452.91	478.73
10 inch meter		707.67	748.01
12 inch meter		1,019.05	1,077.14
Private Hydrant Rental Monthly Charge		\$35.26	\$37.27
Private Fire Line Connection Monthly Charge:			
1 inch connection		\$0.32	\$0.34
1 1/2 inch connection		0.92	0.97
2 inch connection		1.96	2.07
2 1/2 inch connection		3.53	3.73
3 inch connection		5.70	6.02
4 inch connection		12.14	12.83
6 inch connection		35.26	37.27
8 inch connection		75.13	79.41
10 inch connection		135.11	142.81
12 inch connection		218.24	230.68
16 inch connection		465.08	491.59

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(The Accountants' Compilation Report and the accompanying
comments are an integral part of this statement.)

FORT WAYNE (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

SCHEDULE OF WATER RATES AND CHARGES
 RATES APPROVED DECEMBER 18, 2013 PER CAUSE # 44162

Contract Customers

	<u>Phase II</u> Effective 1/1/2014	<u>Phase III</u> Effective 1/1/2015
<u>City of New Haven</u>		
Monthly Demand Charge	\$8,409.08	\$8,888.40
Commodity Charge		
- Rate per Hundred Cubic Feet	\$1.1700	\$1.2367
-Monthly Service Charge	(Based on Meter Size - Same as In-City Rates)	
-Fire Protection Services	(Based on Meter Size - Same as In-City Rates)	
 <u>Utility Center, Inc., doing business as Aqua Indiana, Inc.</u>		
Monthly Demand Charge	\$9,140.29	\$9,661.28
Commodity Charge		
- Rate per Hundred Cubic Feet	\$1.2266	\$1.2965
-Monthly Service Charge	(Based on Meter Size - Same as In-City Rates)	
-Fire Protection Services	(Based on Meter Size - Same as In-City Rates)	

(The Accountants' Compilation Report and the accompanying comments are an integral part of this statement.)

Interoffice Memo

Date: **April 17, 2014**

To: Common Council Members

From: **Len Poehler**, Deputy Director Business Services, Fort Wayne City Utilities

RE: **Bond Authorization to provide funds to settle Aqua North litigation and acquire Aqua SW water assets**

In 2007, Common Council approved financing for the condemnation of the north water and sewer assets of Utility Center, Inc. d/b/a Aqua Indiana, Inc. **[(Aqua) North Assets]**. Through a settlement agreement with Aqua, the City was able to take peaceable possession in 2008 of the **Aqua North Assets** in all regards except price, the price of which was set by Fort Wayne Board of Public Works and about which the City and Aqua have been in continual litigation.

Aqua also owns water and sewer assets in southwest Allen County and has agreed to sell its **Southwest Water Assets** to Fort Wayne. In 2008, the City paid \$16.9 million for the **North Assets**. To settle litigation of the taking of the **North Assets** and to acquire the **Southwest Water Assets** together with all necessary additions, improvements, equipment and appurtenances to accomplish the integration thereof, a bond sized at \$63 million is required.

A financing report prepared by Umbaugh, a regional CPA firm specializing in municipal financial consulting, demonstrates that debt service coverage, including this proposed bond, will be at 159%, well in excess of the existing bond covenant requirement of 125%.

We expect that this bond will be a 20 year revenue bond with an interest rate less than 5% but conservatively request up to 30 years and a not to exceed interest rate of 7%. This bond is subject to IURC review and approval.

CC: BOW
Kumar Menon
Diane Brown