



# City of Bloomington Common Council

## Legislative Packet

**Wednesday, 01 June 2016**

## **Regular Session**

*For legislation and background material regarding  
Ordinance 16-07 please consult the  
[18 May 2016 Legislative Packet](#).*

*For Resolution 16-05 please consult the  
[25 May 2016 Legislative Packet](#).*

*All other material contained herein.*

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## Packet Related Material

**Memo**

**Agenda**

**Calendar**

**Notices and Agendas:**

*None*

### Legislation for Second Reading:

- **Ord 16-07** To Amend Title 8 of the Bloomington Municipal Code, Entitled “Historic Preservation and Protection” to Establish a Historic District – Re: Kirkwood Manor Historic District Located at 322 East Kirkwood Avenue (The Ellis Company, LP, Petitioner)
  - **Am 01** Clarifying a “Whereas” Clause (Sponsor: Piedmont-Smith)

*Contact:*

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*Please see the [Weekly Council Legislative Packet](#) issued for the May 18<sup>th</sup> Regular Session for the legislation, summary and related material.*

- **Res 16-05** To Vote in Favor of a Monroe County Income Tax Council Ordinance Imposing an Additional County Option Income Tax Rate to Fund Public Safety Costs and Casting The City Of Bloomington’s 59 Votes in Favor of the Ordinance

*Contact: Jeff Underwood at 812-349-3412 or [underwoj@bloomington.in.gov](mailto:underwoj@bloomington.in.gov)*

*Please see the [Weekly Council Legislative Packet](#) issued for the May 25<sup>th</sup> Committee of the Whole for the legislation, summary and related material.*

## Legislation and Background Material for First Reading – Water and Wastewater Rate and Bond Ordinances:

### **Introductory Material for Water and Wastewater Rate and Bond Ordinances**

- PowerPoint Presentation to USB on May 16, 2016

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*Bingham, Greenebaum, Doll, LLP (Rate Counsel)*

*David T. McGimpsey, 812-482-5500, DMcGimpsey@bgdlegal.com*

- **Ord 16-08** To Amend Title 9 of the Bloomington Municipal Code Entitled "Water" (Rate Adjustment)
  - Memo to Council from Christopher Wheeler, Assistant City Attorney
  - BMC Title 9 (Water) – with Proposed Changes Annotated
  - Rate and Financing Report, Crowe Horwath

- **Ord 16-09** An Ordinance of the Common Council of the City of Bloomington, Indiana, Authorizing the Acquisition, Construction, Installation and Equipping by the City of Bloomington, Indiana, of Certain Improvements and Extensions to the City's Waterworks, the Issuance and Sale of Revenue Bonds to Provide Funds for the Payment of the Costs Thereof, the Issuance and Sale of Bond Anticipation Notes in Anticipation of the Issuance and Sale of Such Bonds, and the Collection, Segregation and Distribution of the Revenues of Such Waterworks and Other Related Matters
  - Appendix A – Form of Bonds
  - Water Projects – 5 Year Capital Improvement Plan (with Cost Sheet)
  
- **Ord 16-10** To Amend Title 10 of the Bloomington Municipal Code Entitled “Wastewater” (Rate Adjustment)
  - Memo to Council from Christopher Wheeler, Assistant City Attorney
  - Rate and Financing Report, Crowe Horwath
  
- **Ord 16-11** An Ordinance of the Common Council of the City of Bloomington, Indiana, Authorizing the Acquisition, Construction, Installation and Equipping by the City of Bloomington, Indiana, of Certain Improvements and Extensions to the City's Sewage Works, the Issuance and Sale of Revenue Bonds to Provide Funds for the Payment of the Costs Thereof, the Issuance and Sale of Bond Anticipation Notes in Anticipation of the Issuance and Sale of Such Bonds, and the Collection, Segregation and Distribution of the Revenues of Such Sewage Works and Other Related Matters
  - Appendix A – Form of Bond;
  - Sewage Works Projects – 5 Year Capital Improvement Plan (with Cost Sheet)

**Minutes from Regular Session:**

- May 4, 2016
- May 18, 2016

## Memo

### **Two Items Ready for Consideration Under Second Readings and a Package of Four Ordinances Ready for Introduction Under First Readings at the Regular Session on Wednesday, June 1<sup>st</sup>**

There is an ordinance and resolution ready for consideration under Second Reading and a package of four ordinances proposing water and wastewater rates and bonds is ready for introduction at the Regular Session next Wednesday. The ordinance and resolution and related material can be found online as indicated above. One amendment to the ordinance was given a “Do Pass” recommendation at the Committee of the Whole; Am 01 is included in this material. Another amendment requested by the Petitioner may be prepared for the Regular Session. The package of four ordinances ready for introduction are included in this packet and summarized herein.

#### **First Readings:**

##### **Adjustment of Rates and Authorization for the Issuance of Bonds for the City’s Water and Wastewater Utilities**

The four ordinances in this packet raise rates and authorize the issuance of bonds for the City’s Water and Wastewater utilities. No increase is proposed for the City’s Stormwater utility. It has been about five years since the last changes in Water (February 2012) and Wastewater (December 2011) rates. These ordinances would raise rates about 22% for the operation and maintenance, debt service, and extensions and replacements *for each utility* and authorize the issuance of about \$4.57 million in Water bonds and about \$7.3 million in Wastewater bonds to finance capital projects for these utilities.

This summary relies upon tandem material submitted for each of the two affected utilities along with material retained in the Council Office. The material for each utility include a combined (and slightly revised) presentation to the Utility Services Board on May 16<sup>th</sup>, memos to the Council from Christopher Wheeler, Assistant City Attorney, Rate and Financing Reports prepared by Crowe-Horwath, and *5-Year Capital Improvement Plans* prepared by Mike Hicks, Capital Projects Manager, Engineering Department, City of Bloomington Utilities.

## Different Effective Dates for Water and Wastewater Rates

The City's Water utility is regulated by the Indiana Utility Regulatory Commission (IURC) which takes as much as a year and a half to review and adjust proposed rates. The City's Wastewater utility, on the other hand, is not regulated by the IURC and the proposed rates would into effect as set forth in the ordinance (January 2017).

## Overview of Bond Ordinances

As noted above, there are two bond ordinances accompanying the two rate ordinances which use some of the anticipated increase in rates to finance some capital improvements. This section covers bond ordinances in general and will be followed later in the summary with a few of the particulars regarding each of these ordinances.

Bond ordinances are long and very technical documents that set forth the procedures and the assurances necessary for the relevant financial interests to engage in these transactions involving as much as about \$11.9 million. The following paragraphs categorize and highlight the provisions of the ordinances. In brief, the ordinances:

### **Amount and Purpose of the Bonds (with Accompanying Documents)**

- Authorize the City to sell a maximum of \$4.6 million (Water) and \$7.3 million (Wastewater) in bonds;
- Attach Appendix A, which sets forth the form of the bonds;
- Indicate that the *Plans and Specifications* for these improvements will be filed with the Board and in the Clerk's Office;

### **Kinds of Bonds, Limits on Interest and Maturity, Relationship with Outstanding Bonds, and Life Cycle of Bonds**

- Authorize bonds with a maximum interest rate of 5 % per year and maximum maturity period of no more than 20 years after completion of the project;
- Authorize the issuance of Bond Anticipation Notes (BANs provide money prior to sale of bonds) at an interest rate of no more than 5% and a maturity date, with extensions, of no more than 5 years after initial date of delivery of these financial instruments;
- Authorize issuance of State Wastewater and Drinking Water Revolving Loan Fund bonds and acknowledge the need for approval of Financial Assistance Agreement (FAA) with the State;

- Acknowledge outstanding bonds (See the respective Rate and Financing Reports for the amount and duration of these obligations) and provides for the new bonds to be issued in parity with the outstanding ones;
- Authorize Municipal Bond Insurance (which may help lower rates);
- Expresses intent to reimburse the utilities for the payment of project costs incurred before the issuance of the bonds; and
- Sets forth procedures for issuing, holding, transferring, and redeeming the BANs and bonds;

### **Safeguarding Bondholders**

- Require the separation of funds into various accounts and prescribe the uses and minimum balances of these accounts;
- Require the utility to set reasonable, just, and equitable rates and charges sufficient to cover its operations as well as reserve amounts slightly in excess of annual debt service and related obligations;
- Allow the bond holders to appoint a receiver in the event of default or other adverse actions on the part of the City;
- Allow for the issuance of further bonds and BANs on certain conditions;
- Prohibit the City from amending the ordinance in a manner that adversely affects bond holders without obtaining consent of owners of at least 66 2/3% of the principle;
- Require the City to preserve the tax exempt status of the bonds by not using more than a small percentage of the funds for private purposes; and
- Repeal portions of any previous ordinances that are inconsistent with these provisions.

### **Water Rates and Bonds**

#### **Item One - Ord 16-08 - Adjustment in Water Rates and Charges**

The first item, **Ord 16-08**, amends Title 9 of the Bloomington Municipal Code by increasing the rates and charges for water services. This change would amount to a 22% increase in water rates and apply across the board to all user classes. It would eventually bring in about \$3 million more in revenue on an annual basis and raise the annual water utility budget from about ~\$14.5 million to approximately \$17.45 million. The monthly effect of the increase would be \$4.23 for the “small” user (2,000 gallons per month), \$5.63 for the average City user (3,000 gallons per month), and \$8.43 for the Indiana average user (5,000 gallons per month).

## Indiana Utility Regulatory Commission (IURC)

The IURC has the final authority to determine the rates and charges for our water utility and may further adjust the rates adopted by the Council. Those adjustments do not appear in our code. Ord 16-08, in fact, acknowledges that process and approves those adjustments. Once the City has sought a rate increase, it must wait a period of time before filing another rate request.

### Change in Rates

The following paragraphs briefly summarize the changes to the various rates and charges for the various classes of customers.

**Monthly Usage Charge and Service Charge.** There is a monthly usage and service charge. The usage charge is based upon every 1,000 gallons of water used by each of the six types of customers and would increase by about 22%. Those types of customers and their rates include:

- Residential – with rates that will increase from \$3.11 to \$3.79;
- Commercial, governmental, and interdepartmental – with rates that will increase from \$2.63 to \$3.21;
- Industrial – with rates that will increase from \$2.43 to \$2.96;
- IU - master meter and non-master meter – with rates that will increase from \$1.97 to \$2.40 and from \$2.63 to \$3.21 respectively; and,
- Irrigation – with rates that will increase from \$2.85 to \$3.21 (*Please note that irrigation was added in 2001*).

The service charge is based upon the size of the customers' water meter which are divided into 10 sizes that range from 5/8" to 10". The charges for each size of meter will increase by about 22%. A residential tenant with a 5/8" meter, for example, would see an increase from \$4.91 to \$5.99 per month and an industrial customer with a 10" meter would see an increase from \$326.70 to 398.57 per month.

**Contracts for Resale** The City has agreements with several water companies who buy water to resell to their customers. These agreements include a monthly usage charge, based upon every 1,000 gallons of water used, and a monthly service charge, based upon the size of the meter, which are divided into 10 sizes ranging from 5/8" to 10". The monthly usage charge will rise about 22% from \$1.99 to \$2.43 per 1,000 gallons of water. The monthly service charge for each size meter are the same as for non-contract sales (see above).



### **Monthly Fire Protection Surcharge and Private Fire Line Charge**

The fire protection surcharge covers the cost of providing water via hydrants to the area serviced by the utility and, except for the I.U. Master Meter account, is based upon the size of the water meter and whether it is located inside or outside of the City's boundaries. You will note that customers inside the City pay a lower rate than customers outside of the City, and that I.U. pays a flat rate for the master metered account. The proposed adjustments will increase by about 22% for each of these three classes of customers.

The charge for private fire lines is based upon the size of the line and will also increase by about 22%.

### **Item Two - Ord 16-09 - Authorizing Issuance of Water Works Revenue Bonds for Up to \$4.6 Million**

The second item to be introduced for first reading on June 1<sup>st</sup> is Ord 16-09, which approves the issuance of up to \$4.6 million in waterworks revenue bonds for the capital improvements to our water system mentioned in following paragraphs. This breaks down into about \$4.1 million for the capital improvements, about \$318,000 for debt service reserve, and about \$106,250 for bond issuance costs.

#### Capital Improvements

The improvements are listed in the *Report on Wastewater Projects: 5 Year Capital Improvement Plan* which is included in this packet and will be elaborated upon in the *Plans and Specifications*, which will be filed with the City Clerk. Drawn from the *Report*, these improvements include:

- **Section 1 - General Improvements to the Monroe Water Treatment Plant including** – upgrading and networking video cameras (~ \$77,030); replacing the adjustable frequency drive for a Low Service Pump to provide flexibility in meeting water demand (~ \$270,000); adding another Low Service Pump for reliability and flexibility in meeting water demands (~\$350,000); installing an adjustable frequency drive for one High Service Pump “to allow more use of (it)” (~\$120,000); repairing a suction and discharge header in High Service Pump-5 to lower the risk of damage to the device (~ \$26,000); adding a 78’ x 130’ drying bed south of the plant (~\$28,000); constructing a storage shed for emergency pumping equipment (~\$40,000); and, upgrading the aging sludge press (~\$175,000);

- **Section 2 - Water Treatment and Water Quality Improvements at the Monroe Water Treatment Plant including** – retaining professional services to evaluate whether a Granulated Activated Carbon (GAC) filter cap would improve the taste, odor, and removal of algal toxins from water; installing Ultraviolet (UV) Disinfection equipment “post transfer pump station” to help reduce use of chlorine yet still address potential parasites in the water; providing “phosphate base coating to pipelines in the distribution system to help reduce lead leaching and copper corrosion”; adding sodium chlorite to help reduce “nitrification issues”; generating and introducing chlorine dioxide on-site for algae control and to reduce formation of Disinfection By-Products;
- **Section 3 - Standby Power and Electrical Service Improvements at the Monroe Water Treatment Plant including** – upgrading “the original 1966 bank of mounted transformers ... (which) is needed to improve reliability” (~ \$480,000); adding a new 1,000 KW generator and replacing a intake generator with new 1,500 KW generator (cost and timeline not prepared at this time);
- **Section 4 – Expanding Capacity at the Monroe Water Treatment Plant from 30 to 36 MGD by** – designing “the filter building expansion from two to four filters”;
- **Section 5 – Improving and Replacing Parts of Distribution System including -**
  - **10<sup>th</sup> Street and Woodlawn Avenue Improvements** – a joint City and IU project which will replace an 8” with a 12” water main (cost of materials ~\$82,000);
  - **Woodlawn Avenue Water Line from (south of) 9<sup>th</sup> to 10<sup>th</sup> Street** – CBU will install 425’ of 8” water line (cost of materials ~ \$32,000);
  - **Jordan Avenue Water Line Replacement** – a joint City and IU project which will replace a 6” water line with a 12” water line from East 3<sup>rd</sup> Street to the Jordan River bridge (cost of materials ~ \$130,000);
  - **Fullerton Pike Water Line - Phase I** - a Monroe County Highway Department project along Fullerton Pike in conjunction with the interchange at I-69. Phase I water projects include: lowering 36” water line at East Rhorer Road and South Walnut Street Pike; installing a 24” water line at East Rhorer Road and West Gordon Pike; and, installing a 12” water line on South Walnut from Wendy’s/Kroger entrance to car wash (estimated cost of “non-reimbursable” work ~ \$1.78 million);

- **Fullerton Pike Water Line - Phase II** – follows upon Phase I and includes installing 940’ of 24” water line (estimated cost ~ \$165,000);
- **Woodyard Road Water Line – Service to Ellettsville** – installing 2,600’ of 12” water line along West Woodyard Road from Smith Pike to West Loesch Road as “a condition of an agreement with Ellettsville Utilities to provide master meter” at the latter intersection;
- **Showers Road Water Line** – the I-69 developer will install approximately 5,850’ of water line to correct a conflict along SR 37 from Bean Blossom Creek to Ellis Road and help improve water service to the area including a master meter for Washington Township Water Company (estimated cost of upsizing from a 6” to a 12’ water line for CBU is ~ \$125,000; and, estimated cost of installing 2,290’ of related 12” water line is ~ \$135,000); and
- **Gentry Booster Station – Addition of Pump #3** – CBU would add a 3<sup>rd</sup> pump at the Gentry Booster Station to “keep up with demand” (estimated cost ~ \$25,000).

### **Item Three - Ord 16-10 – Adjustment in Wastewater (Sewer) Rates and Charges**

**Ord 16-10**, amends Title 10 of the Bloomington Municipal Code by increasing the rates and charges for wastewater (sewer) services. This change would amount to a 22% increase in wastewater rates and apply across the board to all user classes. This rate is intended address \$3.8 million projected deficit in increased wastewater needs. The rate increase will make \$3.2 million available to CBU in 2017<sup>1</sup> for extensions and replacements and will make approximately \$4.2 available in 2018. (Crowe Horwath *Sewage Works Report*, p. 8). The rates and charges will become effective January 1, 2017. Recall that the Council last raised sewer rates in 2011.<sup>2</sup>

#### **Monthly Usage Charge and Service Charge**

Wastewater rates are based upon two factors. The first factor is the amount of water used by the customer. That amount is generally determined by the water meter for CBU water customers and by other measures for those who have no meters. However, for residents who water their lawns in the summer, the Utilities Services Board has discretion to ignore water that does not return to the utility, by setting usage at pre-summer levels and determining the months when these lower levels

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<sup>1</sup> As the Crowe Report makes clear, CBU would have \$3.2 million available in 2017 due to debt service payments.

<sup>2</sup> Ordinance 11-13 became effective on March 1, 2012 and raised sewer rates by approximately 53%.

apply. The second factor relates to the wastewater coming from industrial customers, which is subject to additional rates (covered later in this memo) depending upon the treatment required to neutralize the pollutants.

Like water charges, sewer charges are based upon every 1,000 gallons of water used. Wastewater identifies four classes of users; each of these classes would experience a 22% increase. Those types of customers and their rates include:

- Residential – with rates that will increase from \$6.36 to \$7.76;
- Commercial – with rates that will increase from \$6.36 to \$7.76;
- Indiana University – with rates that will increase from \$6.36 to \$7.76;
- Industrial – with rates that will increase from \$6.36 to \$7.76;

Similar to water rates, users of the City's wastewater services are also charged a monthly service charge. Under the proposed increase, that service charge will increase from \$6.52/month to \$7.95/month.

**Non-Metered Users** - The annual minimum rate for users who are wastewater, but not water, customers (and, therefore, not on a water meter) will rise from \$633.99 to \$773.47/annum (or about 22%). This charge is payable monthly.

**Special Service Rates** - The Bloomington Municipal Code imposes monthly fees and charges for special services performed by the utility for the testing and treatment of wastewater containing pollutants of a non-conventional nature or strength that come from industrial users. These fees and charges include:

- a per-meter service charge: under the rate increase, this charge will increase from \$6.52 to \$7.95.
- special laboratory charges for testing biochemical oxygen demand (BOD) and suspended solids (SS), grease and oil, and metals, which will rise as follows:
  - BOD and SS sampling charge -- from \$136.88 to \$166.90/mo
  - Grease and oil sampling charge -- from \$128.24 to \$156.45/mo
  - Metal sampling charge -- from \$28.50 to \$34.77/mo
- a per-1,000 gallon user charge for non-excessive levels of pollutants: under the new rates, this charge will increase from \$6.36 to \$7.76; and
- a per-pound charge for high levels of BODs and Suspended solids
  - BODs -- from \$0.309 to \$0.380/lb/mo for all strength in excess of 300ppm
  - Suspended Solids -- from \$0.251 to \$0.351/lb/mo for all strength in excess of 300ppm

As stated in the memo from Assistant City Attorney Wheeler, this rate adjustment is intended to produce enough revenue to allow CBU to meet on-going expenses, make debt service payments, and permit CBU to make capital improvements to the wastewater system, and to cover the debt service payments and other costs associated with such improvements. The capital improvements intended to be covered by this rate increased are outlined in the below discussion on the accompanying wastewater bond, Ord16-11.

#### **Item Four - Ord 16-11 - Authorizing Issuance of Sewer Revenue Bonds for Up to \$7.3 Million**

The fourth item to be introduced for first reading on June 1st is Ord 16-11, which approves the issuance of up to \$7.3 million in sewage works revenue bonds for the capital improvements to the City's wastewater (sewer) system. This breaks down into about \$6.5 million for capital improvements, \$526,703 for debt service reserve, and \$111,197 for bond issuance costs.

#### Capital Improvements

The proposed capital improvements are detailed in the *Report on Wastewater Projects: 5 Year Capital Improvement Plan* submitted by Mike Hicks, Capital Projects Manager at CBU. These improvements include:

- **Section 1 – Dillman Road Wastewater Treatment Plant Improvements**
  - Effluent Filter Improvements, Ph. II (\$365,000) – original filters and valve actuators were installed in 1982 and have been in use 24/7
  - Plant Supervisory Control and Data Acquisition (SCADA) Upgrade (\$620,000) – system is becoming obsolete; this change updates the system and consolidates three systems into one
  - Process air system improvements (\$557,300) – these improvements are based on a recent process air study
  - Basin air diffusion replacement (\$80,000) – replacement of original course air system as part of an energy savings project
  - Backflow prevention installation (\$18,000) – to bring the system up to code
  - Pressure reducing valve for fire prevention system (\$2,600) – components in the fire system are not able to tolerate the pressure at the plant; this change reduces the pressure to prevent equipment damage

- Drying bed improvement (\$40,000) – final bed conversion from asphalt to concrete
- Entrance gate replacement (\$52,307) – improved reliability
- Operations and lab building renovations (\$1,056,000) – these changes are a response to the evolving regulatory landscape and the need for different and more sophisticated lab equipment. As this lab was built in 1982, these changes anticipate future testing needs
- Electrical substation coating system replacement (\$80,000) – original coating of the housing of the substation’s electrical gear is failing and needs to be replaced to prevent corrosion
- Electrical switchgear and transformer maintenance (\$40,000) – preventative maintenance
- Mechanical screen No. 1 re-build (\$250,000) – this screen is the first line of defense in the plant headworks preceding the main pumps; running 24/7, these screens are subject to heavy use and rough conditions. For that reason, they are due for re-building.
- Sludge press re-build (\$180,000) – sludge presses are used when sludge drying beds are not adequate due to weather conditions; presses are due for re-building
- Facilities planning study & report (\$225,000) – the Dillman plant is due for a new master plan; the master plan informs the plant’s financial plans going forward
- Miscellaneous maintenance improvements (\$375,000)
- Clarifier concrete repair and weir cover installation (\$540,000) – the concrete surfaces on the weirs have eroded and the rough surface invites algae growth, this proposed change covers the weirs with a new coating whose slickness exceeds that of the original surface
- Grit removal system replacement (\$325,000) – this system is out of date and in poor working order, warranting re-design and replacement

- **Section 2 – Blucher Pool Wastewater Treatment Plant Treatment Process and Water Quality Improvements**

- Electrical power transfer switch improvement from manual to automatic (\$58,000) – the switch from grid to back-up power usually occurs during bad weather. At present, the switch must occur manually; an automatic switch will reduce interruption and operator stress.
- Secondary splitter box replacement and resetting (\$74,000) – this is a water-directing mechanism, the gates to the box require re-building and resetting for proper operation.

- Backflow prevention installation to bring CBU's backflow prevention up to code requirements (\$18,000)
  - Miscellaneous improvements (maintenance & replacements) (\$270,000)
  - Rebuilding of influent mechanical screens (\$170,000) – the first line of defense in in the treatment process
  - Restoration of Parshall Flume (\$125,000) – this is a specialized flume to measure the high flow rates at the plant; the surface of the flume has become eroded and requires re-building
  - Ultraviolet disinfection system replacement (\$1,790,000) – The current system is outdated. In the interest of installing a new system, CBU requires professional services to plan, design and bid a project to replace the system
  - Process air system improvements (\$500,000) – the aeration and digestion process is an energy-intensive one and one of the plant's largest operating expense. This upgrades processes to realize energy savings.
  - Phosphorous removal system(\$210,000) – nutrient removal is a requisite for federal National Pollutant Discharge Elimination System permitting
- **Section 3 – Wastewater Collection System Improvements – Most Changes Made in Interest of Reducing the Sanitary Sewer Overflow (SSO) Problem**
    - Inflow disconnection program (\$10,000)– this program is associated with the problem of private properties connecting to the sanitary sewers rather than storm sewers
    - Sanitary sewer lining and manhole rehabilitation (\$800,000) - sanitary sewer lining and manhole rehabilitation is part of CBU's to reduce, and ultimately eliminate, SSOs
    - Plymouth lift station replacement (\$235,000) -- current one is rusted and becoming unsafe
    - Grimes Lane SSO Relief Sewer (\$8,598,000) – This location is the site of most SSOs. In 2015, 12 of the 24 SSOs occurred at this site. CBU is currently in the design phase of and will bid the project before the end of the year.

**Happy Birthday Councilmember Volan – May 31<sup>st</sup>**

**NOTICE AND AGENDA  
BLOOMINGTON COMMON COUNCIL REGULAR SESSION  
7:30 P.M., WEDNESDAY, JUNE 01, 2016  
COUNCIL CHAMBERS  
SHOWERS BUILDING, 401 N. MORTON ST.**

**I. ROLL CALL**

**II. AGENDA SUMMATION**

**III. APPROVAL OF MINUTES:** May 04, 2016 (Regular Session)  
May 18, 2016 (Regular Session)

**IV. REPORTS** (A maximum of twenty minutes is set aside for each part of this section.)

- 1. Councilmembers**
- 2. The Mayor and City Offices**
  - Jason Moore, Fire Chief
- 3. Council Committees**
- 4. Public\***

**V. APPOINTMENTS TO BOARDS AND COMMISSIONS**

**VI. LEGISLATION FOR SECOND READING AND RESOLUTIONS**

1. Resolution 16-05 - To Vote in Favor of a Monroe County Income Tax Council Ordinance Imposing an Additional County Option Income Tax Rate to Fund Public Safety Costs and Casting the City of Bloomington's 59 Votes in Favor of the Ordinance

Committee Recommendation: Do Pass 5-0-3

2. Ordinance 16-07 – To Amend Title 8 of the Bloomington Municipal Code, Entitled “Historic Preservation and Protection” to Establish a Historic District – Re: Kirkwood Manor Historic District Located at 322 East Kirkwood Avenue (The Ellis Company, LP, Petitioner)

Committee Recommendation: Do Pass 5-0-3  
Am 01: Do Pass 8-0-0

**VII. LEGISLATION FOR FIRST READING**

1. Ordinance 16-08 – To Amend Title 9 of the Bloomington Municipal Code Entitled “Water” (Rate Adjustment)

2. Ordinance 16-09 – An Ordinance of the Common Council of the City of Bloomington, Indiana, Authorizing the Acquisition, Construction, Installation and Equipping by the City of Bloomington, Indiana, of Certain Improvements and Extensions to the City's Waterworks, the Issuance and Sale of Revenue Bonds to Provide Funds for the Payment of the Costs Thereof, the Issuance and Sale of Bond Anticipation Notes in Anticipation of the Issuance and Sale of Such Bonds, and the Collection, Segregation and Distribution of the Revenues of Such Waterworks and Other Related Matters

3. Ordinance 16-10 – To Amend Title 10 of the Bloomington Municipal Code Entitled “Wastewater”(Rate Adjustment)

4. Ordinance 16-11 – An Ordinance of the Common Council of the City of Bloomington, Indiana, Authorizing the Acquisition, Construction, Installation and Equipping by the City of Bloomington, Indiana, of Certain Improvements and Extensions to the City's Sewage Works, the Issuance and Sale of Revenue Bonds to Provide Funds for the Payment of the Costs Thereof, the Issuance and Sale of Bond Anticipation Notes in Anticipation of the Issuance and Sale of Such Bonds, and the Collection, Segregation and Distribution of the Revenues of Such Sewage Works and Other Related Matters

\* Members of the public may speak on matters of community concern not listed on the agenda at one of the two *Reports from the Public* opportunities. Citizens may speak at one of these periods, but not both. Speakers are allowed five minutes; this time allotment may be reduced by the presiding officer if numerous people wish to speak.

\*\*Auxiliary aids for people with disabilities are available upon request with adequate notice. Please call (812) 349-3409 or e-mail [council@bloomington.in.gov](mailto:council@bloomington.in.gov).



**VIII. ADDITIONAL PUBLIC COMMENT\*** (A maximum of twenty-five minutes is set aside for this section.)

**IX. COUNCIL SCHEDULE**

**X. ADJOURNMENT**

\* Members of the public may speak on matters of community concern not listed on the agenda at one of the two *Reports from the Public* opportunities. Citizens may speak at one of these periods, but not both. Speakers are allowed five minutes; this time allotment may be reduced by the presiding officer if numerous people wish to speak.

\*\*Auxiliary aids for people with disabilities are available upon request with adequate notice. Please call (812) 349-3409 or e-mail [council@bloomington.in.gov](mailto:council@bloomington.in.gov).



**City of Bloomington  
Office of the Common Council**

To Council Members  
From Council Office  
Re Weekly Calendar – 30 May - 04 June 2016

**Monday, 30 May**  
*Memorial Day – City Offices Closed*

**Tuesday, 31 May**

3:30 pm Board of Public Works – Work Session, Kelly  
5:00 pm Utilities Service Board, Utilities  
5:30 pm Board of Public Works, Chambers  
*Happy Birthday, Councilmember Steve Volan!*

**Wednesday, 01 June**

2:00 pm Hearing Officer, Kelly  
5:30 pm Commission on Hispanic and Latino Affairs, McCloskey  
7:00 pm Arts Alliance of Greater Bloomington, McCloskey  
7:30 pm Common Council – Regular Session, Chambers

**Thursday, 02 June**

4:00 pm Bloomington Digital Underground Advisory Committee, McCloskey  
5:30 pm Commission on the Status of Women, McCloskey

**Friday, 03 June**

12:00 pm Council-Staff Internal Work Session, Council Library  
1:30 pm Metropolitan Planning Organization – Policy Committee, Chambers

**Saturday, 04 June**

8:00 am Bloomington Community Farmers' Market, Showers Common, 401 N Morton St  
9:00 am Farmers' Market – BloomingNeighbors Award Ceremony, Atrium & Chambers

*\*Auxiliary aids for people with disabilities are available upon request with adequate notice. Please contact the applicable board or commission or call (812) 349-3400.*

**\*\*\* Amendment Form \*\*\***

**Ordinance #:** Ord 16-07

**Amendment #:** Am 01

**Submitted By:** Councilmember Piedmont-Smith, District V

**Date:** May 25, 2016

**Proposed Amendment:**

1. Ord 16-07 shall be amended by deleting the second-to-last Whereas clause and replacing it with the following:

WHEREAS, at the same hearing, the Commission voted to submit the map and report to the Common Council which may recommend local historic designation of said properties; and

**Synopsis**

This amendment is sponsored by Councilmember Piedmont-Smith and clarifies the language in the clause.

**5/25/16 Committee Action:** Do Pass 8-0-0

**6/1/16 Regular Session Action:** Pending

(May 25, 2016)



**City of Bloomington Utilities (CBU)**

**Mission**  
Deliver drinking water and water for fire protection  
Provide facilities for collection, treatment and disposal of municipal sewage  
Provide and maintain infrastructure for effective stormwater management

**Governance**  
The seven-member Utilities Service Board sets our policies, and approves rates and budgets  
The City Council authorizes rates and budgets  
Water rates approved by the Indiana Utilities Regulatory Commission (IURC)

**Financial Structure**  
Each component (Water, Wastewater, Stormwater) operates as a separate entity for financial and planning purposes  
CBU is funded entirely by ratepayers

2

### CBU Asset Inventory

<p><b>Waterworks ~\$138M in assets</b></p> <ul style="list-style-type: none"> <li>Monroe Water Treatment Plant</li> <li>~25,000 individual connections</li> <li>7 booster stations</li> <li>7 storage tanks</li> <li>420 miles of water pipe</li> <li>3,064 fire hydrants</li> </ul>	<p><b>Stormwater Utility ~\$18M in assets</b></p> <ul style="list-style-type: none"> <li>About 17 miles of ditches</li> <li>4 miles of box culverts</li> <li>84 miles of stormwater pipe</li> <li>1,035 manholes</li> <li>5,695 inlets</li> </ul>
<p><b>Sewage Works ~\$161M in assets</b></p> <ul style="list-style-type: none"> <li>Blucher Poole and Dillman Road Wastewater Treatment Plants</li> <li>~24,000 individual connections</li> <li>321 miles of wastewater pipe</li> <li>8,443 manholes</li> <li>46 lift stations</li> </ul>	<p><b>Total Assets ~\$317M</b></p>

3

### Previous CBU Rate Cases

Mar/Apr 2005

→

Nov/Dec 2005

→

Dec 2005

→

Jan 2006

•USB/Council approve 11% water rate increase

•USB & Council approve 11.6% sewer rate increase

•Sewer rate increase of 11.6% enacted

•Water rate increase of 11% enacted

Mar/May 2010

→

Aug 2010

→

May 2011

→

Dec 2011

→

Feb 2012

→

March 2012

•USB/Council approve 54% water rate increase

•IURC petition filed for water rate

•Phase 1 water rate increase 15.54% enacted

•USB & Council approve 53% sewer rate increase

•Phase 2 water rate increase 25.99% enacted

•Sewer rate increase 53% enacted

4

2

### Waterworks Improvements from 2010 Rate Case

Expanded Monroe plant firm capacity from 24 MGD to 30 MGD

Constructed second 36-inch water main from Lake Monroe to Bloomington

Constructed new 12 MGD pump station with 2 million gallon tank

Finished under budget  
Proceeds refurbished Redbud Tank






5

### Sewage Works Improvements from 2010 Rate Case

Replaced the Equalization Basin liner at Dillman

Dillman painting and refurbishing

Rebuilt Dillman bar screen



6



## Improving Customer Service

**Customer Relations is going digital**  
8,000 paper forms processed in 2015  
Now can sign up for service and cancel through a Web browser

**Redesigning the customer bill**  
Provides more detail on rates and consumption

**E-bill and E-suites**  
Promote and refine electronic solutions  
Makes it more convenient for customers to pay their bills, and reduces printing and postage costs



7



## Customer Bill Assistance Program

CBU commits to assist households experiencing economic emergencies


120-150 households per year participate

CBU coordinates efforts with the South Central Community Action Program (SCCAP)

We make referrals to other community resources where appropriate





8




### Improving Efficiency Since 2010

- Implemented procurement and inventory control procedures  
*Saves about \$100K/year*
- Restructured debt  
*Saves about \$1.2M over bond life*
- Installed improvements for energy efficiency  
*Saves about \$50K/year*
- Formalized and enhanced water conservation efforts
- Developed digital solutions for customers





9



### Service Center Green Initiatives

- Installed lighting upgrades and sensors and energy efficient HVAC controls  
*Reduced annual energy usage by 18%*
- Completed LEED feasibility analysis and retro-commissioning of Service Center
- CBU participates in the Monroe County Energy Challenge
- Service Center energy usage is reported to the public via the Energy Dashboard

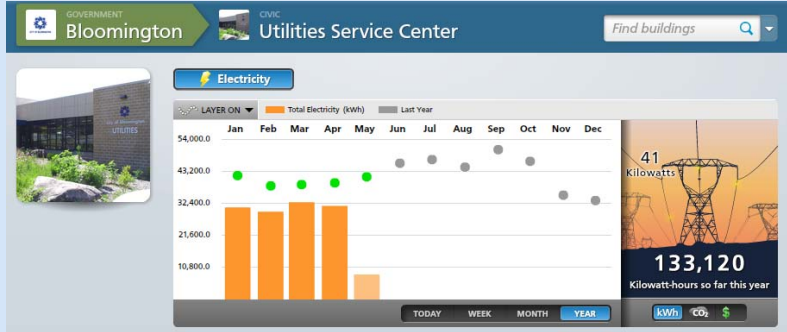


10





# Energy Reduction Program



From Energy Dashboard on B Clear Open Data  
current year in bars, prior year in green dots



# Energy Conservation in the Plants

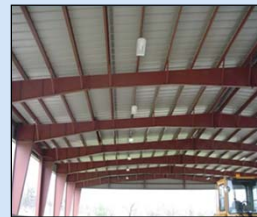
## Monroe Plant

- Equipment upgrades
- Operational Optimization
- Reduced peak demand charges
- Reduced energy intensity 9%



## Dillman Road Plant

- Lighting upgrades
- Equipment Replacement





## Water Conservation Program

**Created Conservation & Energy Coordinator position in 2013**

### **Updated CBU Water Conservation Plan in 2014**

Goal 1: Increase end-use water consumption efficiency

*2015 distributed 200 water conservation kits to low income households – projected to reduce usage of each by 15,000+ gallons/year*

Goal 2: Reduce CBU's non-revenue water

Goal 3: Postpone the need for capital-intensive infrastructure

Goal 4: Increase water literacy in the community

*2016 Redesign of water bill underway*

*2015 Created outreach materials; mailed bill inserts*

*2015 Water Wise Bloomington – information on leak detection and conservation*

Goal 5: Improve CBU's drought preparedness

Goal 6: Protect and preserve environmental resources

13



## 2016 Rate Request

14



## Waterworks Capital Improvement Priorities

Water Quality  
Infrastructure Replacement and Rehabilitation  
Smart Technology

15



## Water Quality

CBU is committed to excellent water quality and public health, data transparency, and providing its customers with all available data related to water quality.

Maintaining compliance with all standards and regulations related to quality  
Reducing DBP levels remains top priority  
Monitoring and optimization of the current process is proceeding  
Future process enhancements under evaluation  
Developing a source water protection program  
Distribution system flushing component is underway, with desire to expand program



16

## Water Infrastructure Replacement and Rehabilitation



### Capital maintenance and asset management

- Tanks
- Booster stations
- Hydrants

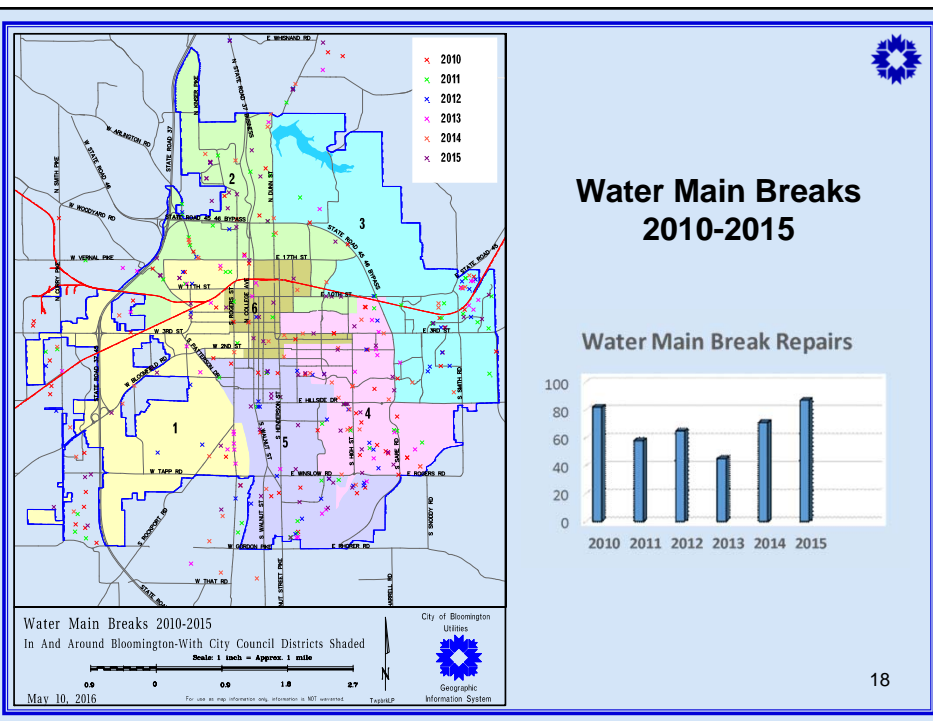


### Water main replacement program

- Replace aging pipes
- 80 miles of pipe over 75 years old
- Opportunities for cooperative efforts, e.g. Fullerton Pike, I-69



17



18

## Smart Meter Technology



Most of CBU's meters are read manually

Began converting to radio read in 1997

45% of all meters were converted,  
presently 2/3 of the radios are functional



**Technological options are being evaluated, with broad goals for future**

Water conservation

Efficiency

Improved customer relations

Analytical data



19

## Sewer Works Capital Improvement Priorities



Preventing and eliminating sanitary sewer overflows (SSOs)

Replacing aging infrastructure

Replacing or upgrading treatment facility components

20



## Sanitary Sewer Overflows

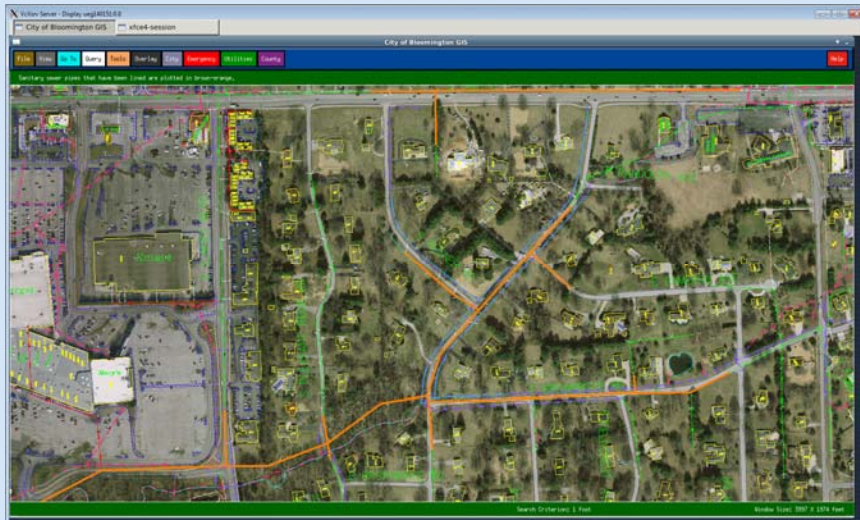
Sanitary Sewer Agreed Order Resolution

Ongoing commitment to SSO reduction and good environmental stewardship

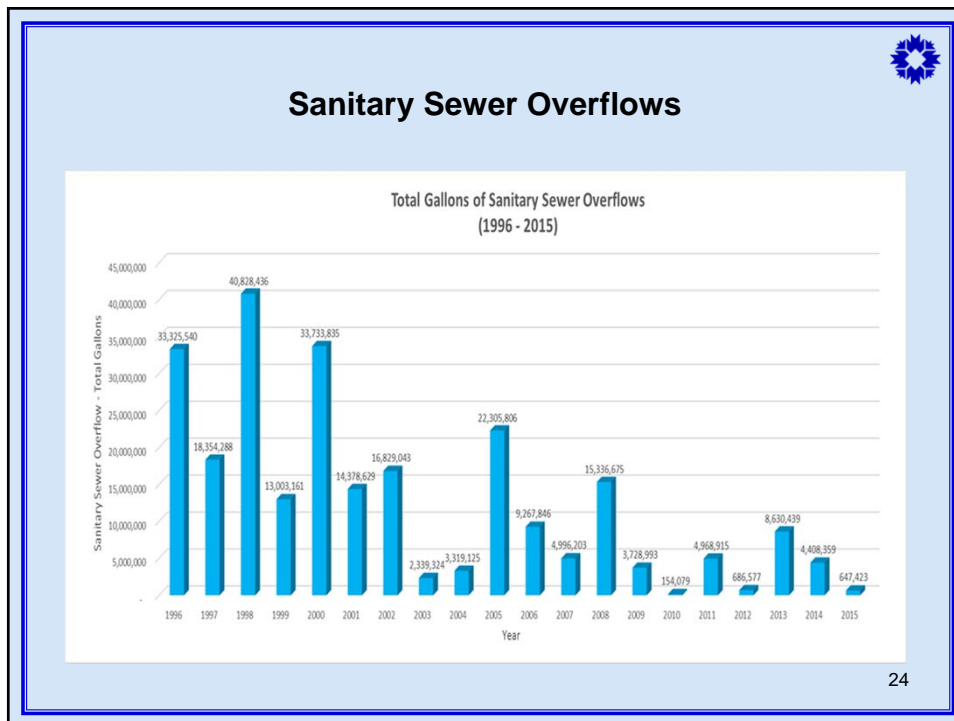
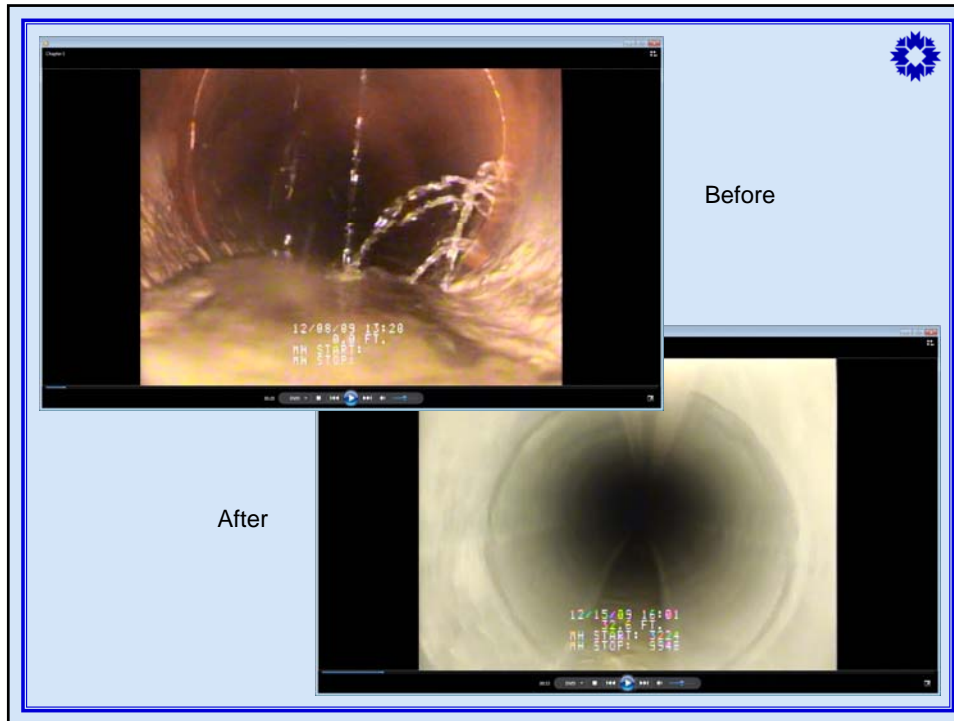
Commitment to transparency

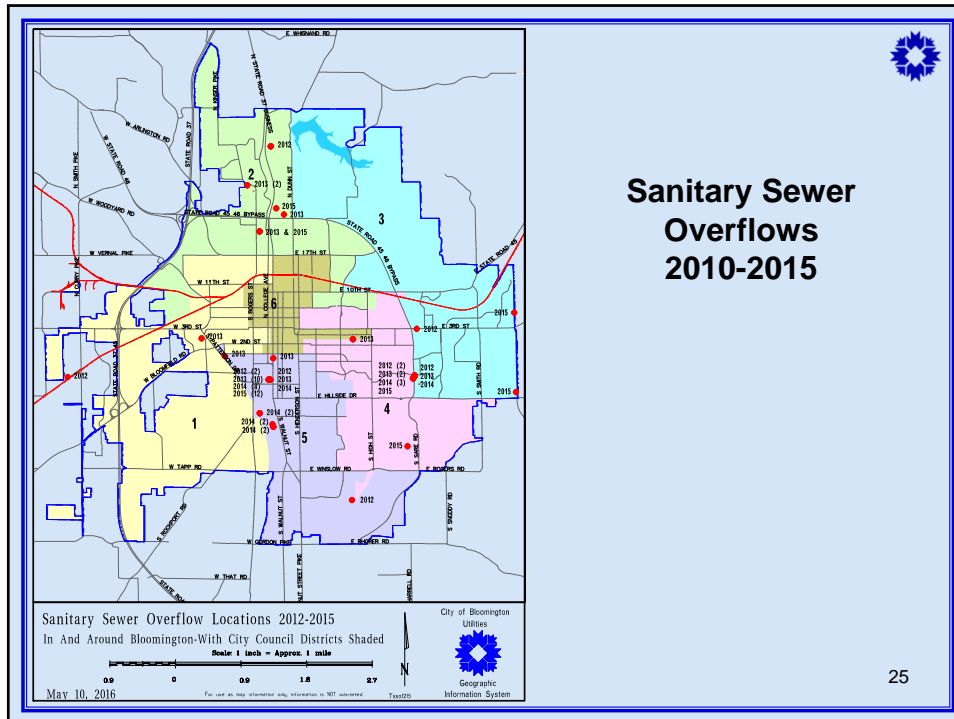


21



22





## Sanitary Sewer Overflows 2010-2015

## Wastewater Infrastructure Replacement and Rehabilitation

- South West Relief Sewer Project to address chronic SSO site
- Plymouth Lift Station Replacement
- Inflow Disconnection Program
- Ongoing sewer lining and manhole replacement






## Wastewater Treatment Facility Improvements



### Dillman Road Wastewater Treatment Facility

- Plant SCADA (Supervisory Control and Data Acquisition) Upgrade
- Process Air System Improvements
- Rebuild Mechanical Screen
- Effluent Filter Improvements –Phase 2
- Clarifier Weir Coating Installation
- Operations and Laboratory Building Renovations



### Blucher Poole Wastewater Treatment Facility

- UV System Replacement
- Secondary Splitter Box Rehabilitation
- Electrical Power Transfer Switch Improvement
- Influent Mechanical Screen Rebuilt
- Parshall Flume Concrete Rehabilitation
- Backflow Preventer Installation
- Process Air System Improvements
- Phosphorous Removal System

27

## Programmatic Enhancements



- Establishing a dedicated flushing program
- Expanding the existing pretreatment program

28



## Water Main Flushing Program

High-velocity flushing removes old water from the distribution system

A well-managed flushing program will improve system resiliency and help to improve long-term water quality

A flow model of our system is in development, in support of a directional flushing program

Staffing changes are needed in order to implement the program



29



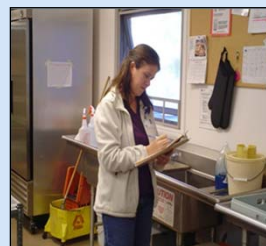
## Wastewater Pretreatment Program

Commercial and industrial customers create special challenges for wastewater treatment, especially fats, oils and grease (FOG) and elevated concentrations of solids and BOD


CBU's pretreatment program educates the public about proper disposal of FOG, which reduces costly sewer backups

CBU also regulates industrial wastewater disposal and conducts sampling and testing of wastes

CBU plans to enhance the pretreatment program in order to better protect the public and our infrastructure from non-municipal waste streams



30



**Miscellaneous Capital Improvement**  
*Activities funded jointly by waterworks and sewage works*


**Replace aging equipment & fleet**  
Limited investments in 2014-15 reduced fuel consumption 14% and fleet maintenance costs 9%  
Of 169 vehicles and pieces of equipment, currently 41 listed "in poor condition"

**Green infrastructure**

**Maintain Service Center and property**

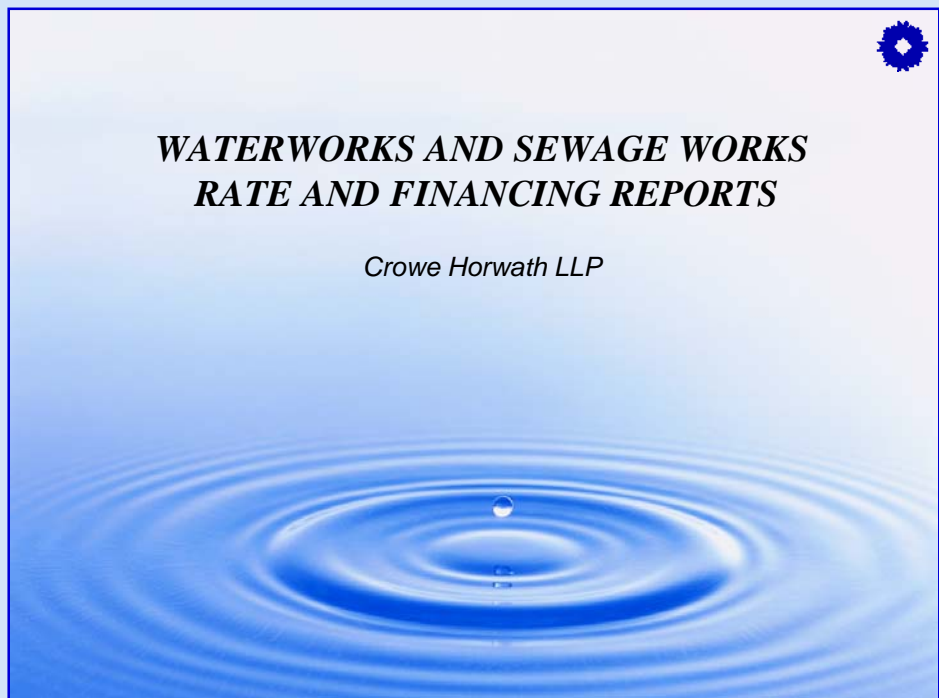
**Secure facilities**

31



***WATERWORKS AND SEWAGE WORKS  
RATE AND FINANCING REPORTS***

*Crowe Horwath LLP*





## **Presentation Overview**

**Waterworks** – *John Skomp, Crowe Horwath LLP (“Crowe”)*

**Financial Analysis**

**Proposed Financing**

**Proposed Rate Increase**

**Sewage Works** – *John Skomp, Crowe*

**Financial Analysis**

**Proposed Financing**

**Proposed Rate Increase**

**Discussion** - *All*

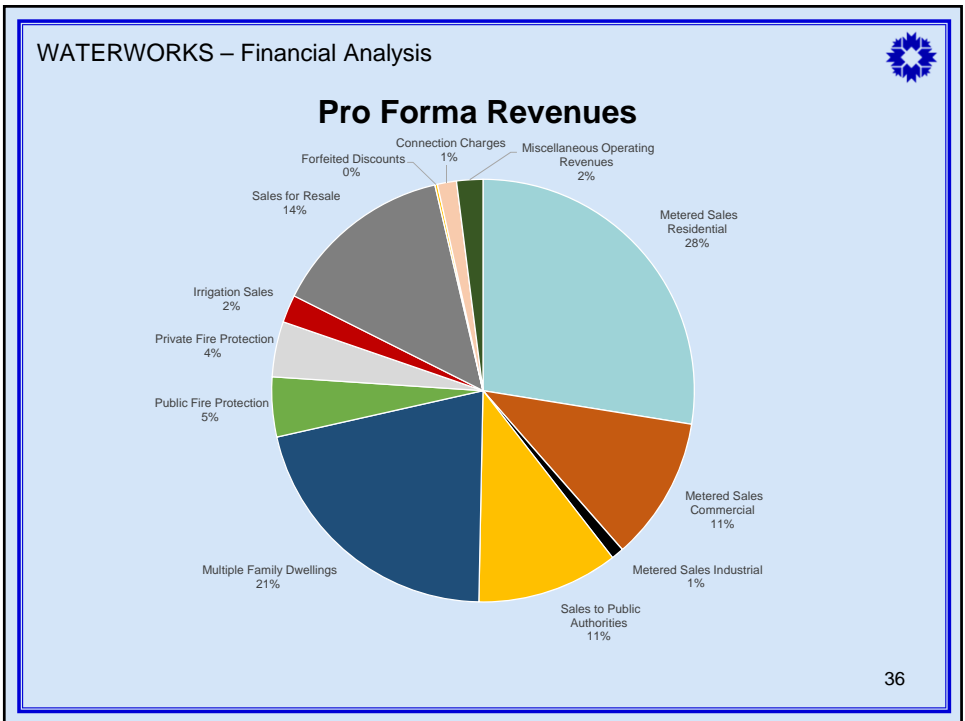
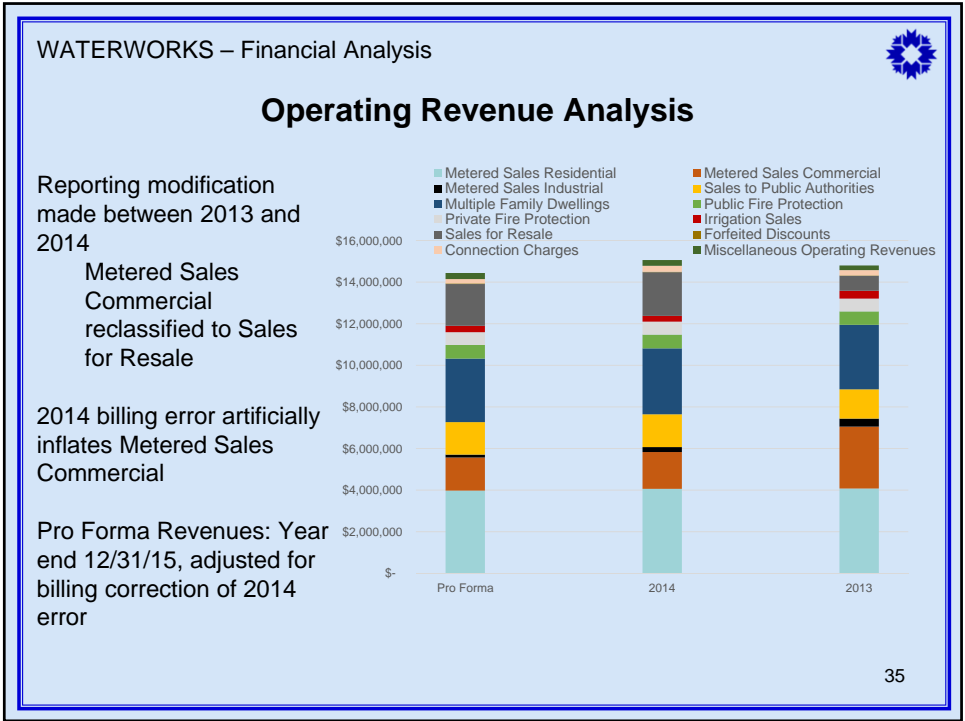
33

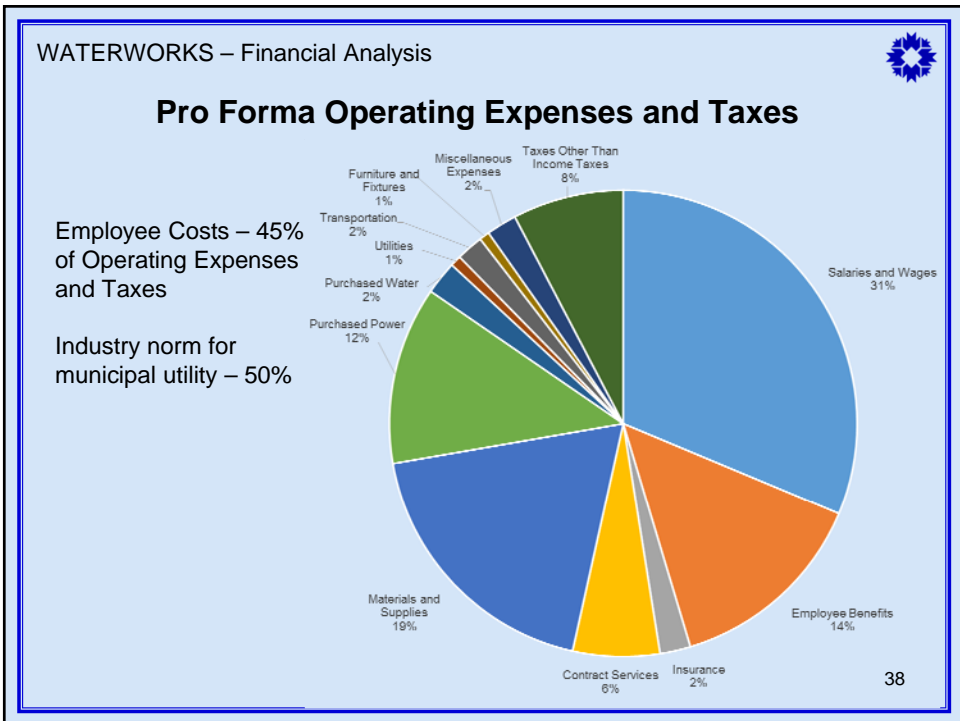
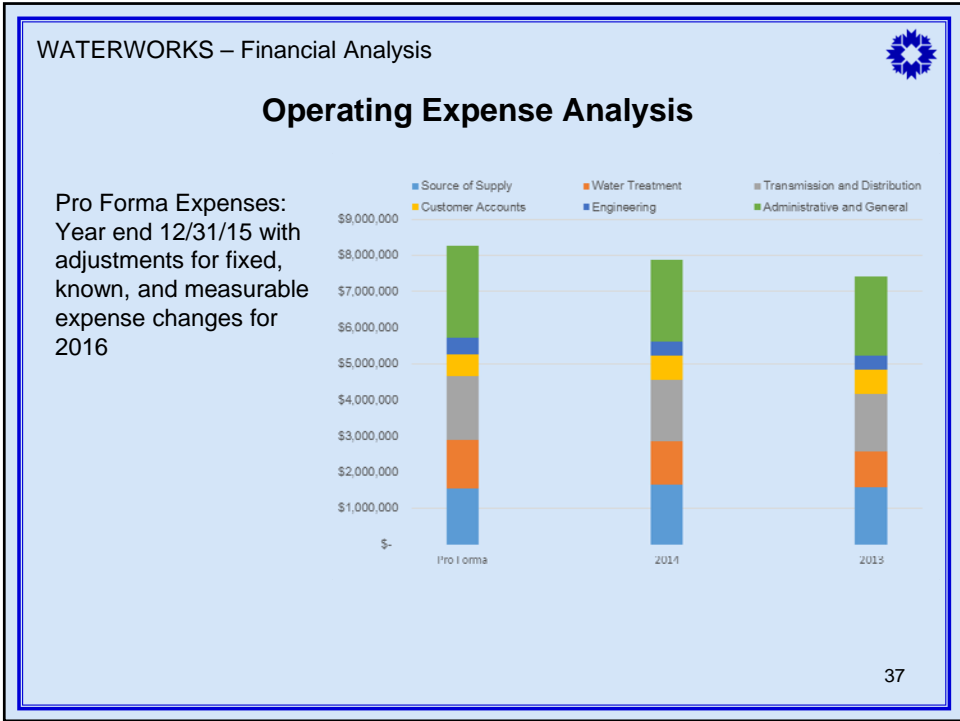


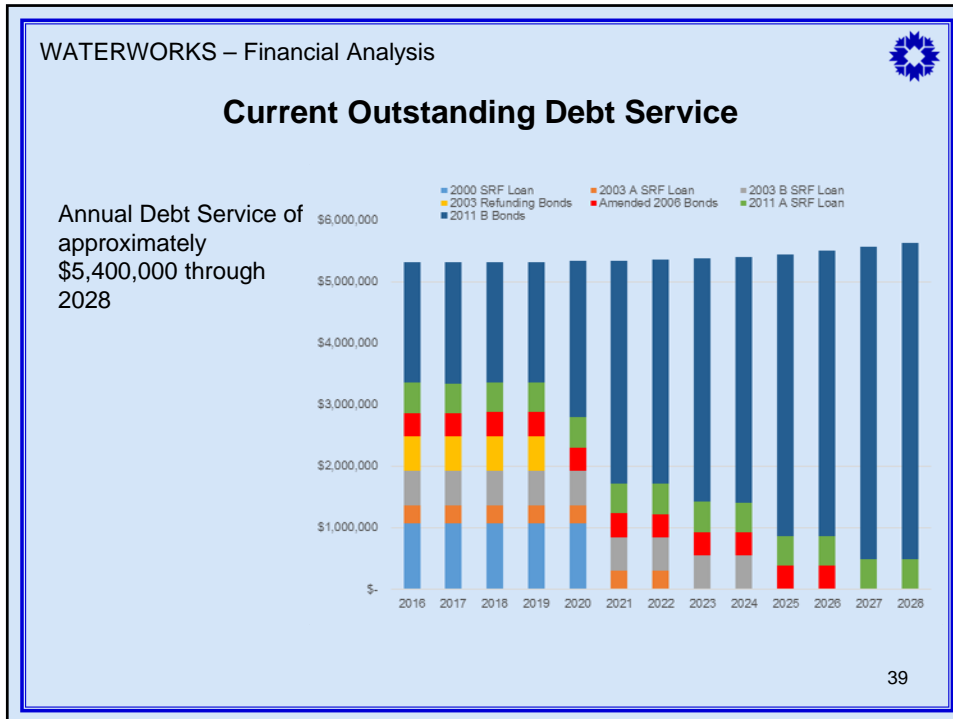
# **WATERWORKS**

*Rate and Financing*

34







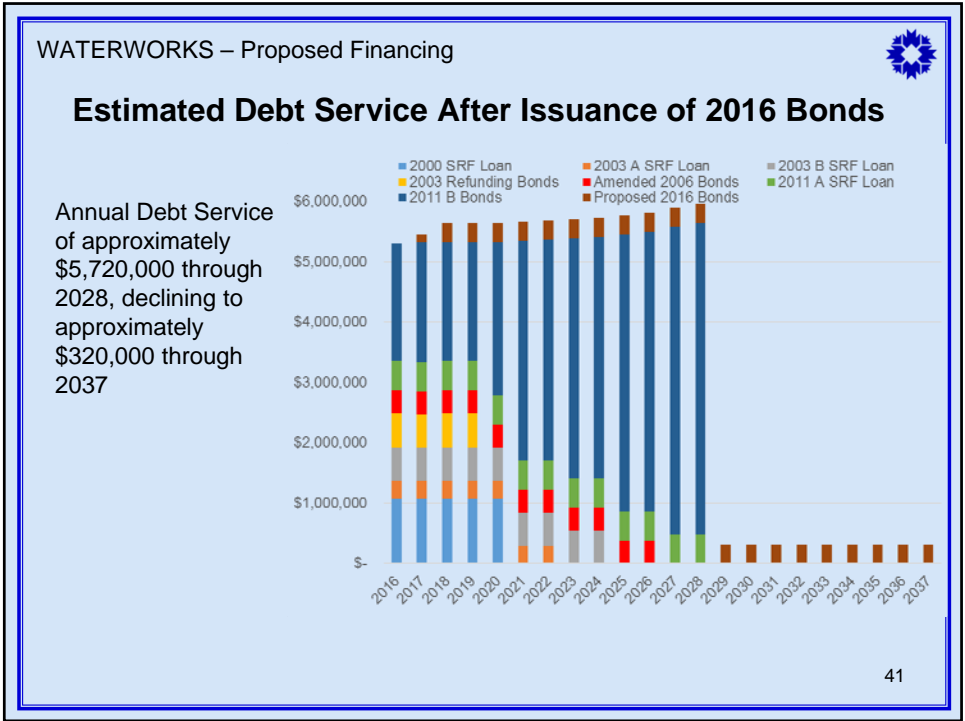
**WATERWORKS – Proposed Financing**

**Proposed Waterworks Revenue Bonds of 2016**

Sources and Uses

<p>Projects</p> <p>Fullerton Pike Project</p> <p>Water Main Replacement Program</p> <p>Matures over 20 year period</p> <p>Average annual debt service of approximately \$320,000</p>	<p><u>Sources of Funds:</u></p> <p>Par Amount <span style="float: right;">\$ 4,570,000</span></p> <p>Total Sources of Funds <span style="float: right;">\$ 4,570,000</span></p> <p><u>Uses of Funds:</u></p> <p>Fullerton Pike Project <span style="float: right;">\$ 2,300,000</span></p> <p>Water Main Replacement Program <span style="float: right;">1,800,000</span></p> <p>Debt Service Reserve Fund <span style="float: right;">318,048</span></p> <p>Underwriter's Discount (1% of Par) <span style="float: right;">45,700</span></p> <p>Cost of Issuance <span style="float: right;">106,252</span></p> <p>Total Uses of Funds <span style="float: right;">\$ 4,570,000</span></p>
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40



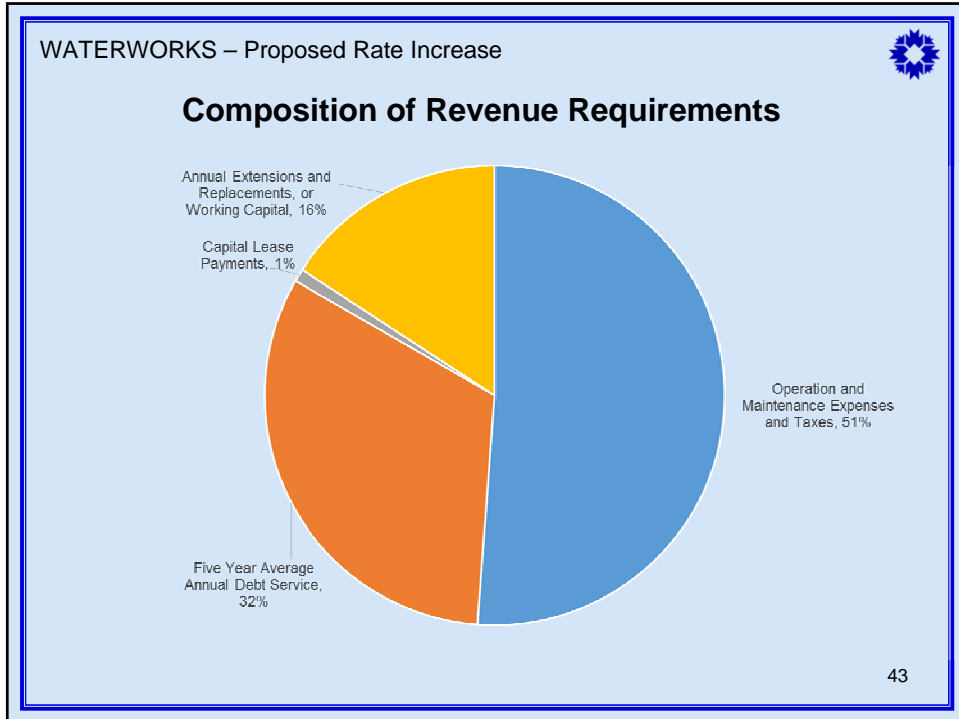
WATERWORKS – Proposed Rate Increase

**Proposed Rate Increase**

	Revenue Requirements
Adjusted Operation and Maintenance Expenses	\$ 8,248,811
Adjusted Taxes Other Than Income Taxes	685,752
Estimated Five Year Average Annual Debt Service	5,606,858
Annual Capital Lease Payment - 2013	82,061
Annual Capital Lease Payment - 2014	76,537
<b>Annual Extensions and Replacements (Depreciation Expense)</b>	<b>2,754,063</b>
Total Revenue Requirements	17,454,082
Less: Adjusted Operating Revenues	(14,436,764)
Deficit	3,017,318
Divide by: Revenue Conversion Factor	0.986
Revenue Increase Required	3,060,160
Divide by: Adjustable Operating Revenues	13,907,917
Percentage Rate Increase Required	22.00%

42






WATERWORKS – Proposed Rate Increase

**Monthly Bill Analysis – Residential Customers**

<u>Monthly Usage</u>	<u>Monthly Current Charge</u>	<u>22.00% Proposed Increase</u>	<u>Difference</u>
<b><u>5/8 Inch Meter</u></b>			
Small User 2,000 gallons	\$ 12.76	\$ 15.56	\$ 2.80
Average Bloomington User 3,000 gallons	15.87	19.35	3.48
Average Indiana User 5,000 gallons	22.09	26.93	4.84
<b><u>3/4 Inch Meter</u></b>			
Small User 2,000 gallons	\$ 15.21	\$ 18.55	\$ 3.34
Average Bloomington User 3,000 gallons	18.32	22.34	4.02
Average Indiana User 5,000 gallons	24.54	29.92	5.38

44




# SEWAGE WORKS

## *Rate and Financing*

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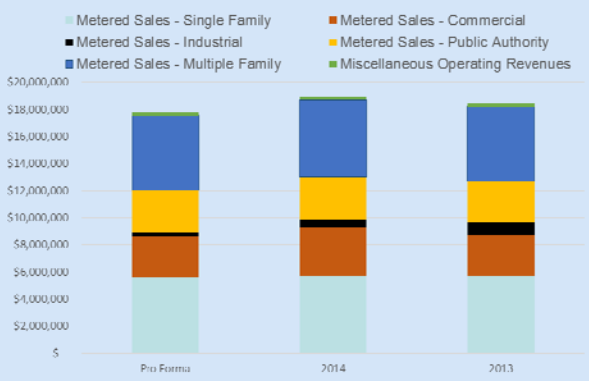
### SEWAGE WORKS – Financial Analysis



## Operating Revenue Analysis

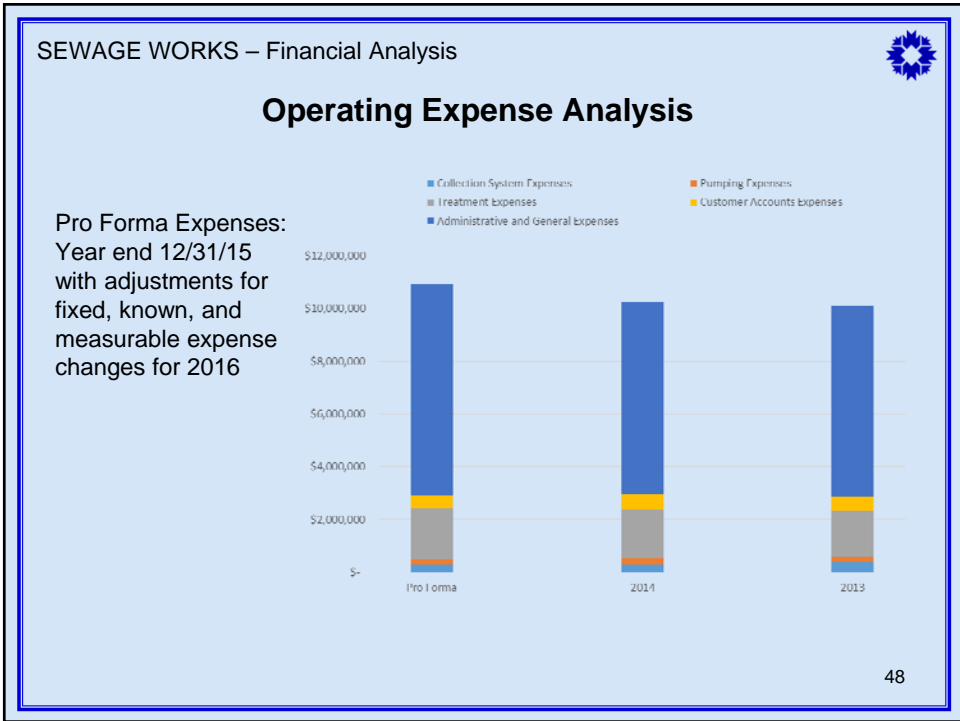
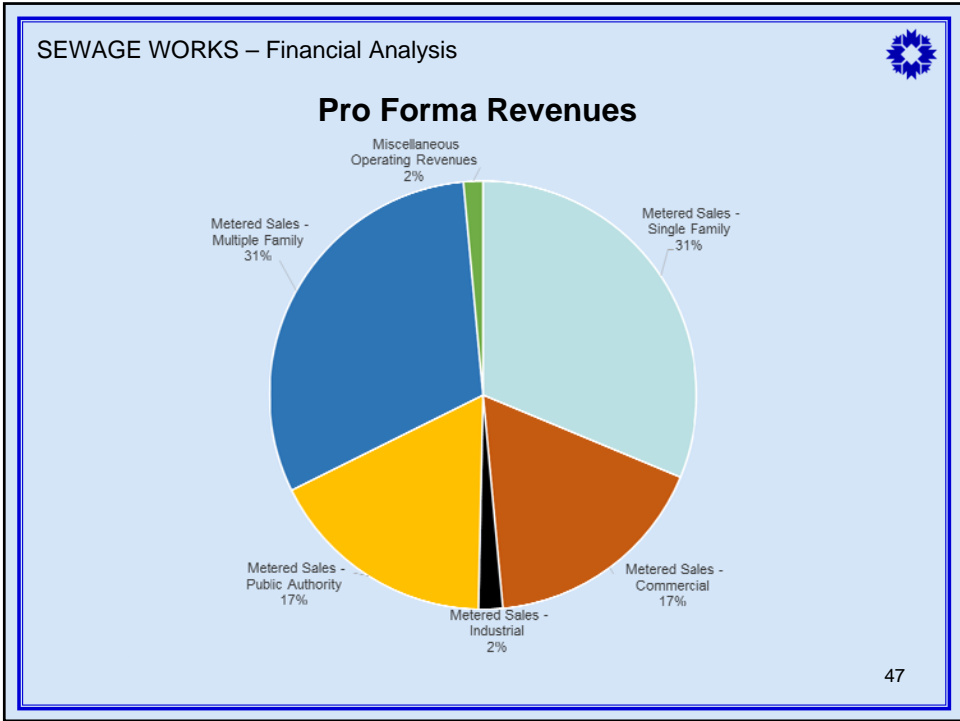
2014 billing error artificially inflates Metered Sales Commercial

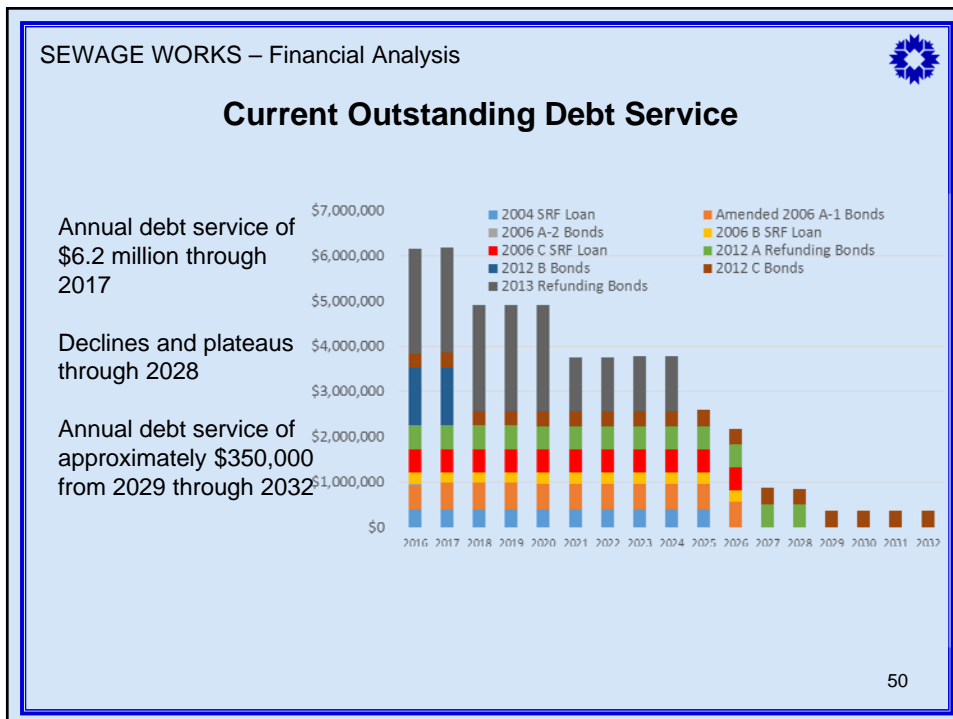
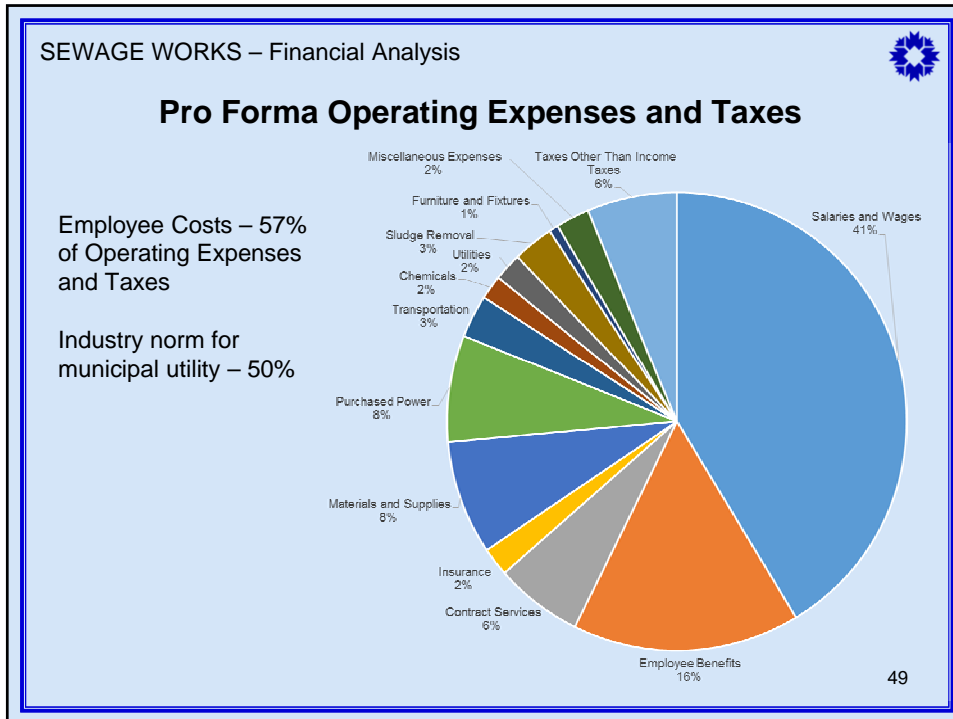
Pro Forma Revenues: Year end 12/31/15, adjusted for billing correction of 2014 error




Category	Pro Forma	2014	2013
Metered Sales - Single Family	\$4,000,000	\$4,000,000	\$4,000,000
Metered Sales - Industrial	\$0	\$0	\$0
Metered Sales - Multiple Family	\$3,000,000	\$3,000,000	\$3,000,000
Metered Sales - Commercial	\$2,000,000	\$3,000,000	\$2,000,000
Metered Sales - Public Authority	\$2,000,000	\$2,000,000	\$2,000,000
Miscellaneous Operating Revenues	\$0	\$0	\$0
<b>Total</b>	<b>\$9,000,000</b>	<b>\$12,000,000</b>	<b>\$11,000,000</b>

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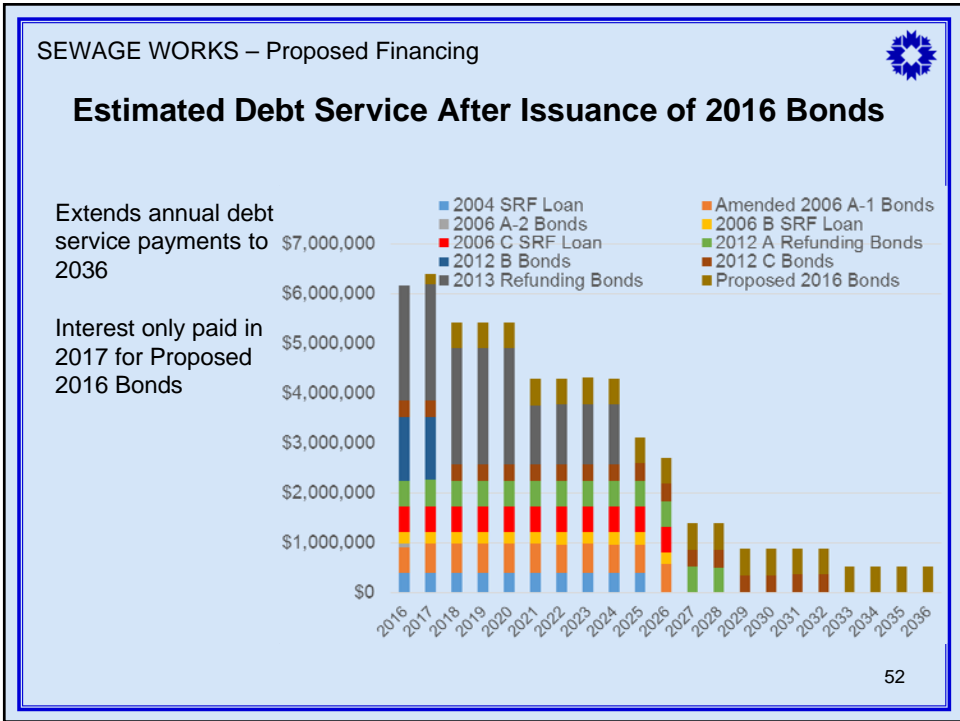
SEWAGE WORKS– Proposed Financing 


### Proposed Sewage Works Revenue Bonds, Series 2016

Sources and Uses

<p>Project Southwest Sanitary Sewer Overflow ("SSO")</p> <p>Matures over 20 year period</p> <p>Average annual debt service of approximately \$525,000</p>	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2"><u>Sources of Funds:</u></td> </tr> <tr> <td>Par Amount</td> <td style="text-align: right;">\$ 7,210,000</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Total Sources of Funds</td> <td style="text-align: right;"><u>7,210,000</u></td> </tr> <tr> <td colspan="2"><u>Uses of Funds:</u></td> </tr> <tr> <td>SSO Reduction Project</td> <td style="text-align: right;">\$ 6,500,000</td> </tr> <tr> <td>Debt Service Reserve Fund</td> <td style="text-align: right;">526,703</td> </tr> <tr> <td>Underwriter's Discount (1% of Par)</td> <td style="text-align: right;">72,100</td> </tr> <tr> <td>Cost of Issuance</td> <td style="text-align: right;"><u>111,197</u></td> </tr> <tr> <td>Total Uses of Funds</td> <td style="text-align: right;"><u>7,210,000</u></td> </tr> </table>	<u>Sources of Funds:</u>		Par Amount	\$ 7,210,000	<hr/>		Total Sources of Funds	<u>7,210,000</u>	<u>Uses of Funds:</u>		SSO Reduction Project	\$ 6,500,000	Debt Service Reserve Fund	526,703	Underwriter's Discount (1% of Par)	72,100	Cost of Issuance	<u>111,197</u>	Total Uses of Funds	<u>7,210,000</u>
<u>Sources of Funds:</u>																					
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Total Uses of Funds	<u>7,210,000</u>																				

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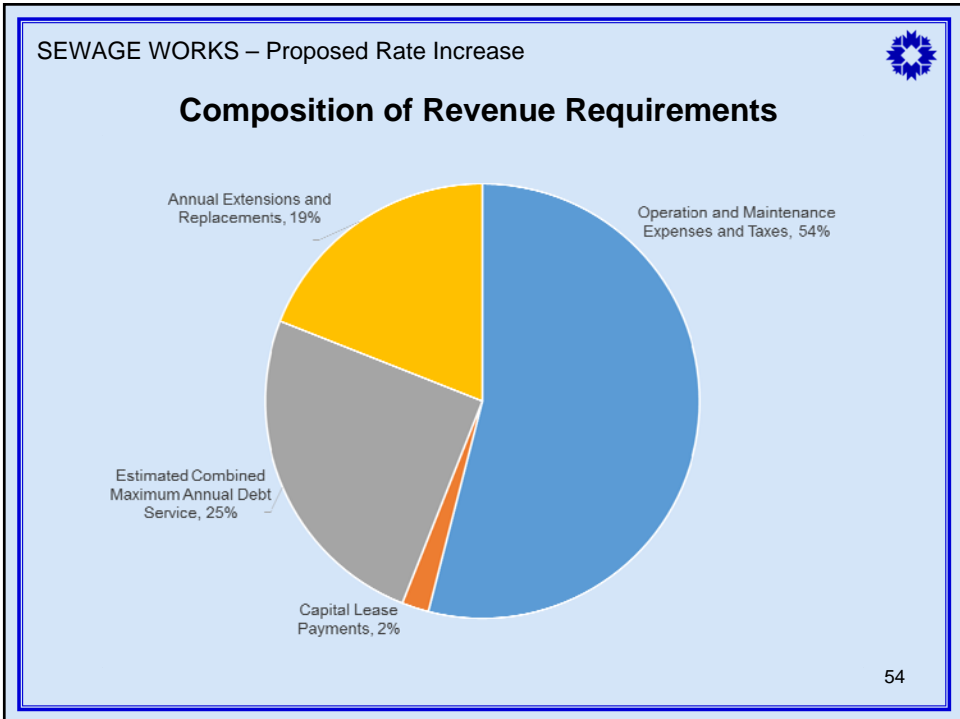



SEWAGE WORKS – Proposed Rate Increase 

### Proposed Rate Increase

	<u>Revenue Requirements</u>
Adjusted Operation and Maintenance Expenses (Exhibit D)	\$ 10,908,432
Adjusted Taxes Other Than Income Taxes (Exhibit D)	736,920
Estimated Combined Maximum Annual Debt Service (Exhibit F)	5,423,700
Annual Capital Lease Payment - 2013 (Schedule B-10)	135,872
Annual Capital Lease Payment - 2014 (Schedule B-11)	234,173
Annual Extensions and Replacements (Depreciation Expense)	4,173,467
<b>Total Revenue Requirements</b>	<b>21,612,564</b>
 Less: Adjusted Operating Revenues (Exhibit D)	 (17,799,769)
 Deficit	 3,812,795
Divide by: Adjustable Operating Revenues (Exhibit D)	17,538,622
 Percentage Rate Increase Required	 22%

53




SEWAGE WORKS – Proposed Rate Increase 

### Monthly Bill Analysis – Residential Customers

<u>Monthly Usage</u>	<u>Monthly Current Charge</u>	<u>22% Proposed Increase</u>	<u>Difference</u>
Small User 2,000 gallons	\$ 19.24	\$ 23.47	\$ 4.23
Average Bloomington User 3,000 gallons	25.60	31.23	5.63
Average Indiana User 5,000 gallons	38.32	46.75	8.43

55


City of Bloomington Utilities– Proposed Rate Increase 

### Combined Monthly Bill Analysis – Residential Customers

<u>Monthly Usage</u>	<u>Monthly Current Charge (1)</u>	<u>Proposed Increase</u>	<u>Difference</u>	<u>Percentage Increase</u>
Small User 2,000 gallons	\$ 34.70	\$ 41.73	\$ 7.03	20.26%
Average Bloomington User 3,000 gallons	44.17	53.28	9.11	20.62%
Average Indiana User 5,000 gallons	63.11	76.38	13.27	21.03%

(1) Includes charges for Water, Sewer, and Stormwater service. Users with 5/8 inch meter assumed for Water charges.

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City of Bloomington Utilities– Proposed Rate Increase 

### Survey of Water Rates

City/Town	2010 Census Population	County	Type of Ownership	Effective Date of Water Rate	Water Rate
Crown Point	27,317	Lake	Municipal	2012	\$ 46.50
Gary	80,294	Lake	Private	2016	41.80
Greenwood	49,791	Johnson	Private	2016	41.80
Hobart	29,059	Lake	Private	2016	41.80
Jeffersonville	44,953	Clark	Private	2016	41.80
Kokomo	45,468	Howard	Private	2016	41.80
Merrillville	35,246	Lake	Private	2016	41.80
Muncie	70,085	Delaware	Private	2016	41.80
New Albany	36,372	Floyd	Private	2016	41.80
Noblesville	51,969	Hamilton	Private	2016	41.80
Portage	36,828	Porter	Private	2016	41.80
Richmond	36,812	Wayne	Private	2016	41.80
Terre Haute	60,785	Vigo	Private	2016	41.80
West Lafayette	(1) 29,596	Tippecanoe	Private	2016	41.80
Valparaiso	31,730	Porter	Municipal	2016	34.04
Westfield	30,068	Hamilton	Trust	2016	33.41
Fishers	(1) 76,794	Hamilton	Trust	2014	29.00
Indianapolis	(1) 820,445	Marion	Trust	2014	29.00
Lawrence	46,001	Marion	Municipal	2008	28.99
Schererville	29,243	Lake	Municipal	2014	27.11
Michigan City	31,479	La Porte	Municipal	2015	27.04
Marion	29,948	Grant	Municipal	2005	27.01
<b>Bloomington Proposed</b>	<b>80,405</b>	<b>Monroe</b>	<b>Municipal</b>		<b>26.93</b>
Goshen	31,719	Allen	Municipal	2016	26.12
Fort Wayne	253,691	Allen	Municipal	2015	25.66
Carmel	79,191	Hamilton	Municipal	2016	25.16
Anderson	(1) 56,129	Madison	Municipal	2015	23.00
<b>Bloomington</b>	<b>80,405</b>	<b>Monroe</b>	<b>Municipal</b>	<b>2011</b>	<b>22.09</b>
Evansville	117,429	Vanderburgh	Municipal	2016	22.01
Mishawaka	48,252	St. Joseph	Municipal	2013	20.93
Plainfield	27,631	Hendricks	Municipal	2009	17.69
Elkhart	50,949	Elkhart	Municipal	2007	14.97
South Bend	101,168	St. Joseph	Municipal	2006	13.33
Columbus	44,061	Bartholomew	Municipal	1992	13.08
Lafayette	67,140	Tippecanoe	Municipal	2007	12.13
Hammond	80,830	Lake	Municipal	1985	3.00

(1) Rate increase pending.

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City of Bloomington Utilities– Proposed Rate Increase 

### Survey of Sewer Rates


City/Town	2010 Census Population	County	Type of Ownership	Effective Date of Sewer Rate	Sewer Rate
Jeffersonville	44,953	Clark	Municipal	2015	\$ 67.13
Evansville	117,429	Vanderburgh	Municipal	2015	55.05
Westfield	30,068	Hamilton	Trust	2016	51.10
New Albany	36,372	Floyd	Municipal	2012	49.83
Terre Haute	(2) 60,785	Vigo	Municipal	2015	49.43
South Bend	(1) 101,168	St. Joseph	Municipal	2016	48.66
Valparaiso	31,730	Porter	Municipal	2016	47.77
<b>Bloomington Proposed</b>	<b>80,405</b>	<b>Monroe</b>	<b>Municipal</b>		<b>46.75</b>
Hobart	29,059	Lake	Municipal	2011	43.85
Anderson	(2) 56,129	Madison	Municipal	2009	43.17
Muncie	(2) 70,085	Delaware	Municipal	2016	42.15
Goshen	31,719	Allen	Municipal	2011	41.81
Richmond	(2) 36,812	Wayne	Municipal	2014	41.65
Fort Wayne	253,691	Allen	Municipal	2016	41.54
Indianapolis	(1) 820,445	Marion	Trust	2015	40.77
Mishawaka	(3) 48,252	St. Joseph	Municipal	2011	38.46
<b>Bloomington</b>	<b>80,405</b>	<b>Monroe</b>	<b>Municipal</b>	<b>2012</b>	<b>38.32</b>
Columbus	44,061	Bartholomew	Municipal	2009	37.77
Noblesville	51,969	Hamilton	Municipal	2015	37.68
Elkhart	50,949	Elkhart	Municipal	2015	34.89
Lawrence	(4) 46,001	Marion	Municipal	2009	34.02
Michigan City	31,479	La Porte	Municipal	2012	33.77
Lafayette	(1) 67,140	Tippecanoe	Municipal	2015	32.90
Gary	(2) 80,294	Lake	Municipal	2008	32.50
Greenwood	49,791	Johnson	Municipal	2015	32.33
Crown Point	27,317	Lake	Municipal	2009	31.65
Fishers	76,794	Hamilton	Municipal	2016	31.00
Plainfield	27,631	Hendricks	Municipal	2015	30.25
Kokomo	45,468	Howard	Municipal	2006	29.95
Marion	(1) 29,948	Grant	Municipal	2016	29.39
West Lafayette	29,596	Tippecanoe	Municipal	2016	28.90
Carmel	79,191	Hamilton	Municipal	2016	28.71
Merrillville	35,246	Lake	Municipal	2014	26.73
Portage	36,828	Porter	Municipal	2009	23.50
Schererville	29,243	Lake	Municipal	2009	20.51
Hammond	(2) 80,830	Lake	Municipal	2008	13.38

(1) Rate increase pending.  
 (2) Subsidized by property tax.  
 (3) Subsidized by tax increment financing (TIF) revenues.  
 (4) Includes 2016 tracking factor of approximately \$.72 per 1,000 gallons.

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City of Bloomington Utilities– Proposed Rate Increase

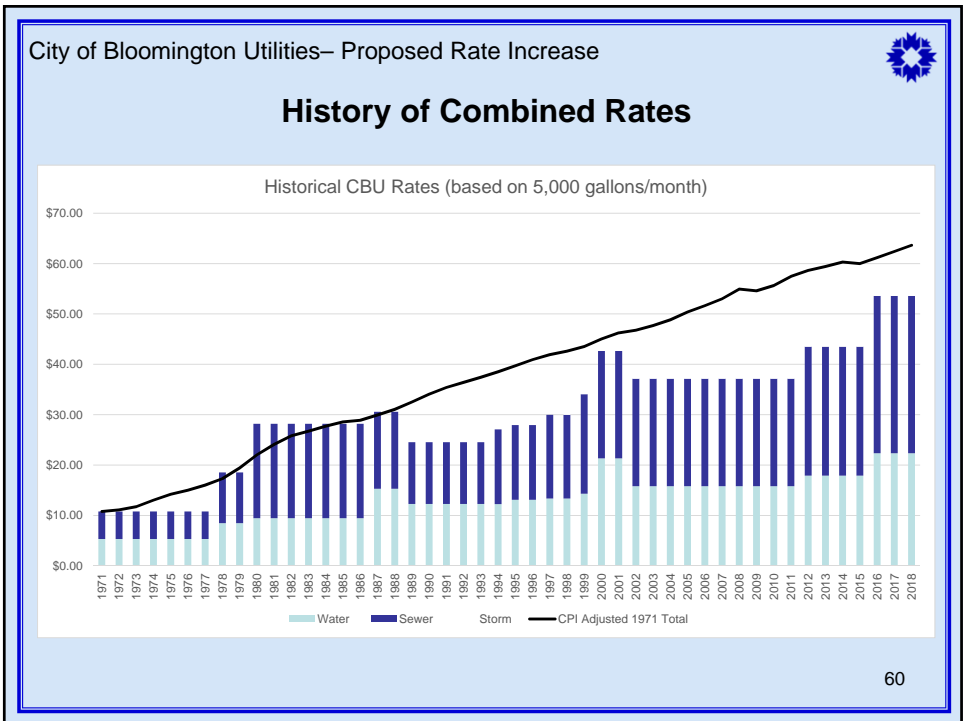


### Survey of Combined Water and Sewer Rates

City/Town	2010 Census Population	County	Combined Rate
Jeffersonville	44,953	Clark	\$ 108.93
New Albany	36,372	Floyd	91.63
Terre Haute (2)	60,785	Vigo	91.23
Hobart	29,059	Lake	85.65
Westfield	30,068	Hamilton	84.51
Muncie (2)	70,085	Delaware	83.95
Richmond (2)	36,812	Wayne	83.45
Valparaiso	31,730	Porter	81.81
Noblesville	51,969	Hamilton	79.48
Crown Point	27,317	Lake	78.15
Evansville	117,429	Vanderburgh	77.06
Gary (2)	80,294	Lake	74.30
Greenwood	49,791	Johnson	74.13
<b>Bloomington Proposed</b>	<b>80,405</b>	<b>Monroe</b>	<b>73.68</b>
Kokomo	45,468	Howard	71.75
West Lafayette (1)	29,596	Tippecanoe	70.70
Indianapolis (1)	820,445	Marion	69.77
Merrillville	35,246	Lake	68.53
Goshen	31,719	Allen	67.93
Fort Wayne	253,881	Allen	67.20
Anderson (1)(2)	56,129	Madison	66.17
Portage	36,828	Porter	65.30
Lawrence	46,001	Marion	63.01
South Bend (1)	101,166	St. Joseph	61.99
Michigan City	31,479	La Porte	60.81
<b>Bloomington</b>	<b>80,405</b>	<b>Monroe</b>	<b>60.41</b>
Fishers (1)	76,794	Hamilton	60.00
Mishawaka (3)	48,252	St. Joseph	59.39
Marion (1)	29,948	Grant	56.40
Carmel	79,191	Hamilton	53.97
Columbus	44,061	Bartholomew	50.85
Elkhart	50,949	Elkhart	49.86
Plainfield	27,631	Hendricks	47.94
Schererville	29,243	Lake	47.62
Lafayette (1)	67,140	Tippecanoe	45.03
Hammond (2)	80,830	Lake	16.38

(1) Rate increase pending.  
 (2) Subsidized by property tax.  
 (3) Subsidized by tax increment financing (TIF) revenues.

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## Summary of Benefits



### Waterworks

- Financial stabilization – eliminate the projected yearly deficit
- Capital investment for improved water quality
- Replacement of aging infrastructure
- Investment in smart metering

### Sewage Works

- Financial stabilization – eliminate the projected yearly deficit
- Continuing replacement and lining of sewer mains
- Capital investment for SSO elimination south of downtown
- Capital repairs at Dillman, Blucher Poole plants

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## Risks if the Rate Case is Delayed Further



### Waterworks


- The annual deficit continues to grow, reducing capital expenditures for infrastructure maintenance
- Reduced capital investment in aging infrastructure
- Lack of investment in Monroe plant for water quality improvement
- Continuing delay in metering improvements, flushing program

### Sewage Works

- The current annual deficit continues to grow, reducing capital expenditures for infrastructure maintenance
- Replacement and lining of sewer mains will be reduced
- SSO elimination projects will be delayed
- Delayed capital repairs at treatment plants
- No expansion of pretreatment program

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**Proposed Calendar**



**USB**

- 5-11-16 Work Session
- 5-16-16 Regular Meeting
- 5-31-16 Public Hearing / Final Action

**Council**

- 6-1-16 First Reading
- 6-8-16 Committee Discussion
- 6-15-16 Final Action/Public Hearing
- Implementation of sewer rate increase TBD

**IURC (waterworks only)**

- 9-27-16 Filing Deadline for water rate case
- Up to 300 days after filing – receive IURC order
- Implementation of water rates TBD

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**Thank you**

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**ORDINANCE 16-08**

**TO AMEND TITLE 9  
OF THE BLOOMINGTON MUNICIPAL CODE ENTITLED “WATER”  
(Rate Adjustment)**

WHEREAS, the City of Bloomington, Indiana (“City”) owns and operates a waterworks system, through its Utilities Service Board, pursuant to IC 8-1.5-2 and IC 8-1.5-3, as amended (“Act”), which waterworks system is subject to the jurisdiction of the Indiana Utility Regulatory commission (“Commission”); and,

WHEREAS, the current rates and charges of the waterworks system of the City were established by Order of the Commission in Cause No. 43939 on the 2<sup>nd</sup> Day of March, 2011; and,

WHEREAS, the City, through its Utilities Service Board, recommends necessary construction of additions and improvements to the waterworks, including maintaining and improving water quality, replacement and rehabilitation of water mains, tanks, booster stations and hydrants; and,

WHEREAS, the City, through its Utilities Service Board, determined that it will be necessary to finance said additions and improvements through the issuance of bonds and, if necessary, bond anticipation notes; and,

WHEREAS, the City, through its Utilities Service Board, engaged Crowe Horwath, LLP to study the revenue requirements for the waterworks system pursuant to the provisions of the Act; and,

WHEREAS, Crowe Horwath, LLP studied the revenue requirements of the waterworks system pursuant to the provisions of the Act and determined that the waterworks system annual operating revenues from water service do not produce sufficient revenues to meet the requirements of the Act and that said revenues need to be increased to provide income sufficient to pay the debt service on the proposed financing of the additions and improvements to the waterworks and otherwise provide for the revenue requirements set forth in the Act, specifically IC 8-1.5-3-8; and,

WHEREAS, the City, through its Utilities Service Board, upon consideration of the study prepared by Crowe Horwath, LLP, recommends that the Common Council approve a 22% increase in the rates and charges of the waterworks; and,

WHEREAS, based upon the aforementioned study, and the recommendations of the Utility Service Board, the Common Council of the City finds that the rates and charges of the waterworks system of the City should be increased as set forth herein and take effect at such time as may be determined in an upcoming proceeding before the Indiana Utility Regulatory Commission, so as to produce sufficient revenues to meet the requirements of the Act; and,

WHEREAS, the Common Council of the City finds that the rates and charges set forth herein are nondiscriminatory, reasonable and just and are based upon the cost of providing service to the customers of the waterworks system of the City;

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA, THAT:

SECTION 1. Section 9.08.010 of the City Code of Bloomington (“Code”), entitled “Monthly rates generally” is hereby amended and restated as follows:

**9.08.010 Monthly rates generally.**

The following rates and charges are established for the use of and service rendered by the water utility of the city. The schedule of rates and charges for the use of the water utility as set forth in this chapter reflects the rates and charges of the water utility as adopted by ordinance of the common Council of the City and may not necessarily reflect the actual rates and charges of the water utility, which are subject to the approval of the Indiana Utility Regulatory commission (“Commission”). The actual rates and charges of the water utility as approved by the Commission are set forth in the most recent tariff of the water utility on file with the Commission and the Clerk of the City and open for public inspection. Appropriate Indiana Sales Tax will also apply to billings for customers that are not tax-exempt. Each customer will pay a monthly charge according to the following schedule:

**Monthly Usage Charge Applicable to Residential, Commercial, Governmental, Interdepartmental, Industrial, Indiana University – Master Metered, Indiana University – Non-Master Metered, and Irrigation Classes.**

<b>Category</b>	<b>Rate Per 1,000 gallons</b>
Residential	3.79
Commercial, Governmental, Interdepartmental	3.21
Industrial	2.96
Indiana University – Master Metered	2.40
Indiana University – Non-Master Metered	3.21
Irrigation	3.48

**Monthly Service Charge, in Addition to Monthly Usage for the Customer Categories Listed Above.**

<b>Meter Size</b>	<b>Charge</b>	<b>Meter Size</b>	<b>Charge</b>
5/8”	5.99	3”	61.52
¾”	7.99	4”	101.17
1”	10.76	6”	200.31
1 ½”	18.69	8”	299.45
2”	26.62	10”	398.57

**Monthly Surcharges for Fire Protection Service for the customer categories listed above (excluding Indiana University – Master Metered).**

<b>Meter Size</b>	<b>Charge</b>		<b>Meter Size</b>	<b>Charge</b>	
	<b>Inside City</b>	<b>Outside City</b>		<b>Inside City</b>	<b>Outside City</b>
5/8”	1.99	3.33	3”	34.78	58.43
¾”	2.98	5.01	4”	59.62	100.13
1”	4.97	8.36	6”	124.24	208.61
1 ½”	9.94	16.68	8”	178.90	300.38
2”	15.90	26.72	10”	288.21	483.96

The monthly Fire Protection Charge for Indiana University – Master Metered accounts as a group shall be \$1,823.45.

SECTION 2. Section 9.08.020 of the Code, entitled “Contract sales for resale” is hereby amended and restated as follows:

**9.08.020 Contract sales for resale.**

The rate for contract sales for resale shall be \$2.43 per one thousand gallons.

**Monthly Service Charge in Addition to Monthly Usage Charge.**

<b>Meter Size</b>	<b>Charge</b>	<b>Meter Size</b>	<b>Charge</b>
5/8”	5.99	3”	61.52
¾”	7.99	4”	101.17
1”	10.76	6”	200.31
1 ½”	18.69	8”	299.45
2”	26.62	10”	398.57

SECTION 3. Section 9.08.040 of the Code, entitled “Private fire connections per connection” is hereby amended and restated as follows:

**9.08.040 Private fire connections per connection.**

<b>Line Size</b>	<b>Monthly</b>	<b>Annually</b>
4 inch line or smaller	10.02	120.19
6 inch line	27.84	334.08
8 inch line	57.06	684.71
10 inch line	99.93	1,199.16
12 inch line	157.55	1,890.61

SECTION 4. All ordinances and parts of ordinances in conflict herewith are hereby repealed; provided, however, that the existing rates and charges of the waterworks system of the City shall remain in full force and effect until the rates and charges fixed by this ordinance shall be approved by order of the Commission and the tariff reflecting said approved rates and charges shall have been filed with and approved by the Commission.

SECTION 5. In the event the rates and charges of the waterworks system approved by the Commission shall differ from the rates and charges set forth herein, the Common Council hereby approves said rates and charges as adjusted by the Commission without further action of the Common Council. The rates and charges of the waterworks system of the City as reflected in the tariff filed with and approved by the Commission shall be filed with the Clerk of the City and be open for public inspection.

SECTION 6. If any section, sentence, or provision of this ordinance or the application thereof to any person or circumstance shall be declared invalid, such invalidity shall not affect any of the other parts of this ordinance which can be given effect without the invalid part, and to this end the provisions of this ordinance are declared to be severable.

SECTION 7. This ordinance shall be in full force and effect from and after its passage by the Common Council of the City and approval of the Mayor.

PASSED and ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
 ANDY RUFF, President  
 Bloomington Common Council

ATTEST:

\_\_\_\_\_  
 NICOLE BOLDEN, Clerk  
 City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana,  
upon this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

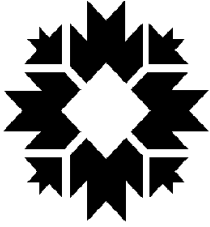
\_\_\_\_\_  
NICOLE BOLDEN, Clerk  
City of Bloomington

SIGNED and APPROVED by me upon this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
JOHN HAMILTON, Mayor  
City of Bloomington

#### SYNOPSIS

This ordinance amends the rates and charges in Title 9 of the Bloomington Municipal Code, entitled “Water”, to reflect increased costs of supplying water and services to customers, and to make debt service payments on bond financing for required capital improvements.



**CITY OF BLOOMINGTON  
LEGAL DEPARTMENT  
MEMORANDUM**

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**TO:** City of Bloomington Common Council Members  
**FROM:** Christopher J. Wheeler, Assistant City Attorney  
**RE:** Ordinance 16-08 authorizing Waterworks Utility rate increase  
Ordinance 16-09 authorizing Waterworks Utility bond issuance  
**DATE:** May 26, 2016

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Ordinance 16-08 (the “Rate Ordinance”) is before the Common Council for approval as a necessary step before the City may move forward with filing a water rate adjustment case with the Indiana Utility Regulatory Commission (IURC) for its consideration. Ordinance 16-08 authorizes an across-the-board increase of 22% for all rates and charges of the Waterworks Utility. This increase applies only to the water portion of customers’ bills. As applied to the average customer’s bill, this new rate represents an approximate 20% increase. City Administration and the Utilities Service Board both support this adjustment and anticipate the rate adjustment taking effect January of 2018. This rate adjustment will produce revenue sufficient to meet on-going operation and maintenance expenses, make present debt service payments and other on-going obligations, while also permitting the City to make capital improvements to the Waterworks system and cover the debt service payments and other costs associated with making those improvements.

The planned Waterworks capital improvements include:

1. Monroe Water Treatment Plant General Improvements: Security video system upgrades, replacement of one low service pump, addition of one new low service pump and one new high service pump, addition of one new drying bed, building a storage building, and rehabilitating the sludge press equipment.
2. Water Treatment and Water Quality Improvements at Monroe Water Treatment Plant: GAC filter cap evaluation, ultraviolet disinfection, phosphate chemical feed system, sodium chlorite feed system, on-site chlorine dioxide generation.
3. Electrical Service Improvements at the Monroe Water Treatment Plant: substation transformer upgrades and replacements, standby power improvements,
4. Capacity Expansion of the Monroe Water Treatment Plant: Expand the plant’s capacity from 30 mgd to 36 mgd.
5. Distribution System Improvements and Replacements: Addition of a pump at the Gentry Booster Station; Water line improvements and replacements at 10<sup>th</sup> & Woodlawn, Woodlawn



Avenue, Jordan Avenue, Fullerton Pike, Showers Road, and the Woodyard Road water line which provides service to Ellettsville.

For a more comprehensive discussion of the Capital Improvements, please see the May 10, 2016, Report on Water Projects 5 Year Capital Improvement Plan prepared by Mike Hicks, Capital Projects Manager for the City of Bloomington Utilities Department.

Ordinance 16-09 (the “Bond Ordinance”) is before the Common Council for approval as a necessary step in the City’s financing of the planned capital construction projects for the waterworks system. This Ordinance frames the terms and conditions required to meet IRS requirements for tax-exempt municipal bonds for low interest bond issuances, and to ensure that the bonds can be sold for the best terms possible to the Utility.

The maximum total bond authorization sought is \$4,600,000.00 (it could end up being less than this, but not more without further Council approval) which includes the cost of the projects listed above plus additional funds for contingencies, debt service reserve funding and costs of issuance. The total figure and the terms of the Bond Ordinance were determined by CBU’s financial advisor in consultation with its bond counsel. They have worked closely with CBU to ensure that all legal and fiscal requirements are met and that CBU’s petition to the IURC for both the rate adjustment and bond authorization will be favorably received.

Once the Bond Ordinance is approved by the Council it will go to the IURC along with the Rate Ordinance for final approval. If you have any questions regarding either of these ordinances, please feel free to contact me by calling City Legal at 812.349.3549 or e-mailing me at [wheelech@bloomington.in.gov](mailto:wheelech@bloomington.in.gov).



Bloomington Municipal Utilities  
Bloomington, Indiana

As of May 11, 2016



**Crowe Horwath.**



Rate and Financing Report  
Bloomington Municipal Water Utility  
Bloomington, Indiana

As of May 11, 2016



**Crowe Horwath.**

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## Purpose of the Report

Crowe Horwath LLP has performed a study and analysis of the operating and financial reports, budgets, and other data pertaining to the City of Bloomington Municipal Water Utility ("Utility"). The results of our analysis are contained in this Rate and Financing Report ("Report").

The purpose of the Report is to estimate the Utility's cash flow and financial capacity to meet its on-going revenue requirements for operation and maintenance expenses, present and proposed debt service, and make capital improvements to the Utility's system. This Report is based on data for the twelve months ended December 31, 2015. The historical information used in this Report was taken from the books and records of the Utility and was adjusted as necessary for fixed, known, and measurable items as discussed in the Exhibits and Schedules of this Report.

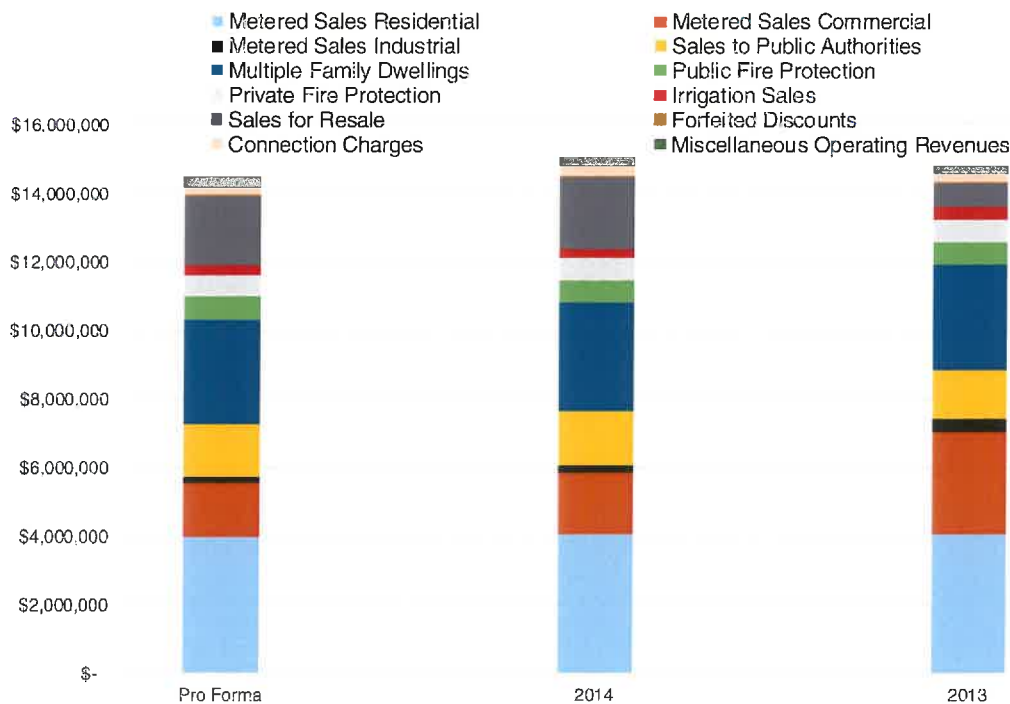
In the course of preparing this Report, we have not conducted an audit of any financial or supplemental data used in the accompanying Exhibits and Schedules. We have made certain projections that may vary from actual results because events and circumstances frequently do not occur as estimated and such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

If you have any questions regarding this Report, please call John Skomp (317) 269-6699 or Angie Steeno (317) 269-2367.

## Operating Revenue Analysis

**Chart 1** and the table below compare Operating Revenues of the Utility for the twelve months ended December 31, 2013 and 2014, and Pro Forma 2015 revenues. Pro Forma 2015 revenues represent Operating Revenues for the twelve months ended December 31, 2015, adjusted for a 2014 billing error that was corrected in 2015. Operating revenues for the Utility have remained relatively consistent between 2013 and 2015, with moderate declines between 2014 and Pro Forma 2015 across a few revenues classes. Metered Sales Commercial appears to dramatically decrease between 2014 and Pro Forma 2015; the decrease is almost entirely due to the aforementioned billing error that resulted in the overstatement of 2014 revenues by approximately \$200,000. Metered Sales Industrial declined over \$100,000 between 2014 and Pro Forma 2015. Management of the Utility attributes the decrease to consumption efficiencies achieved by GE and Cook Pharmica. It is important to note that reporting categories for customer revenues were altered between 2013 and 2014, inhibiting meaningful comparison between the years on a customer class level. See Exhibit C and D in Appendix A for additional detail.

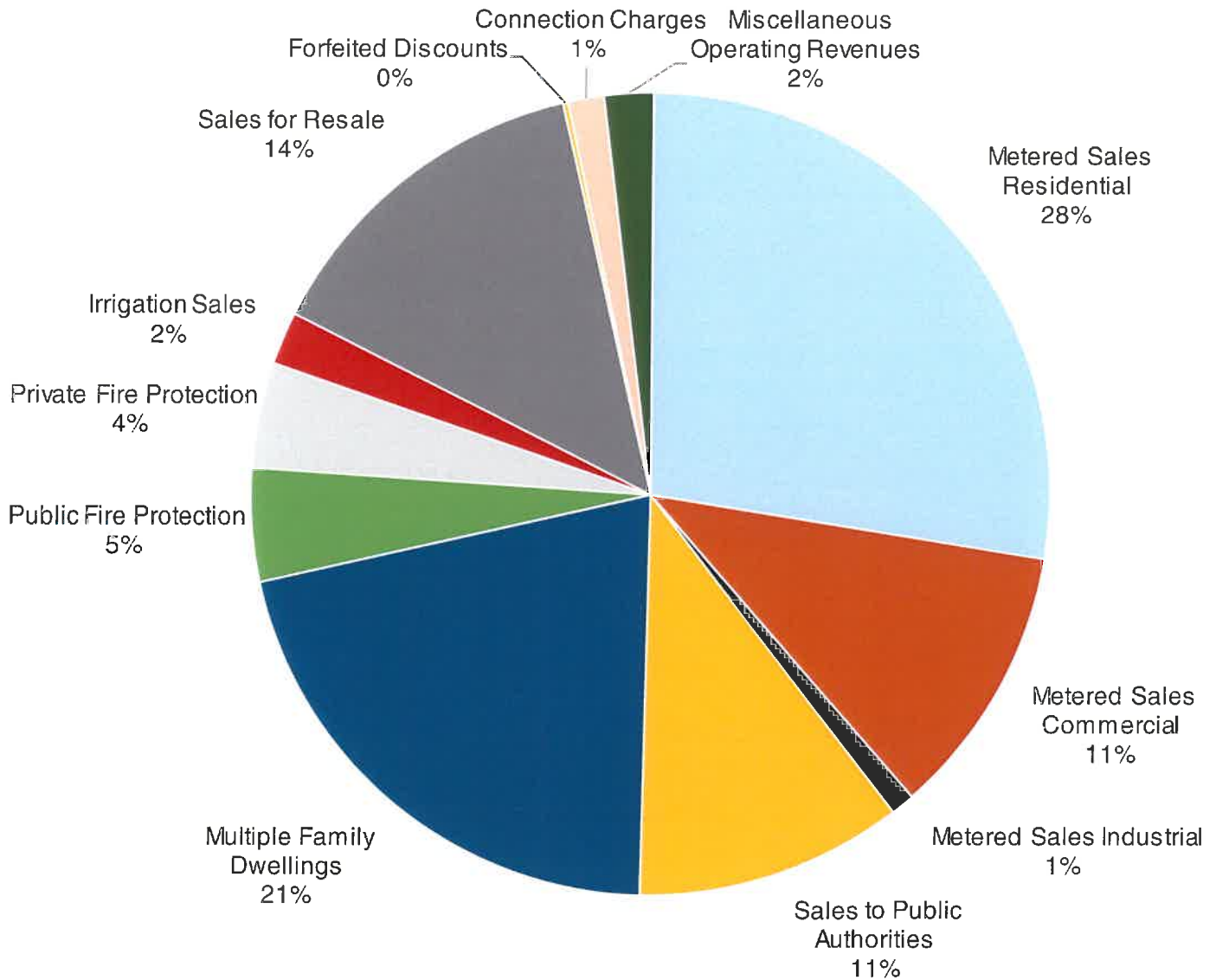
**Chart 1: Historical 2013 to 2014 and Pro Forma 2015 Revenues**



	<u>Pro Forma</u>	<u>2014</u>	<u>2013</u>
Metered Sales Residential	\$ 3,975,651	\$ 4,061,955	\$ 4,070,899
Metered Sales Commercial	1,588,986	1,768,416	2,977,058
Metered Sales Industrial	136,758	239,601	384,479
Sales to Public Authorities	1,561,736	1,573,285	1,407,746
Multiple Family Dwellings	3,054,909	3,169,034	3,101,245
Public Fire Protection	660,191	661,338	649,851
Private Fire Protection	611,910	624,481	615,663
Irrigation Sales	306,620	273,982	374,470
Sales for Resale	2,011,156	2,103,381	714,855
Forfeited Discounts	28,964	27,145	22,826
Connection Charges	210,614	282,559	258,400
Miscellaneous Operating Revenues	289,269	271,725	220,133
<b>Totals</b>	<b>\$ 14,436,764</b>	<b>\$ 15,056,902</b>	<b>\$ 14,797,625</b>

**Chart 2**, below provides a pictorial representation of percentage of revenues, by class of revenue, for Pro Forma 2015 revenues. As can be seen, Metered Sales Residential comprise a total of twenty-eight percent (28%) of the total Pro Forma 2015 revenues, followed by Multiple Family Dwellings at twenty-one percent (21%) of total Pro Forma 2015 revenues.

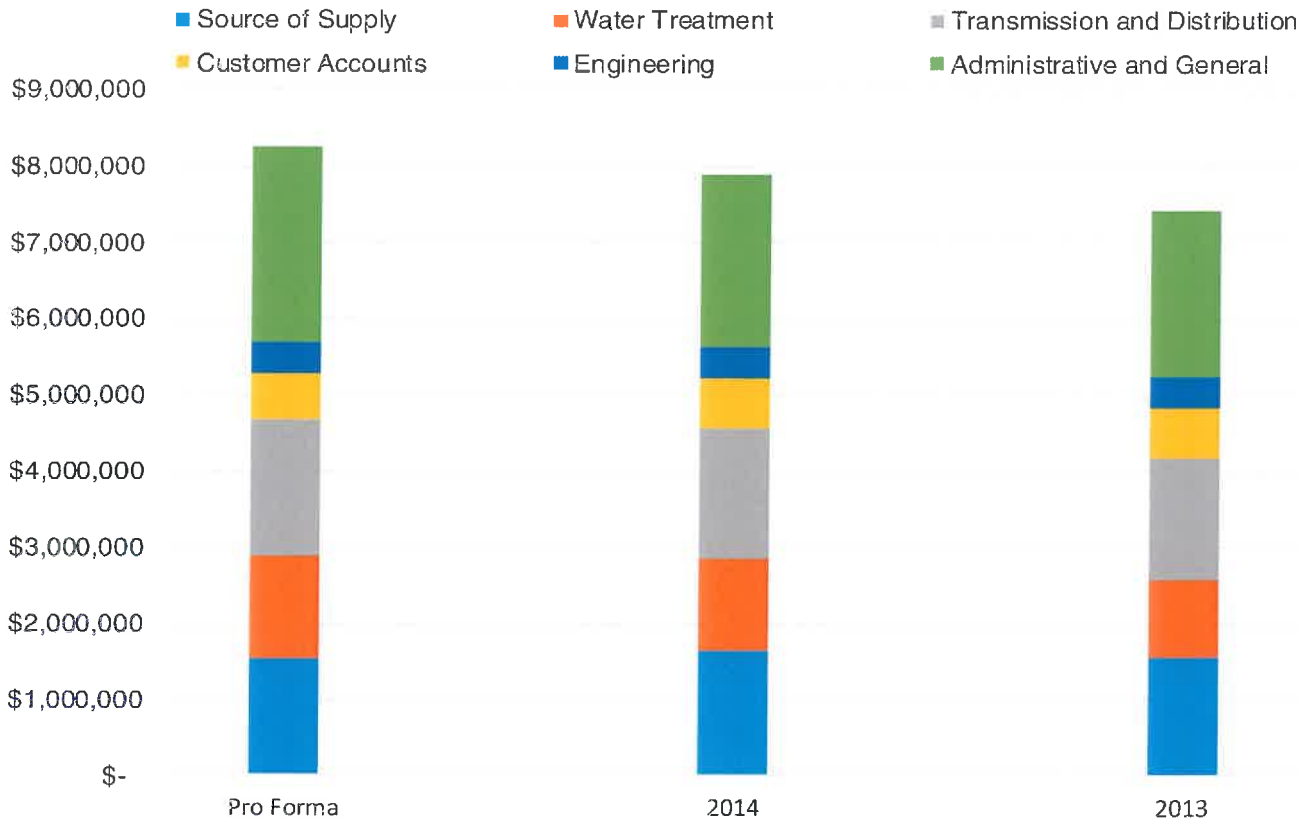
**Chart 2: Pro Forma Revenues**



## Operating Expenses Analysis

**Chart 3**, below shows the historical disbursements for 2013 through 2014 as well as the Pro Forma 2015 expenses. Pro Forma 2015 expenses are the operating expenses for the year ended December 31, 2015, adjusted for expected increases in salaries and wages and related salary expenses, as well as the removal of non-recurring expenses in order to reflect a more predictive amount of annual expense. See Exhibit C and D in Appendix A for additional detail.

**Chart 3: Historical 2013 to 2014 and Pro Forma Expenses**

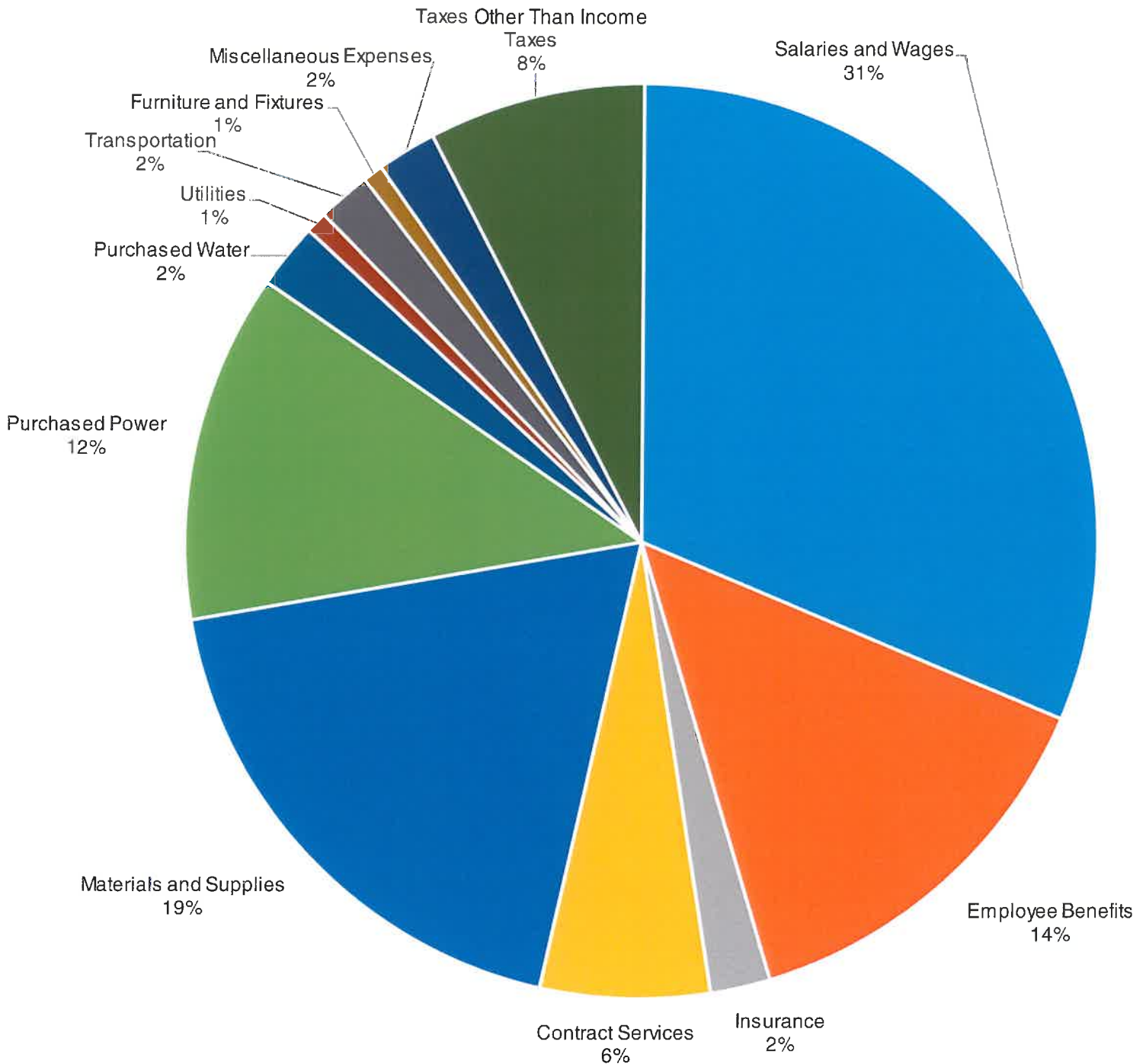


	<u>Pro Forma</u>	<u>2014</u>	<u>2013</u>
Source of Supply	\$ 1,536,996	\$ 1,637,122	\$ 1,567,340
Water Treatment	1,359,084	1,223,495	1,011,972
Transmission and Distribution	1,782,433	1,711,371	1,607,169
Customer Accounts	596,100	639,959	638,306
Engineering	427,894	413,563	412,614
Administrative and General	2,546,304	2,257,694	2,186,248
<b>Total Operating Expenses</b>	<b>\$ 8,248,811</b>	<b>\$ 7,883,204</b>	<b>\$ 7,423,649</b>



**Chart 4**, below shows the Pro Forma 2015 operation and maintenance expenses and taxes other than income taxes of \$8,934,563. As illustrated below, the largest expenses of the Utility are Salaries and Wages and Employee Benefits, Materials and Supplies, and Taxes Other Than Income Taxes.

**Chart 4: Pro Forma Operating Expenses and Taxes Other Than Income Taxes**

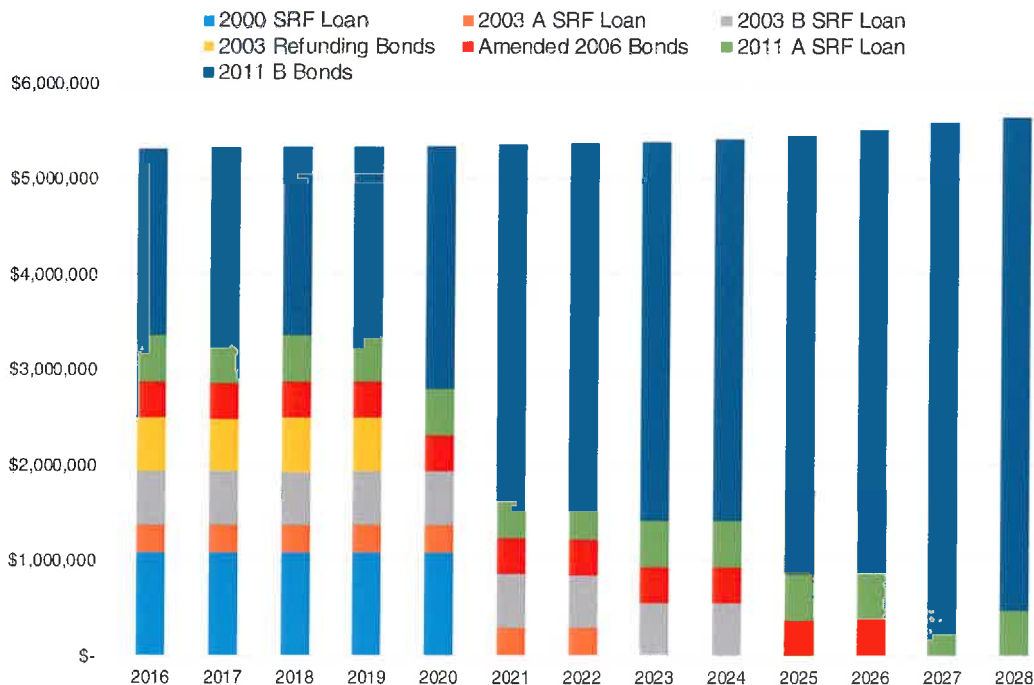


	<u>Pro Forma</u>
Salaries and Wages	\$ 2,798,005
Employee Benefits	1,255,212
Insurance	189,161
Contract Services	536,014
Materials and Supplies	1,677,959
Purchased Power	1,101,981
Purchased Water	205,567
Utilities	67,935
Transportation	166,423
Furniture and Fixtures	62,881
Miscellaneous Expenses	187,673
Taxes Other Than Income Taxes	<u>685,752</u>
Total Operation and Maintenance Expenses and Taxes	<u><u>\$ 8,934,563</u></u>

## Outstanding Debt Service

**Chart 5**, below, shows the annual principal and interest payments for the Utility's outstanding obligations. The annual debt service is level at approximately \$5,400,000 per year through 2028. See Exhibit B and accompanying schedules in Appendix A for additional detail.

**Chart 5: Current Annual Debt Service**



## Proposed Waterworks Revenue Bonds of 2016

The Utility is proposing new debt to be issued in 2016 ("2016 Bonds") for the purpose of funding water main enhancements in the Fullerton Pike Corridor, as well as the City's Water Main Replacement Program. The 2016 Bonds are expected to mature over a twenty year period at an estimated annual debt service of approximately \$320,000. See Exhibit E and accompanying schedule for additional detail. Below are the estimated sources and uses. **Chart 6**, below, shows estimated annual principal and interest payments with inclusion of the 2016 Bonds.

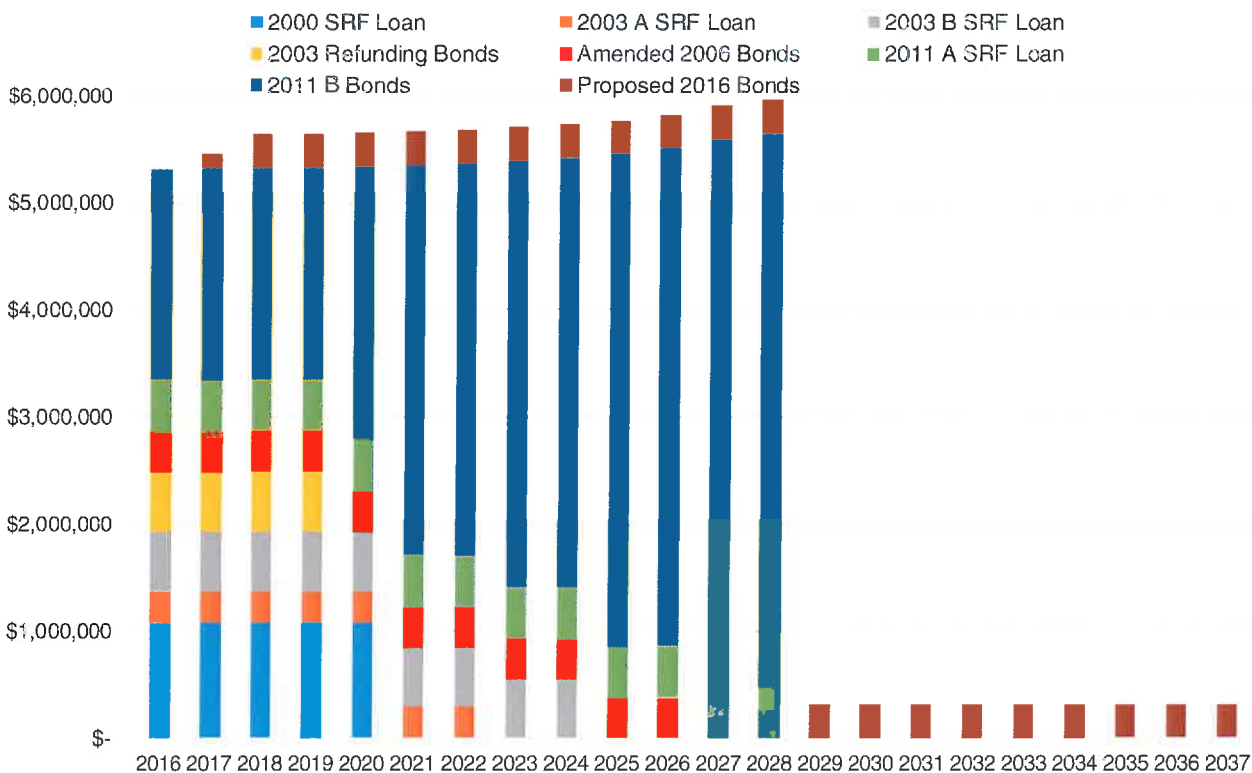
Sources of Funds:

Par Amount	\$ 4,570,000
<hr/>	
Total Sources of Funds	\$ 4,570,000
<hr/>	

Uses of Funds:

Fullerton Pike Project	\$ 2,300,000
Water Main Replacement Program	1,800,000
Debt Service Reserve Fund	318,048
Underwriter's Discount (1% of Par)	45,700
Cost of Issuance	106,252
<hr/>	
Total Uses of Funds	\$ 4,570,000
<hr/>	

**Chart 6: Estimated Annual Debt Service after issuance of 2016 Bonds**

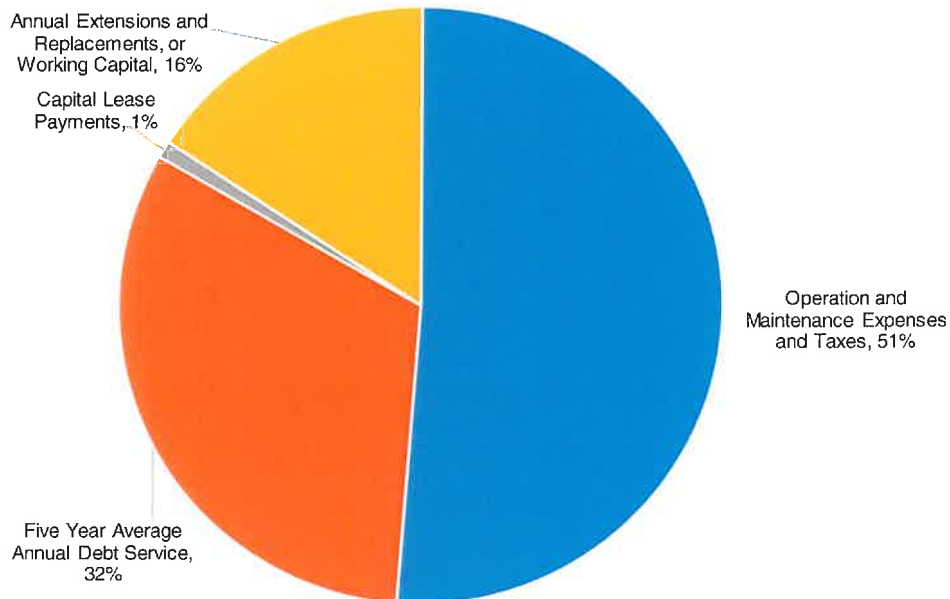


## Proposed Rate Increase

The following is the calculation of the projected deficit of \$3,017,318 and the recommended rate increase of 22.00%. See Exhibit G of Appendix A for additional detail.

	<u>Revenue Requirements</u>
Adjusted Operation and Maintenance Expenses (Exhibit D)	\$ 8,248,811
Adjusted Taxes Other Than Income Taxes (Exhibit D)	685,752
Estimated Five Year Average Annual Debt Service (Exhibit F)	5,606,858
Annual Capital Lease Payment - 2013 (Schedule B-8)	82,061
Annual Capital Lease Payment - 2014 (Schedule B-9)	76,537
Annual Extensions and Replacements (Exhibit D) (Depreciation Expense)	<u>2,754,063</u>
Total Revenue Requirements	17,454,082
Less: Adjusted Operating Revenues (Exhibit D)	<u>(14,436,764)</u>
Deficit	3,017,318
Divide by: Revenue Conversion Factor	<u>0.986</u>
Revenue Increase Required	3,060,160
Divide by: Adjustable Operating Revenues (Exhibit D)	<u>13,907,917</u>
Percentage Rate Increase Required	<u><u>22.00%</u></u>

**Chart 7: Composition of Revenue Requirements**



## Monthly Bill Analysis – Residential Customers

The current rate structure is a monthly usage charge of \$3.11 per 1,000 gallons, with a monthly charge by meter size. Charges for a 5/8 inch meter and 3/4 inch meter charge are assessed at \$4.91 and \$6.55, respectively. Charges for fire protection are \$1.63 for a 5/8 inch meter and \$2.44 for a 3/4 inch meter. The current rates have been in effect for nearly four and one half years since they passed in March 2011, and were effective in November of 2011.

A twenty-two percent increase (22.00%) would increase the usage charge to \$3.79, and increase the 5/8 inch meter and 3/4 meter monthly charges to \$5.99 and \$7.99, respectively. Charges for fire protection would increase to \$1.99 and \$2.98, respectively. See Exhibits H and I in Appendix A for additional detail.

The following table details the monthly effect the rate increase would have on a small user (user of up to 2,000 gallons), an average City user (user of up to 3,000 gallons), and an average Indiana user (user of up to 5,000 gallons).

<u>Monthly Usage</u>	<u>Monthly Current Charge</u>	<u>22.00% Proposed Increase</u>	<u>Difference</u>
<u>5/8 Inch Meter</u>			
Small User 2,000 gallons	\$ 12.76	\$ 15.56	\$ 2.80
Average Bloomington User 3,000 gallons	15.87	19.35	3.48
Average Indiana User 5,000 gallons	22.09	26.93	4.84
<u>3/4 Inch Meter</u>			
Small User 2,000 gallons	\$ 15.21	\$ 18.55	\$ 3.34
Average Bloomington User 3,000 gallons	18.32	22.34	4.02
Average Indiana User 5,000 gallons	24.54	29.92	5.38

## Appendix A: Supporting Financial Statements

**BLOOMINGTON MUNICIPAL WATER UTILITY**  
Bloomington, Indiana

Balance Sheets as of December 31, 2015, 2014, and 2013

<b>ASSETS AND OTHER DEBITS</b>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Utility Plant</u>			
Utility Plant in Service	\$ 137,589,429	\$ 120,162,984	\$ 99,900,126
Less: Accumulated Depreciation	(45,076,564)	(42,574,201)	(40,356,842)
Accumulated Amortization	(49,649)	(46,609)	(43,569)
Net Utility Plant in Service	<u>92,463,216</u>	<u>77,542,174</u>	<u>59,499,715</u>
Add: Construction Work in Progress	1,600,920	17,359,143	35,805,761
Net Utility Plant	<u>94,064,136</u>	<u>94,901,317</u>	<u>95,305,476</u>
<u>Restricted Assets</u>			
Sinking Fund	422	2,588	4,485
Hydrant Meter Fund	35,850	32,200	35,150
Cash with Fiscal Agent	1,453,727	1,467,115	1,485,592
Debt Service Reserve Fund	5,639,105	5,639,133	5,643,615
Construction Fund	526,601	1,622,780	598,610
Total Restricted Assets	<u>7,655,705</u>	<u>8,763,816</u>	<u>7,767,452</u>
<u>Current and Accrued Assets</u>			
Operation and Maintenance Fund	2,907,539	3,313,594	3,824,687
Accounts Receivable - Net	683,305	717,657	682,978
Materials and Supplies	486,763	461,793	559,657
Prepaid Expenses	623	632	328
Total Current and Accrued Assets	<u>4,078,230</u>	<u>4,493,676</u>	<u>5,067,650</u>
<u>Deferred Debits</u>			
Unamortized Bond Discount	446,568	420,270	446,568
Unamortized Bond Issuance Costs	136,410	153,858	171,305
Deferral Loss on Advancement	220,859	276,074	331,288
Total Deferred Debits	<u>803,837</u>	<u>850,202</u>	<u>949,161</u>
Total Assets and Other Debits	<u>\$ 106,601,908</u>	<u>\$ 109,009,011</u>	<u>\$ 109,089,739</u>

**BLOOMINGTON MUNICIPAL WATER UTILITY**  
 Bloomington, Indiana

EXHIBIT A  
 (Continued)

Balance Sheets as of December 31, 2015, 2014, and 2013

<b>LIABILITIES AND OTHER CREDITS</b>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Equity Capital</u>			
Unappropriated Retained Earnings	\$ 36,678,784	\$ 34,452,978	\$ 32,537,291
Current Year Earnings	647,802	2,157,670	1,915,687
Total Equity Capital	<u>37,326,586</u>	<u>36,610,648</u>	<u>34,452,978</u>
<u>Long Term Debt</u>			
Refunding Revenue Bonds of 2003	2,040,000	2,480,000	2,480,000
Revenue Bonds of 2006	3,217,300	3,720,000	3,720,000
Revenue Bonds of 2011	33,320,000	33,990,000	33,990,000
State Revolving Fund Loans	16,015,000	17,846,000	17,846,000
Long Term Lease	380,515	237,002	312,623
Total Long Term Debt	<u>54,972,815</u>	<u>58,273,002</u>	<u>58,348,623</u>
<u>Current and Accrued Liabilities</u>			
Accounts Payable	20,593	(77,716)	48,104
Revenue Bonds - Current	672,172	655,000	1,955,000
State Revolving Fund Loans - Current	-	-	1,775,000
Accounts Payable to Associated Company	418,703	420,791	985,863
Compensated Absences Payable	139,676	151,855	170,343
Customer Deposits	36,200	33,200	36,150
Unearned Revenue	99,479	60,151	53,910
Accrued Taxes	60,579	65,558	59,437
Accrued Payroll	87,577	76,716	62,055
Short Term Lease	109,179	38,017	37,197
Total Current and Accrued Liabilities	<u>1,644,158</u>	<u>1,423,572</u>	<u>5,183,059</u>
<u>Deferred Credits</u>			
Unamortized Bond Premium	255,281	316,439	324,226
Advances for Construction	378,935	361,217	389,659
Total Deferred Credits	<u>634,216</u>	<u>677,656</u>	<u>713,885</u>
<u>Contributions in Aid</u>			
Contributions in Aid of Construction	<u>12,024,133</u>	<u>12,024,133</u>	<u>10,391,194</u>
Total Liabilities and Other Credits	<u>\$ 106,601,908</u>	<u>\$ 109,009,011</u>	<u>\$ 109,089,739</u>



**BLOOMINGTON MUNICIPAL WATER UTILITY**  
Bloomington, Indiana

Combined Amortization Schedule

Year	2000 SRF Loan	2003 A SRF Loan	2003 B SRF Loan	2003 Refunding Bonds	Amended 2006 Bonds	2011 A SRF Loan	2011 B Bonds	Total
2016	\$ 1,076,504	\$ 294,493	\$ 551,330	\$ 561,625	\$ 381,328	\$ 482,430	\$ 1,963,325	\$ 5,311,035
2017	1,076,084	294,639	551,552	554,913	379,833	486,099	1,972,850	5,315,970
2018	1,075,867	294,521	551,313	567,638	382,739	484,205	1,961,625	5,317,908
2019	1,075,838	295,139	551,595	568,563	379,838	481,937	1,969,950	5,322,860
2020	1,075,954	295,443	551,399		381,207	484,200	2,544,726	5,332,929
2021		296,451	551,691		381,836	485,996	3,632,413	5,348,387
2022		295,145	551,455		376,721	482,229	3,654,500	5,360,050
2023			551,691		380,895	482,994	3,965,800	5,381,380
2024			551,349		374,101	483,292	4,002,800	5,411,542
2025					376,743	482,933	4,587,900	5,447,576
2026					378,382	487,106	4,634,300	5,499,788
2027						485,436	5,093,300	5,578,736
2028						483,205	5,155,900	5,639,105
<b>Totals</b>	<b>\$ 5,380,247</b>	<b>\$ 2,065,831</b>	<b>\$ 4,963,375</b>	<b>\$ 2,252,739</b>	<b>\$ 4,173,623</b>	<b>\$ 6,292,062</b>	<b>\$ 45,139,389</b>	<b>\$ 70,267,266</b>
Five Year Average Annual Debt Service (2017 through 2021)								
Maximum Annual Debt Service (2028)								
								<b>\$ 5,327,611</b>
								<b>\$ 5,639,105</b>

**BLOOMINGTON MUNICIPAL WATER UTILITY**  
Bloomington, Indiana

Waterworks Revenue Bonds of 2000, Series A  
State Revolving Fund (SRF) Loan  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16	\$ 467,000	2.9 %	\$ 72,138	\$ 539,138	
1/1/17	472,000	2.9	65,366	537,366	\$1,076,504
7/1/17	480,000	2.9	58,522	538,522	
1/1/18	486,000	2.9	51,562	537,562	1,076,084
7/1/18	494,000	2.9	44,515	538,515	
1/1/19	500,000	2.9	37,352	537,352	1,075,867
7/1/19	508,000	2.9	30,102	538,102	
1/1/20	515,000	2.9	22,736	537,736	1,075,838
7/1/20	523,000	2.9	15,269	538,269	
1/1/21	<u>530,000</u>	2.9	<u>7,685</u>	<u>537,685</u>	1,075,954
Totals	<u>\$ 4,975,000</u>		<u>\$ 405,247</u>	<u>\$5,380,247</u>	

**BLOOMINGTON MUNICIPAL WATER UTILITY**  
Bloomington, Indiana

Waterworks Revenue Bonds of 2003, Series A  
State Revolving Fund (SRF) Loan  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16	\$ 117,000	3.3 %	\$ 30,212	\$ 147,212	
1/1/17	119,000	3.3	28,281	147,281	\$ 294,493
7/1/17	121,000	3.3	26,318	147,318	
1/1/18	123,000	3.3	24,321	147,321	294,639
7/1/18	125,000	3.3	22,292	147,292	
1/1/19	127,000	3.3	20,229	147,229	294,521
7/1/19	129,000	3.3	18,134	147,134	
1/1/20	132,000	3.3	16,005	148,005	295,139
7/1/20	134,000	3.3	13,827	147,827	
1/1/21	136,000	3.3	11,616	147,616	295,443
7/1/21	139,000	3.3	9,372	148,372	
1/1/22	141,000	3.3	7,079	148,079	296,451
7/1/22	143,000	3.3	4,752	147,752	
1/1/23	<u>145,000</u>	3.3	<u>2,393</u>	<u>147,393</u>	295,145
Totals	<u>\$ 1,831,000</u>		<u>\$ 234,831</u>	<u>\$ 2,065,831</u>	

**BLOOMINGTON MUNICIPAL WATER UTILITY**  
Bloomington, Indiana

Waterworks Revenue Bonds of 2003, Series B  
State Revolving Fund (SRF) Loan  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16	\$ 205,000	3.3 %	\$ 70,356	\$ 275,356	
1/1/17	209,000	3.3	66,974	275,974	\$ 551,330
7/1/17	212,000	3.3	63,525	275,525	
1/1/18	216,000	3.3	60,027	276,027	551,552
7/1/18	219,000	3.3	56,463	275,463	
1/1/19	223,000	3.3	52,850	275,850	551,313
7/1/19	227,000	3.3	49,170	276,170	
1/1/20	230,000	3.3	45,425	275,425	551,595
7/1/20	234,000	3.3	41,630	275,630	
1/1/21	238,000	3.3	37,769	275,769	551,399
7/1/21	242,000	3.3	33,842	275,842	
1/1/22	246,000	3.3	29,849	275,849	551,691
7/1/22	250,000	3.3	25,790	275,790	
1/1/23	254,000	3.3	21,665	275,665	551,455
7/1/23	258,000	3.3	17,474	275,474	
1/1/24	263,000	3.3	13,217	276,217	551,691
7/1/24	267,000	3.3	8,877	275,877	
1/1/25	<u>271,000</u>	3.3	<u>4,472</u>	<u>275,472</u>	551,349
Totals	<u>\$ 4,264,000</u>		<u>\$ 699,375</u>	<u>\$ 4,963,375</u>	

**BLOOMINGTON MUNICIPAL WATER UTILITY**  
Bloomington, Indiana

Waterworks Refunding Revenue Bonds of 2003  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16	\$ 230,000	4.50 %	\$ 45,900	\$ 275,900	
1/1/17	245,000	4.50	40,725	285,725	\$ 561,625
7/1/17	245,000	4.50	35,213	280,213	
1/1/18	245,000	4.50	29,700	274,700	554,913
7/1/18	255,000	4.50	24,188	279,188	
1/1/19	270,000	4.50	18,450	288,450	567,638
7/1/19	275,000	4.50	12,375	287,375	
1/1/20	<u>275,000</u>	4.50	<u>6,188</u>	<u>281,188</u>	568,563
Totals	<u>\$2,040,000</u>		<u>\$ 212,739</u>	<u>\$2,252,739</u>	

**BLOOMINGTON MUNICIPAL WATER UTILITY**  
Bloomington, Indiana

Amended Waterworks Revenue Bonds of 2006, Series A  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16	\$ 115,700	4.55 %	\$ 76,380	\$ 192,080	
1/1/17	115,500	4.59	73,748	189,248	\$ 381,328
7/1/17	120,300	4.59	71,097	191,397	
1/1/18	120,100	4.62	68,336	188,436	379,833
7/1/18	124,900	4.62	65,562	190,462	
1/1/19	129,600	4.64	62,677	192,277	382,739
7/1/19	129,400	4.64	59,670	189,070	
1/1/20	134,100	4.73	56,668	190,768	379,838
7/1/20	138,900	4.73	53,496	192,396	
1/1/21	138,600	4.75	50,211	188,811	381,207
7/1/21	143,300	4.75	46,920	190,220	
1/1/22	148,100	4.78	43,516	191,616	381,836
7/1/22	147,800	4.78	39,977	187,777	
1/1/23	152,500	4.80	36,444	188,944	376,721
7/1/23	157,200	4.80	32,784	189,984	
1/1/24	161,900	4.83	29,011	190,911	380,895
7/1/24	161,600	4.83	25,102	186,702	
1/1/25	166,200	4.83	21,199	187,399	374,101
7/1/25	170,900	4.83	17,185	188,085	
1/1/26	175,600	4.83	13,058	188,658	376,743
7/1/26	180,200	4.83	8,817	189,017	
1/1/27	<u>184,900</u>	4.83	<u>4,465</u>	<u>189,365</u>	378,382
Totals	<u>\$3,217,300</u>		<u>\$ 956,323</u>	<u>\$4,173,623</u>	

Note: The 2006 A-1 Bonds were issued through the Indiana Bond Bank. The amortization schedule was amended March 26, 2015, and resulted in a reduction in the overall payments of approximately \$480,000.

**BLOOMINGTON MUNICIPAL WATER UTILITY**  
Bloomington, Indiana

Waterworks Revenue Bonds of 2011, Series A  
State Revolving Fund (SRF) Loan  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16	\$ 150,000	3.746 %	\$ 92,620	\$ 242,620	
1/1/17	150,000	3.746	89,810	239,810	\$ 482,430
7/1/17	155,000	3.746	87,001	242,001	
1/1/18	160,000	3.746	84,098	244,098	486,099
7/1/18	160,000	3.746	81,101	241,101	
1/1/19	165,000	3.746	78,104	243,104	484,205
7/1/19	165,000	3.746	75,014	240,014	
1/1/20	170,000	3.746	71,923	241,923	481,937
7/1/20	175,000	3.746	68,739	243,739	
1/1/21	175,000	3.746	65,461	240,461	484,200
7/1/21	180,000	3.746	62,184	242,184	
1/1/22	185,000	3.746	58,812	243,812	485,996
7/1/22	185,000	3.746	55,347	240,347	
1/1/23	190,000	3.746	51,882	241,882	482,229
7/1/23	195,000	3.746	48,323	243,323	
1/1/24	195,000	3.746	44,671	239,671	482,994
7/1/24	200,000	3.746	41,019	241,019	
1/1/25	205,000	3.746	37,273	242,273	483,292
7/1/25	210,000	3.746	33,433	243,433	
1/1/26	210,000	3.746	29,500	239,500	482,933
7/1/26	215,000	3.746	25,566	240,566	
1/1/27	225,000	3.746	21,540	246,540	487,106
7/1/27	225,000	3.746	17,325	242,325	
1/1/28	230,000	3.746	13,111	243,111	485,436
7/1/28	235,000	3.746	8,803	243,803	
1/1/29	<u>235,000</u>	3.746	<u>4,402</u>	<u>239,402</u>	483,205
Totals	<u>\$ 4,945,000</u>		<u>\$ 1,347,062</u>	<u>\$ 6,292,062</u>	

**BLOOMINGTON MUNICIPAL WATER UTILITY**  
Bloomington, Indiana

Waterworks Revenue Bonds of 2011, Series B  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16	\$ 335,000	3.0 %	\$ 646,675	\$ 981,675	
1/1/17	340,000	3.0	641,650	981,650	\$ 1,963,325
7/1/17	350,000	3.0	636,550	986,550	
1/1/18	355,000	3.0	631,300	986,300	1,972,850
7/1/18	355,000	3.0	625,975	980,975	
1/1/19	360,000	3.0	620,650	980,650	1,961,625
7/1/19	370,000	3.0	615,250	985,250	
1/1/20	375,000	3.5	609,700	984,700	1,969,950
7/1/20	660,000	3.5	603,138	1,263,138	
1/1/21	690,000	3.5	591,588	1,281,588	2,544,726
7/1/21	1,235,000	3.5	579,513	1,814,513	
1/1/22	1,260,000	4.0	557,900	1,817,900	3,632,413
7/1/22	1,295,000	4.0	532,700	1,827,700	
1/1/23	1,320,000	4.0	506,800	1,826,800	3,654,500
7/1/23	1,500,000	4.0	480,400	1,980,400	
1/1/24	1,535,000	4.0	450,400	1,985,400	3,965,800
7/1/24	1,580,000	4.0	419,700	1,999,700	
1/1/25	1,615,000	4.0	388,100	2,003,100	4,002,800
7/1/25	1,935,000	4.0	355,800	2,290,800	
1/1/26	1,980,000	4.0	317,100	2,297,100	4,587,900
7/1/26	2,035,000	4.0	277,500	2,312,500	
1/1/27	2,085,000	4.0	236,800	2,321,800	4,634,300
7/1/27	2,345,000	4.0	195,100	2,540,100	
1/1/28	2,405,000	4.0	148,200	2,553,200	5,093,300
7/1/28	2,465,000	4.0	100,100	2,565,100	
1/1/29	<u>2,540,000</u>	4.0	<u>50,800</u>	<u>2,590,800</u>	5,155,900
Totals	<u>\$ 33,320,000</u>		<u>\$11,819,389</u>	<u>\$ 45,139,389</u>	



**BLOOMINGTON MUNICIPAL WATER UTILITY**  
Bloomington, Indiana

Vehicle and Equipment Lease - 2013  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>	<u>Water Portion (1)</u>
7/15/16	\$ 103,191	2.19 %	\$ 5,775	\$ 108,966		
1/15/17	104,320	2.19	4,645	108,965	\$ 217,931	\$82,061
7/15/17	105,463	2.19	3,503	108,966		
1/15/18	106,618	2.19	2,348	108,966	217,932	82,059
7/15/18	<u>107,785</u>	2.19	<u>1,180</u>	<u>108,965</u>	108,965	41,029
Totals	<u>\$ 527,377</u>		<u>\$ 17,451</u>	<u>\$ 544,828</u>		

(1) The Vehicle and Equipment Lease - 2013 payments are allocated between the Utility and the Bloomington Municipal Sewage Works. The Utility's allocated share is approximately thirty-eight percent (38%).

**BLOOMINGTON MUNICIPAL WATER UTILITY**  
Bloomington, Indiana

Vehicle and Equipment Lease - 2014  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>	<u>Water Portion (1)</u>
7/1/16	\$ 155,809	2.28 %	\$ 14,790	\$ 170,599		
1/1/17	157,585	2.28	13,014	170,599	\$ 341,198	\$ 76,443
7/1/17	159,382	2.28	11,217	170,599		
1/1/18	161,199	2.28	9,400	170,599	341,198	76,474
7/1/18	163,037	2.28	7,563	170,600		
1/1/19	164,895	2.28	5,704	170,599	341,199	76,507
7/1/19	166,775	2.28	3,824	170,599		
1/1/20	<u>168,676</u>	2.28	<u>1,923</u>	<u>170,599</u>	341,198	76,537
<b>Totals</b>	<u><u>\$ 1,297,358</u></u>		<u><u>\$ 67,435</u></u>	<u><u>\$1,364,793</u></u>		

(1) The Vehicle and Equipment Lease - 2014 payments are allocated between the Utility, the Bloomington Municipal Sewage Works, and the Bloomington Municipal Stormwater Utility. The Utility's allocated share is approximately twenty-two percent (22%).

**BLOOMINGTON MUNICIPAL WATER UTILITY**  
Bloomington, Indiana

Statements of Income for the Twelve Months Ended  
December 31, 2015, 2014, and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Operating Revenues</u>			
Metered Sales Residential	\$ 3,975,651	\$ 4,061,955	\$ 4,070,899
Metered Sales Commercial	1,388,105	1,768,416	2,977,058
Metered Sales Industrial	136,758	239,601	384,479
Sales to Public Authorities	1,561,736	1,573,285	1,407,746
Multiple Family Dwellings	3,054,909	3,169,034	3,101,245
Public Fire Protection	660,191	661,338	649,851
Private Fire Protection	611,910	624,481	615,663
Irrigation Sales	306,620	273,982	374,470
Sales for Resale	2,011,156	2,103,381	714,855
Forfeited Discounts	28,964	27,145	22,826
Connection Charges	210,614	282,559	258,400
Miscellaneous Operating Revenues	289,269	271,725	220,133
Total Operating Revenues	<u>14,235,883</u>	<u>15,056,902</u>	<u>14,797,625</u>
<u>Operating Expenses</u>			
<u>Operation and Maintenance Expenses</u>			
Source of Supply	1,499,331	1,637,122	1,567,340
Water Treatment	1,354,844	1,223,495	1,011,972
Transmission and Distribution	1,739,923	1,711,371	1,607,169
Customer Accounts	576,649	639,959	638,306
Engineering	407,467	413,563	412,614
Administrative and General	2,763,769	2,257,694	2,186,248
Total Operation and Maintenance Expenses	<u>8,341,983</u>	<u>7,883,204</u>	<u>7,423,649</u>
Depreciation Expense	<u>2,766,205</u>	<u>2,432,722</u>	<u>2,107,069</u>
Amortization Expense	<u>3,040</u>	<u>3,040</u>	<u>3,040</u>
<u>Taxes Other Than Income Taxes</u>			
Utility Receipts Tax	168,777	173,180	154,163
FICA	191,540	192,309	185,841
Payment in Lieu of Property Taxes	354,653	46,255	138,764
Total Taxes Other Than Income Taxes	<u>714,970</u>	<u>411,744</u>	<u>478,768</u>
Total Operating Expenses	<u>11,826,198</u>	<u>10,730,710</u>	<u>10,012,526</u>
Net Operating Income	<u>2,409,685</u>	<u>4,326,192</u>	<u>4,785,099</u>

**BLOOMINGTON MUNICIPAL WATER UTILITY**  
 Bloomington, Indiana

EXHIBIT C  
 (Continued)

Statements of Income for the Twelve Months Ended  
 December 31, 2015, 2014, and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Other Income</u>			
Interest Income	\$ (2,825)	\$ 1,923	\$ 13,883
Income from Contractors	40,233	10,638	33,922
Miscellaneous Other Income	44,719	190,407	12,721
Extraordinary Income	390,528	-	-
Total Other Income	<u>472,655</u>	<u>202,968</u>	<u>60,526</u>
<u>Other Expenses</u>			
Interest Expense	2,234,538	2,371,490	2,734,129
Transfer Adjustment	-	-	195,809
Total Other Expenses	<u>2,234,538</u>	<u>2,371,490</u>	<u>2,929,938</u>
Net Income	<u>\$ 647,802</u>	<u>\$ 2,157,670</u>	<u>\$ 1,915,687</u>

**BLOOMINGTON MUNICIPAL WATER UTILITY**  
Bloomington, Indiana

Adjusted Statement of Income

	December 31, <u>2015</u>	<u>Adjustments</u> <u>Amount</u>	<u>Ref.</u>	<u>Adjusted</u>
<u>Operating Revenues</u>				
Metered Sales Residential	\$ 3,975,651			\$ 3,975,651
Metered Sales Commercial	1,388,105	\$ 200,881	(1)	1,588,986
Metered Sales Industrial	136,758			136,758
Sales to Public Authorities	1,561,736			1,561,736
Multiple Family Dwellings	3,054,909			3,054,909
Public Fire Protection	660,191			660,191
Private Fire Protection	611,910			611,910
Irrigation Sales	306,620			306,620
Sales for Resale	2,011,156			2,011,156
Forfeited Discounts	28,964			28,964
Connection Charges	210,614			210,614
Miscellaneous Operating Revenues	289,269			289,269
Total Operating Revenues	<u>14,235,883</u>	<u>200,881</u>		<u>14,436,764</u>
<u>Operating Expenses</u>				
Operation and Maintenance Expenses	8,341,983	124,755	(2)	8,248,811
		32,522	(3)	
		(17,446)	(4)	
		(244,537)	(5)	
		11,534	(6)	
Depreciation Expense	2,766,205	(12,142)	(7)	2,754,063
Amortization Expense	3,040			3,040
Taxes Other Than Income Taxes	714,970	18,958	(8)	685,752
		(48,176)	(9)	
Total Operating Expenses	<u>11,826,198</u>	<u>(134,532)</u>		<u>11,691,666</u>
Net Operating Income	<u>\$ 2,409,685</u>	<u>\$ 335,413</u>		<u>\$ 2,745,098</u>

## BLOOMINGTON MUNICIPAL WATER UTILITY

Bloomington, Indiana

## Detail of Adjustments

(1)

To adjust "Metered Sales Commercial" for billing correction.

Adjustment - Increase	<u>\$ 200,881</u>
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(2)

To adjust "Operation and Maintenance Expenses" for the pro forma salaries and wages.

Pro Forma Salaries and Wages	\$ 2,798,005
Less: Test Year	<u>(2,673,250)</u>
Adjustment - Increase	<u>\$ 124,755</u>

(3)

To adjust "Operation and Maintenance Expenses" for the estimated change in PERF expense due to the change in salaries and wages.

Pro Forma Salaries and Wages	\$ 2,798,005
Less: Pro Forma Salaries and Wages not eligible for PERF benefits	<u>(46,396)</u>
Pro Forma Salaries and Wages (PERF Eligible)	2,751,609
Times: PERF Rate	14.2%
Pro Forma PERF Expense	<u>390,728</u>
Less: Test Year	<u>(358,206)</u>
Adjustment - Increase	<u>\$ 32,522</u>

(4)

To adjust "Operation and Maintenance Expenses" for the removal of bond issuance expense.

Adjustment - Decrease	<u>\$ (17,446)</u>
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(5)

To adjust "Operation and Maintenance Expenses" to account for annual General Services expense allocated to the Utility for shared services.

Pro Forma General Services Expense	\$ 379,920
Less: Test Year (Includes Seven Quarters of Payments)	<u>(624,457)</u>
Adjustment - Decrease	<u>\$ (244,537)</u>

(6)

To adjust "Operation and Maintenance Expenses" for the increase in Insurance Services allocated to the Utility.

Pro Forma Insurance Services Expense	\$ 876,018
Less: Test Year	<u>(864,484)</u>
Adjustment - Increase	<u>\$ 11,534</u>

**BLOOMINGTON MUNICIPAL WATER UTILITY**  
Bloomington, Indiana

Detail of Adjustments

(7)

To adjust "Depreciation Expense" for the increase in Utility Plant in Service

Utility Plant in Service as of December 31, 2015	\$ 137,589,429
Add: Construction Work in Progress	1,600,920
Less: Land and Land Rights	(1,437,571)
Less: Amortizable Assets	(49,649)
Depreciable Utility Plant in Service	<u>137,703,129</u>
Times: Depreciation Rate	2%
Pro Forma Depreciation Expense	<u>2,754,063</u>
Less: Test Year	<u>(2,766,205)</u>

Adjustment - Decrease

\$ (12,142)

(8)

To adjust "Taxes Other Than Income Taxes" for the estimated change in FICA tax due to the change in salaries and wages.

Pro Forma Salaries and Wages	\$ 2,798,005
Less: Pro Forma Salaries and Wages not eligible for FICA benefits	(46,396)
Pro Forma Salaries and Wages (FICA Eligible)	<u>2,751,609</u>
Times: FICA Tax Rate	7.65%
Pro Forma FICA Tax	<u>210,498</u>
Less: Test Year	<u>(191,540)</u>

Adjustment - Increase

\$ 18,958

(9)

To adjust "Taxes Other Than Income Taxes" for the pro forma Payment in Lieu of Property Taxes (PILOT).

Net Utility Plant as of December 31, 2015	\$ 92,463,216
Add: Construction Work in Progress as of December 31, 2015	1,600,920
Less: Outside City Utility Plant in Service	(58,202,095)
Inside City Net Utility Plant as of December 31, 2015	<u>35,862,041</u>
Times: Gross Corporate Tax Rate (per \$100 Assessed Valuation)	0.8546
Pro Forma Contribution in Lieu of Property Taxes	<u>306,477</u>
Less: Test Year (Includes Seven Quarters of Payments)	<u>(354,653)</u>

Adjustment - Decrease

\$ (48,176)

**BLOOMINGTON MUNICIPAL WATER UTILITY**  
Bloomington, Indiana

Proposed Waterworks Revenue Bonds of 2016  
Estimated Sources and Uses of Funds

<u>Sources of Funds:</u>	
Par Amount	<u>\$ 4,570,000</u>
 Total Sources of Funds	 <u><u>\$ 4,570,000</u></u>
 <u>Uses of Funds:</u>	
Fullerton Pike Project (1)	\$ 2,300,000
Water Main Replacement Program (1)	1,800,000
Debt Service Reserve Fund (2)	318,048
Underwriter's Discount (1% of Par)	45,700
Cost of Issuance	<u>106,252</u>
 Total Uses of Funds	 <u><u>\$ 4,570,000</u></u>

(1) Provided by the Utility.

(2) Funded at Maximum Annual Debt Service.



**BLOOMINGTON MUNICIPAL WATER UTILITY**  
Bloomington, Indiana

Proposed Waterworks Revenue Bonds of 2016  
Estimated Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon (1)</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
1/1/18	\$ 70,000	1.65 %	\$ 61,671	\$ 131,671	\$ 131,671
7/1/18	85,000	1.65	73,428	158,428	
1/1/19	85,000	1.85	72,726	157,726	316,154
7/1/19	90,000	1.85	71,940	161,940	
1/1/20	85,000	2.05	71,108	156,108	318,048
7/1/20	85,000	2.05	70,236	155,236	
1/1/21	90,000	2.20	69,365	159,365	314,601
7/1/21	90,000	2.20	68,375	158,375	
1/1/22	90,000	2.40	67,385	157,385	315,760
7/1/22	90,000	2.40	66,305	156,305	
1/1/23	95,000	2.60	65,225	160,225	316,530
7/1/23	90,000	2.60	63,990	153,990	
1/1/24	100,000	2.80	62,820	162,820	316,810
7/1/24	95,000	2.80	61,420	156,420	
1/1/25	100,000	3.00	60,090	160,090	316,510
7/1/25	100,000	3.00	58,590	158,590	
1/1/26	100,000	3.10	57,090	157,090	315,680
7/1/26	100,000	3.10	55,540	155,540	
1/1/27	105,000	3.25	53,990	158,990	314,530
7/1/27	110,000	3.25	52,284	162,284	
1/1/28	105,000	3.35	50,496	155,496	317,780
7/1/28	110,000	3.35	48,738	158,738	
1/1/29	110,000	3.45	46,895	156,895	315,633
7/1/29	110,000	3.45	44,998	154,998	
1/1/30	115,000	3.50	43,100	158,100	313,098
7/1/30	115,000	3.50	41,088	156,088	
1/1/31	120,000	3.60	39,075	159,075	315,163
7/1/31	120,000	3.60	36,915	156,915	
1/1/32	125,000	3.70	34,755	159,755	316,670
7/1/32	130,000	3.70	32,443	162,443	
1/1/33	125,000	3.75	30,038	155,038	317,481
7/1/33	135,000	3.75	27,694	162,694	
1/1/34	130,000	3.80	25,163	155,163	317,857
7/1/34	140,000	3.80	22,693	162,693	
1/1/35	135,000	3.85	20,033	155,033	317,726
7/1/35	145,000	3.85	17,434	162,434	
1/1/36	140,000	3.90	14,643	154,643	317,077
7/1/36	145,000	3.90	11,913	156,913	
1/1/37	150,000	3.95	9,085	159,085	315,998
7/1/37	310,000	3.95	6,123	316,123	316,123
<b>Totals</b>	<b>\$ 4,570,000</b>		<b>\$ 1,886,900</b>	<b>\$ 6,456,900</b>	

(1) Assumes "AA" rates plus 100 basis points as of March 4, 2016. Interest rates are estimated and subject to change.

**BLOOMINGTON MUNICIPAL WATER UTILITY**  
Bloomington, Indiana

Estimated Combined Amortization Schedule

Year	2000 SRF Loan	2003 A SRF Loan	2003 B SRF Loan	2003 Refunding Bonds	Amended 2006 Bonds	2011 A SRF Loan	2011 B Bonds	Estimated 2016 Bonds	Total
2016	\$ 1,076,504	\$ 294,493	\$ 551,330	\$ 561,625	\$ 381,328	\$ 482,430	\$ 1,963,325	\$	\$ 5,311,035
2017	1,076,084	294,639	551,552	554,913	379,833	486,099	1,972,850	\$ 131,671	5,447,641
2018	1,075,867	294,521	551,313	567,638	382,739	484,205	1,961,625	316,154	5,634,062
2019	1,075,838	295,139	551,595	568,563	379,838	481,937	1,969,950	318,048	5,640,908
2020	1,075,954	295,443	551,399		381,207	484,200	2,544,726	314,601	5,647,530
2021		296,451	551,691		381,836	485,996	3,632,413	315,760	5,664,147
2022		295,145	551,455		376,721	482,229	3,654,500	316,530	5,676,580
2023			551,691		380,895	482,994	3,965,800	316,810	5,698,190
2024			551,349		374,101	483,292	4,002,800	316,510	5,728,052
2025					376,743	482,933	4,587,900	315,680	5,763,256
2026					378,382	487,106	4,634,300	314,530	5,814,318
2027						485,436	5,093,300	317,780	5,896,516
2028						483,205	5,155,900	315,633	5,954,738
2029								313,098	313,098
2030								315,163	315,163
2031								316,670	316,670
2032								317,481	317,481
2033								317,857	317,857
2034								317,726	317,726
2035								317,077	317,077
2036								315,998	315,998
2037								316,123	316,123
<b>Totals</b>	<b>\$ 5,380,247</b>	<b>\$ 2,065,831</b>	<b>\$ 4,963,375</b>	<b>\$ 2,252,739</b>	<b>\$ 4,173,623</b>	<b>\$ 6,292,062</b>	<b>\$ 45,139,389</b>	<b>\$ 6,456,900</b>	<b>\$ 76,724,166</b>
Estimated Five Year Average Annual Debt Service (2017 through 2021)									
Maximum Annual Debt Service (2028)									
									<b>\$ 5,606,858</b>
									<b>\$ 5,954,738</b>

**BLOOMINGTON MUNICIPAL WATER UTILITY**  
Bloomington, Indiana

Statement of Revenue Requirements

	<u>Revenue Requirements</u>
Adjusted Operation and Maintenance Expenses (Exhibit D)	\$ 8,248,811
Adjusted Taxes Other Than Income Taxes (Exhibit D)	685,752
Estimated Five Year Average Annual Debt Service (Exhibit F)	5,606,858
Annual Capital Lease Payment - 2013 (Schedule B-8)	82,061
Annual Capital Lease Payment - 2014 (Schedule B-9)	76,537
Annual Extensions and Replacements (Exhibit D) (Depreciation Expense)	2,754,063
Total Revenue Requirements	<u>17,454,082</u>
Less: Adjusted Operating Revenues (Exhibit D)	<u>(14,436,764)</u>
Deficit	3,017,318
Divide by: Revenue Conversion Factor	<u>0.986</u>
Revenue Increase Required	3,060,160
Divide by: Adjustable Operating Revenues (Exhibit D)	<u>13,907,917</u>
Percentage Rate Increase Required	<u><u>22.00%</u></u>

**BLOOMINGTON MUNICIPAL WATER UTILITY**  
Bloomington, Indiana

Schedule of Present and Proposed Rates and Charges

	<u>Present</u> <u>Rates (1)</u>	<u>Proposed</u> <u>Rates</u>
<u>Monthly Usage Charge (Per 1,000 Gallons)</u>		
Residential	\$ 3.11	\$ 3.79
Commercial, Governmental, Interdepartmental	2.63	3.21
Industrial	2.43	2.96
Indiana University - Master Metered	1.97	2.40
Indiana University - Non-Master Metered	2.63	3.21
Irrigation	2.85	3.48
<u>Contract Sales for Resale Monthly Usage Charge</u> <u>(Per 1,000 Gallons)</u>		
	\$ 1.99	\$ 2.43
<u>Monthly Service Charge (in addition to</u> <u>Monthly Usage Charge)</u>		
5/8 inch meter	\$ 4.91	\$ 5.99
3/4 inch meter	6.55	7.99
1 inch meter	8.82	10.76
1 1/2 inch meter	15.32	18.69
2 inch meter	21.82	26.62
3 inch meter	50.43	61.52
4 inch meter	82.93	101.17
6 inch meter	164.19	200.31
8 inch meter	245.45	299.45
10 inch meter	326.70	398.57

(1) Present Rates and Charges were approved by the Indiana Utility Regulatory Commission on March 2, 2011, and effective November 28, 2011.

**BLOOMINGTON MUNICIPAL WATER UTILITY**  
Bloomington, Indiana

Schedule of Present and Proposed Rates and Charges

	<u>Present Rates (1)</u>	<u>Proposed Rates</u>		
<u>Monthly Public Fire Protection Charge - Inside City (excluding Indiana University - Master Metered)</u>				
5/8 inch meter	\$ 1.63	\$ 1.99		
3/4 inch meter	2.44	2.98		
1 inch meter	4.07	4.97		
1 1/2 inch meter	8.15	9.94		
2 inch meter	13.03	15.90		
3 inch meter	28.51	34.78		
4 inch meter	48.87	59.62		
6 inch meter	101.84	124.24		
8 inch meter	146.64	178.90		
10 inch meter	236.24	288.21		
 <u>Monthly Public Fire Protection Charge - Outside City (excluding Indiana University - Master Metered)</u>				
5/8 inch meter	\$ 2.73	\$ 3.33		
3/4 inch meter	4.11	5.01		
1 inch meter	6.85	8.36		
1 1/2 inch meter	13.67	16.68		
2 inch meter	21.90	26.72		
3 inch meter	47.89	58.43		
4 inch meter	82.07	100.13		
6 inch meter	170.99	208.61		
8 inch meter	246.21	300.38		
10 inch meter	396.69	483.96		
 <u>Monthly Fire Protection Charge - Indiana University - Master Metered</u>				
	\$1,494.63	\$1,823.45		
 <u>Monthly Private Fire Protection Charge (per connection)</u>				
	<u>Present Monthly</u>	<u>Proposed Monthly</u>	<u>Present Annual</u>	<u>Proposed Annual</u>
4 inch line or smaller	\$ 8.21	\$ 10.02	\$ 98.52	\$ 120.19
6 inch line	22.82	27.84	273.84	334.08
8 inch line	46.77	57.06	561.24	684.71
10 inch line	81.91	99.93	982.92	1,199.16
12 inch line	129.14	157.55	1,549.68	1,890.61

(1) Present Rates and Charges were approved by the Indiana Utility Regulatory Commission on March 2, 2011 and effective November 28, 2011.

## BLOOMINGTON MUNICIPAL WATER UTILITY

Bloomington, Indiana

## Typical Monthly Bill Analysis

5/8 Inch Meter

<u>Gallons</u>	<u>Present Charge</u>	<u>Proposed Charge</u>	<u>Difference</u>
0	\$ 6.54	\$ 7.98	\$ 1.44
1,000	9.65	11.77	2.12
2,000	12.76	15.56	2.80
3,000	15.87	19.35	3.48
4,000	18.98	23.14	4.16
5,000	22.09	26.93	4.84
6,000	25.20	30.72	5.52
7,000	28.31	34.51	6.20
8,000	31.42	38.30	6.88
9,000	34.53	42.09	7.56
10,000	37.64	45.88	8.24

3/4 Inch Meter

<u>Gallons</u>	<u>Present Charge</u>	<u>Proposed Charge</u>	<u>Difference</u>
0	\$ 8.99	\$ 10.97	\$ 1.98
1,000	12.10	14.76	2.66
2,000	15.21	18.55	3.34
3,000	18.32	22.34	4.02
4,000	21.43	26.13	4.70
5,000	24.54	29.92	5.38
6,000	27.65	33.71	6.06
7,000	30.76	37.50	6.74
8,000	33.87	41.29	7.42
9,000	36.98	45.08	8.10
10,000	40.09	48.87	8.78

**BLOOMINGTON MUNICIPAL WATER UTILITY**

Bloomington, Indiana

Schedule of Non-Recurring Charges  
(In Process) (1)

<u>Description of Charges</u>		<u>Present Charges (2)</u>
1) 5/8 to 1" Connection	- with tap	\$ 848.14
	- without tap	776.18
2) Greater than 1" Connection		Cost of connection but not less than charge for 5/8 to 1" connection
3) Service Call	- During hours	\$ 18.00
	- After hours	54.00
4) Bad Check Charge		\$ 25.00
5) Late Payment Charge		3% of unpaid balance

This charge shall be paid only once and shall be based on the unpaid over-due balance.

6) Deposit	- Residential	Not to exceed \$25.00
	- Commercial	Not to exceed 1/6 of estimated annual bill

## 7) Meter Testing

The utility shall make a free test of the accuracy of a meter upon written request by a customer and a second free test may be requested twelve months subsequent to the first test. The fee for all meter tests requested within thirty-six months after the preceding test shall be \$39.00 if the meter is found not to be at fault.

## 8) Inspection Charge

All inspections of new mains during normal business hours shall be free of charge. All inspections of new mains during overtime hours shall be based on the amount of time required for the inspection.

9) Temporary Service	\$10.00/week
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\$10.00 minimum plus a deposit equal to the cost of the meter and a charge for the water used.

## 10) Extension of Service

Free if estimated 3-year revenue is greater than the construction cost. Actual cost if not.

## 11) Unauthorized Use of Hydrants

Cost of water figured at 8 hours of flow from hydrants.

(1) Crowe is currently in process of analyzing the non-recurring charges. Crowe will discuss results with the Utility when completed.

(2) Present Rates and Charges were approved by the Indiana Utility Regulatory Commission on March 2, 2011.

## **Changes to Chapter 9.08 (Water Rates) Proposed by Ord 16-08**

### **Title 9 WATER**

Chapters:

Chapter 9.04 - GENERAL RULES

Chapter 9.08 - WATER RATES

Chapter 9.12 - WATER SERVICE CHARGES

Chapter 9.16 - FLUORIDATION

Chapter 9.20 - STANDARDS FOR WATER UTILITY CONSTRUCTION IN FLOOD HAZARD AREAS

### **Chapter 9.04 GENERAL RULES**

Sections:

[9.04.010 Water utility rules and regulations.](#)

[9.04.020 Use of water during emergencies.](#)

[9.04.030 Unauthorized use of water.](#)

[9.04.040 Fire lines and hydrants.](#)

[9.04.050 Extension of water mains.](#)

#### **9.04.010 Water utility rules and regulations.**

A copy of the Rules, Regulations and Standards of Service for the Bloomington Water Utility shall be filed and posted in the commercial office of the utility and shall be available for public inspection during regular business hours.

(Ord. 79-31 § 1 (part), 1979).

#### **9.04.020 Use of water during emergencies.**

In the event of fire, flood, drought or other emergency, the mayor and the utilities director shall provide notice of the emergency by publication in a newspaper of general circulation in the city. After notice has been given, it shall be unlawful to use water for any and all purposes specified in the notice, except domestic household use and fire purposes.

(Ord. 79-31 § 1 (part), 1979).



**9.04.030 Unauthorized use of water.**

No person except those authorized by the utility shall take water from any public or private hydrant, street washer or faucet, or in any way use or take water for private use which is supplied by the water utility, without first paying for the water and receiving a receipt from the utility.

(Ord. 79-31 § 1 (part), 1979).

**9.04.040 Fire lines and hydrants.**

All pipes or hydrants placed in or about buildings for fire protection shall be used exclusively for fire purposes. Temporary connections to fire hydrants for industrial or other purposes shall be permitted only when authorized by the utility in writing.

(Ord. 79-31 § 1 (part), 1979).

**9.04.050 Extension of water mains.**

- (a) The extension of water mains and related facilities to residential areas shall be accomplished according to Rule 12 of the Rules, Regulations and Standards of Service for the Water Utility.
- (b) The extension of water mains and related facilities to apartment complexes, mobile home parks, and commercial and industrial additions shall be determined by the utilities service board on an individual basis.

(Ord. 79-31 § 1 (part), 1979).

**Chapter 9.08 WATER RATES**

Sections:

[9.08.010 Monthly rates generally.](#)

[9.08.020 Contract sales for resale.](#)

[9.08.030 Municipal hydrant rates.](#)

[9.08.040 Private fire connections per connection.](#)

[9.08.050 Security deposit—Amount.](#)

[9.08.060 Security deposit—Interest and refunds.](#)

[9.08.070 Late payment charge.](#)

**9.08.010 Monthly rates generally.**

The following rates and charges are established for the use of and service rendered by the water utility of the city. The schedule of rates and charges for the use of the water utility as set forth in this chapter reflects the rates and charges of the water utility as adopted by ordinance of the common council of the city and may not necessarily reflect the actual rates and charges of the water utility, which are subject to the approval of the Indiana Utility Regulatory commission ("commission"). The actual rates and charges of the water utility as approved by the commission are set forth in the most recent tariff of the water utility on file with the commission and the clerk of the city and open for public inspection. Appropriate Indiana Sales Tax

Title 9 WATER

will also apply to billings for customers that are not tax-exempt. Each customer will pay a monthly charge according to the following schedule:

Monthly Usage Charge Applicable to Residential, Commercial, Governmental, Interdepartmental, Industrial, Indiana University—Master Metered, Indiana University—Non-Master Metered, and Irrigation Classes.

► *Note: The number of columns in the following charts have been increased to track changes made by the Commission and proposed by Ord 16-08 (highlighted in yellow) and bear titles that describe those changes rather than reflect the titles that appear in the ordinance and code.*

<b>Category</b>	<b>Rate Per 1,000 Gallons (adopted by the Council per <u>Ord 10-06</u>)</b>	<b>Rate Per 1,000 Gallons (per Commission [IURC] Tariff effective 11/28/11)</b>	<b>Rate Per 1,000 Gallons (Proposed by <u>Ord 16-08</u>)</b>
Residential	\$ 3.30	\$3.11	\$3.79
Commercial, Governmental, Interdepartmental	2.79	\$2.63	\$3.21
Industrial	2.57	\$2.43	\$2.96
Indiana University—Master Metered	2.08	\$1.97	\$2.40
Indiana University—Non-Master Metered	2.79	\$2.63	\$3.21
Irrigation	3.02	\$2.85	\$3.48

Monthly Service Charge, in Addition to Monthly Usage for the Customer Categories Listed Above.

<b>Meter Size</b>	<b>Charge (Adopted by the Council per <u>Ord 10-06</u>)</b>	<b>Charge (per Commission [IURC] Tariff effective 11/28/11)</b>	<b>Charge (Proposed by <u>Ord 16-08</u>)</b>
5/8"	\$5.21	\$4.91	\$5.99
¾"	6.93	\$6.55	\$7.99

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1"	9.33	\$8.82	\$10.76
1½"	16.22	\$15.32	\$18.69
2"	23.10	\$21.82	\$26.62
3"	53.39	\$50.43	\$61.52
4"	87.80	\$82.93	\$101.17
6"	173.84	\$164.19	\$200.31
8"	259.88	\$245.45	\$299.45
10"	345.90	\$326.70	\$398.57

Monthly Surcharges for Fire Protection Service for the customer categories listed above excluding Indiana University—Master Metered.

Meter Size	Charge					
	Inside City			Outside City		
	<u>Ord 10-06</u>	<i>IURC</i>	<i>Proposed by Ord 16-08</i>	<u>Ord 10-06</u>	<i>IURC</i>	<i>Proposed by Ord 16-08</i>
5/8"	\$1.72	\$1.63	\$1.99	\$2.90	\$2.73	\$3.33
¾"	\$ 2.59	\$2.44	\$2.98	\$4.34	\$4.11	\$5.01
1"	\$4.31	\$4.07	\$4.97	\$7.25	\$6.85	\$8.36
1½"	\$8.62	\$8.15	\$9.94	\$14.48	\$13.67	\$16.68
2"	\$13.80	\$13.03	\$15.90	\$23.18	\$21.90	\$26.72
3"	\$30.18	\$28.51	\$34.78	\$50.70	\$47.89	\$58.43

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4"	\$51.74	\$48.87	\$59.62	\$86.89	\$82.07	\$100.13
6"	\$107.82	\$101.84	\$124.24	\$181.04	\$170.99	\$208.61
8"	\$155.25	\$146.64	\$178.90	\$260.68	\$246.21	\$300.38
10"	\$250.13	\$236.24	\$288.21	\$419.99	\$396.69	\$483.96

The monthly Fire Protection Charge for Indiana University - Master Metered accounts as a group shall be

<b><u>Ord 10-06</u></b>	<b>IURC</b>	<b><u>Proposed by Ord 16-08</u></b>
\$1,582.43	\$1,494.63	\$1,823.45

(Ord. 05-11 § 1, 2005: Ord. 01-41 § 1, 2001: Ord. 99-30 § 1, 1999: Ord. 94-40 § 1, 1994: Ord. 93-55 § 1, 1993: Ord. 93-40 § 1, 1993: Ord. 88-55 § 1, 1988: Ord. 86-64 § 1, 1986: Ord. 79-31 § 1 (part), 1979).

(Ord. No. 10-06, § I, 5-17-2010)

► *Note: The number of columns in the following charts have been increased to track changes made by the Commission and proposed by Ord 16-08 (highlighted in yellow) and bear titles that describe those changes rather than reflect the titles that appear in the ordinance and code.*

**9.08.020 Contract sales for resale.**

The rate for contract sales for resale shall be ~~two dollars and eleven cents\*~~ per one thousand gallons. Monthly Service Charge in Addition to Monthly Usage Charge.

<b><u>* Ord 10-06</u></b>	<b>IURC</b>	<b><u>Proposed by Ord 16-08</u></b>
\$2.11	\$1.99	\$2.43

Meter Size	<b><u>Charge – per Ord 10-06</u></b>	<b><u>Charge – per IURC Tariff – Effective 11/28/11)</u></b>	<b><u>Charge – proposed by Ord 16-08</u></b>
5/8"	\$5.21	\$4.91	\$5.99

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¾"	\$6.93	\$6.55	\$7.99
1"	\$9.33	\$8.82	\$10.76
1½"	\$16.22	\$15.32	\$18.69
2"	\$23.10	\$21.82	\$26.62
3"	\$53.39	\$50.43	\$61.52
4"	\$87.80	\$82.93	\$101.17
6"	\$173.84	\$164.19	\$200.31
8"	\$259.88	\$245.45	\$299.45
10"	\$345.90	\$326.70	\$398.57

(Ord. 05-11 § 2, 2005: Ord. 01-41 § 2, 2001: Ord. 99-30 § 2, 1999: Ord. 94-40 § 2, 1994: Ord. 93-55 § 2, 1993: Ord. 93-40 § 2, 1993: Ord. 88-55 § 2, 1988: Ord. 86-64 § 2, 1986: Ord. 79-31 § 1 (part), 1979).

(Ord. No. 10-06, § II, 5-17-2010)

**9.08.030 Municipal hydrant rates.**

The city adopts the provisions of Indiana Code 8-1-2-103(d). The charges for production, storage, transmission, sale and delivery, or furnishing of water for public fire protection purposes shall be added to the basic rates of all customers of the utility. The effective date for addition of these charges in the basic rate shall be December 1, 1993.

After December 1, 1993 the construction cost of any fire hydrant installed at the request of the municipality shall be paid for by or on behalf of the municipality.

(Ord. 94-40 § 3, 1994: Ord. 93-55 § 3, 1993: Ord. 93-40 § 3, 1993: Ord. 88-55 § 3, 1988: Ord. 79-31 § 1 (part), 1979).

► *Note: The number of columns in the following charts have been increased to track changes made by the Commission and proposed by Ord 16-08 (highlighted in yellow) and bear titles that describe those changes rather than reflect the titles that appear in the ordinance and code.*

**9.08.040 Private fire connections per connection.**

Line Size	Monthly			Annually		
	<u>Ord 10-06</u>	IURC	<b>Proposed by <u>Ord 16-08</u></b>	<u>Ord 10-06</u>	IURC	<b>Proposed by <u>Ord 16-08</u></b>
4" and under	\$8.70	\$8.21	\$10.02	\$104.40	\$98.52	\$120.19
6"	\$24.16	\$22.82	\$27.84	\$289.92	\$273.84	\$334.08
8"	\$49.51	\$46.77	\$57.06	\$594.12	\$561.24	\$684.71
10"	\$86.72	\$81.91	\$99.93	\$1040.64	\$982.92	\$1,199.16
12"	\$136.72	\$129.14	\$157.55	\$1640.64	\$1,549.68	\$1,890.61

(Ord. 05-11 § 3, 2005; Ord. 01-41 § 3, 2001; Ord. 99-30 § 3, 1999; Ord. 94-40 § 4, 1994; Ord. 93-55 § 4, 1993; Ord. 93-40 § 4, 1993; Ord. 88-55 § 4, 1988; Ord. 79-31 § 1 (part), 1979).

(Ord. No. 10-06, § III, 5-17-2010)

**9.08.050 Security deposit—Amount.**

- (a) If a new applicant for residential water service fails to establish credit-worthiness according to the criteria established in Rule 10 of the Rules, Regulations, and Standards of Service for the Water Utility, a security deposit not to exceed twenty dollars may be required.
- (b) If a present residential customer has been mailed disconnect notices for two consecutive months or any three months within the preceding twelve-month period or has had service disconnected because of nonpayment, a security deposit not to exceed one-sixth of the expected annual billing for the customer at the address at which service is rendered may be required.
- (c) If a business or commercial applicant for water service fails to establish credit-worthiness according to Rule 10 of the Rules, Regulations and Standards of Service for the Water Utility, a security deposit not be exceed one-sixth of the estimated annual cost of service may be required.

(Ord. 79-31 § 1 (part), 1979).

**9.08.060 Security deposit—Interest and refunds.**

- (a) Security deposits held more than nine months shall earn interest from the date of deposit at a rate of six percent per year.
- (b) Security deposits and any accrued interest shall be promptly refunded upon satisfactory payment by the customer for a period of nine consecutive months or upon the customer's proof of creditworthiness; provided, that the customer did not make late payments for any two consecutive months.

(Ord. 79-31 § 1 (part), 1979).

**9.08.070 Late payment charge.**

Except as otherwise provided, all bills shall be due and payable monthly and bills unpaid more than twenty-five days following the date of mailing shall be considered delinquent. Delinquent bills shall include a late payment charge of three percent of the unpaid bill. This charge shall be paid only once and shall be based on the unpaid overdue balance.

(Ord. 80-22 § 1, 1980; Ord. 79-31 § 1 (part), 1979).

**Chapter 9.12 WATER SERVICE CHARGES**

Sections:

[9.12.010 Service charges generally.](#)

[9.12.020 Service call charge.](#)

[9.12.030 Service installation charge.](#)

[9.12.040 Meter test charge.](#)

[9.12.050 Inspection charge.](#)

[9.12.060 Dual meter charge.](#)

**9.12.010 Service charges generally.**

All charges for the services rendered by the water utility that are specified in this chapter are based on residential service to five-eighths-inch meters. Charges for nonresidential service and for services not specified in this chapter shall be computed on the basis of the amount of time and nature of service rendered.

(Ord. 79-31 § 1 (part), 1979).

**9.12.020 Service call charge.**

- (a) A service charge shall be collected for all service calls involving turning service on and off except when an account is closed. A service charge shall be collected for all other service calls in excess of one

## Title 9 WATER

free call per year, including calls involving rereading meters at a customer's request and inspection for leaks, but such charge shall not be collected if the call was necessitated by an error of the utility.

- (b) The charge for all service calls during normal business hours shall be eight dollars fifty cents per call and twenty-one dollars during overtime hours.

(Ord. 80-22 § 2, 1980; 79-31 § 1 (part), 1979).

### **9.12.030 Service installation charge.**

- (a) The charge for service installation within the city that requires tapping a distribution main and installing tubing and a meter shall be two hundred eighty-five dollars. The charge for service installation within the city that requires only that tubing and a meter be installed shall be two hundred seventeen dollars.
- (b) The charge for service installation outside the city that requires tapping a distribution main and installing tubing and a meter shall be three hundred forty-five dollars.

(Ord. 86-64 § 4, 1986; Ord. 80-22 § 3, 1980; Ord. 79-31 § 1 (part), 1979).

### **9.12.040 Meter test charge.**

The utility shall make a free test of the accuracy of a meter upon written request by a customer and a second free test may be requested twelve months subsequent to the first test. The fee for all meter tests requested within thirty-six months after the preceding test shall be twelve dollars and fifty cents if the meter is found not to be at fault.

(Ord. 79-49 § 1, 1979; Ord. 79-31 § 1 (part), 1979).

### **9.12.050 Inspection charge.**

All inspections of new mains during normal business hours shall be free of charge. All inspections of new mains during overtime hours shall be based on the amount of time required for the inspection.

(Ord. 79-31 § 1 (part), 1979).

### **9.12.060 Dual meter charge.**

The charge for installation of a dual meter shall be the charge specified in Section 9.12.030 for the first meter and one hundred dollars for the second meter.

(Ord. 80-22 § 4, 1980; Ord. 79-31 § 1 (part), 1979).

## **Chapter 9.16 FLUORIDATION**

Sections:

[9.16.010 Authorization.](#)

[9.16.020 Records.](#)



**ORDINANCE 16-09**

**AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, INDIANA, AUTHORIZING THE ACQUISITION, CONSTRUCTION, INSTALLATION AND EQUIPPING BY THE CITY OF BLOOMINGTON, INDIANA, OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE CITY'S WATERWORKS, THE ISSUANCE AND SALE OF REVENUE BONDS TO PROVIDE FUNDS FOR THE PAYMENT OF THE COSTS THEREOF, THE ISSUANCE AND SALE OF BOND ANTICIPATION NOTES IN ANTICIPATION OF THE ISSUANCE AND SALE OF SUCH BONDS, AND THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SUCH WATERWORKS AND OTHER RELATED MATTERS**

WHEREAS, the City of Bloomington, Indiana (the "City") has heretofore established and constructed and currently owns and operates a waterworks for the provision of public water supply to the City and its inhabitants (the "Waterworks"), in accordance with the provisions of Indiana Code 8-1.5, as amended (the "Act"); and

WHEREAS, the Utility Service Board of the City (the "Board") has represented to the Common Council of the City (the "Common Council"), and the Common Council hereby finds, that certain improvements and extensions to the Waterworks are necessary; and American Structurepoint Inc of Indianapolis, Indiana, the consulting engineers employed by the City, and/or such other engineers as may be employed by the City (collectively, the "Consulting Engineers"), have prepared and filed or will prepare and file plans, specifications and detailed descriptions and estimates of the costs of the necessary improvements and extensions to the Waterworks, which plans, specifications, descriptions and estimates, to the extent required by law, have been or will be duly submitted to and approved by the Board and all governmental authorities having jurisdiction thereover (the improvements and extensions to the Waterworks as described in the Consulting Engineers' plans and specifications and below in Section 2 hereof are referred to herein as the "Project"); and

WHEREAS, the Common Council further finds that the estimates prepared with respect to the costs of acquisition, construction, installation and equipping of such improvements and extensions to the Waterworks, and including all authorized costs relating thereto, including the costs of issuance of bonds and, if necessary, bond anticipation notes (the "BANs") on account of the financing of all or a portion thereof, will be in the estimated amount not to exceed Four Million Six Hundred Thousand Dollars (\$4,600,000); and

WHEREAS, the Common Council finds that to provide funds necessary to pay for all or a portion of the costs of the Project, it will be necessary for the City to issue waterworks revenue bonds in an amount not to exceed Four Million Six Hundred Thousand Dollars (\$4,600,000), and, if necessary, BANs in an amount not to exceed Four Million Six Hundred Thousand Dollars (\$4,600,000); and

WHEREAS, the City desires to authorize the issuance of the BANs, if necessary, to provide interim financing of the Project in the maximum aggregate principal amount not to exceed Four Million Six Hundred Thousand Dollars (\$4,600,000) and the issuance of waterworks revenue bonds, in one or more series, payable from the Net Revenues (as hereinafter defined) of the Waterworks, in the maximum aggregate principal amount of Four Million Six Hundred Thousand Dollars (\$4,600,000), issued to finance all or a portion of the aforementioned costs of the Project and to refund the BANs, if issued; and

WHEREAS, pursuant to a certain Ordinance adopted by the Common Council (the "2000 Ordinance"), the City has heretofore issued its waterworks revenue bonds payable from the Net Revenues of the Waterworks, designated "Waterworks Revenue Bonds of 2000, Series A," currently outstanding in the aggregate principal amount of Four Million Nine Hundred Seventy-Five Thousand Dollars (\$4,975,000), bearing interest at the per annum rate of 2.90%, and maturing semiannually on January 1 and July 1 in the years 2016 to 2021, inclusive, ending January 1, 2021 (the "2000 Bonds"); and

WHEREAS, pursuant to Ordinance No. 01-42, adopted by the Common Council on December 5, 2001 (the "2003 New Money Ordinance"), the City has heretofore issued its waterworks revenue bonds payable from the Net Revenues of the Waterworks, (i) designated "Waterworks Revenue Bonds of 2003, Series A," currently outstanding in the aggregate principal amount of One Million Eight Hundred Thirty-One Thousand Dollars (\$1,831,000), bearing interest at the per annum rate of 3.30%, and maturing semiannually on January 1 and July 1 in the years 2016 to 2023, inclusive, ending January 1, 2023, and (ii) designated "Waterworks Revenue Bonds of 2003, Series B," currently outstanding in the aggregate principal amount of Four Million Two Hundred Sixty-Four Thousand Dollars (\$4,264,000), bearing interest at the per annum rate of 3.30%, and maturing semiannually on January 1 and July 1 in the years 2016 to 2025, inclusive, ending January 1, 2025 (collectively, the "2003 New Money Bonds"); and

WHEREAS, pursuant to Ordinance No. 03-10, adopted by the Common Council on April 2, 2003 (the "2003 Refunding Ordinance"), the City has heretofore issued its waterworks revenue bonds payable from the Net Revenues of the Waterworks, designated "Waterworks Refunding Revenue Bonds of 2003," currently outstanding in the aggregate principal amount of Two Million Forty Thousand Dollars (\$2,040,000), bearing interest at the per annum rate of 4.50%, and maturing semiannually on January 1 and July 1 in the years 2016 to 2020, inclusive, ending January 1, 2020 (the "2003 Refunding Bonds"); and

WHEREAS, pursuant to Ordinance No. 05-12, adopted by the Common Council on April 20, 2005, as amended (as amended, the "2006 Ordinance"), the City has heretofore issued its waterworks revenue bonds payable from the Net Revenues of the Waterworks, designated "Waterworks Revenue Bonds of 2006, Series A" (as amended), currently outstanding in the aggregate principal amount of Three Million Two Hundred Seventeen Thousand Three Hundred Dollars (\$3,217,300), bearing interest at per annum rates ranging from 4.55% to 4.83%, and maturing semiannually on January 1 and July 1 in the years 2016 to 2027, inclusive, ending January 1, 2027 (the "2006 Bonds"); and

WHEREAS, pursuant to Ordinance No. 10-07, adopted by the Common Council on May 17, 2010 (the "2011 Ordinance"), the City has heretofore issued its waterworks revenue bonds payable from the Net Revenues of the Waterworks, (i) designated "Waterworks Revenue Bonds of 2011, Series A," currently outstanding in the aggregate principal amount of Four Million Nine Hundred Forty-Five Thousand Dollars (\$4,945,000), bearing interest at the per annum rate of 3.746%, and maturing semiannually on January 1 and July 1 in the years 2016 to 2029, inclusive, ending January 1, 2029, and (ii) designated "Waterworks Revenue Bonds of 2011, Series B," currently outstanding in the aggregate principal amount of Thirty-Three Million Three Hundred Twenty Thousand Dollars (\$33,320,000), bearing interest at per annum rates ranging from 3.00% to 4.00%, and maturing semiannually on January 1 and July 1 in the years 2016 to 2029, inclusive, ending January 1, 2029 (collectively, the "2013 Bonds"); and

WHEREAS, the 2000 Ordinance, the 2003 New Money Ordinance, the 2003 Refunding Ordinance, the 2006 Ordinance and the 2011 Ordinance (collectively, the "Prior Ordinances") permit the issuance of additional bonds ranking on a parity with the outstanding 2000 Bonds, 2003 New Money Bonds, 2003 Refunding Bonds, 2006 Bonds and 2011 Bonds (collectively, the "Prior Bonds"), provided that certain

conditions are met, and the City finds that the finances of the Waterworks will enable the City to meet the conditions for the issuance of additional parity bonds and that, accordingly, the revenue bonds authorized herein shall constitute a first charge on the Net Revenues of the Waterworks, on parity with the Prior Bonds; and

WHEREAS, the Common Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of one or more series of waterworks revenue bonds, on a parity basis with the Prior Bonds, and BANs, if necessary, to provide the necessary funds to be applied to the costs of the Project and all authorized costs relating thereto, and the refunding of the BANs, if issued, have been complied with in accordance with the provisions of the Prior Ordinances, the Act and other applicable laws; and

WHEREAS, the Common Council consequently seeks to authorize the issuance of waterworks revenue bonds and BANs to finance the acquisition, construction, installation and equipping of the Project pursuant to the Act and other applicable laws, the sale of one or more series of such revenue bonds at public sale pursuant to the provisions of Indiana Code 5-1-11 or to the Indiana Finance Authority (the "Authority") pursuant to the provisions of Indiana Code 4-4-11 and 13-18-21, and the sale of such BANs pursuant to the provisions of the Act and other applicable laws, subject to and dependent upon the terms and conditions hereinafter set forth; and

WHEREAS, if the Bonds are sold to the Authority, the City would expect to enter into a Financial Assistance Agreement (as hereinafter defined) with the Authority, pertaining to the Project and the financing thereof; and

WHEREAS, the Board has considered the matter of the financing of the Project and has adopted a resolution approving the same; and

WHEREAS, prior to the issuance of the bonds authorized by this ordinance, the City shall first obtain the approval of the Indiana Utility Regulatory Commission (IURC) for the issuance of said bonds; and

WHEREAS, certain preliminary expenditures related to the payment of the costs of the Project have been or will be incurred by or on behalf of the City prior to the issuance and delivery of such waterworks revenue bonds and BANs; and

WHEREAS, the Common Council desires to express its intention to reimburse such expenditures as have been or may be incurred prior to the issuance of such waterworks revenue bonds and BANs, pursuant to Indiana Code 5-1-14-6 and in compliance with Section 1.150-2 of the U.S. Treasury Regulations promulgated by the Internal Revenue Service (the "Treasury Regulations"); now, therefore,

BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, INDIANA, THAT:

SECTION 1. Acquisition, Construction, Installation and Equipping of the Project. The City is hereby authorized to acquire any and all necessary property and proceed with the acquisition, construction, installation and equipping of improvements and extensions to the Waterworks, pursuant to the Act and in accordance with the plans, specifications and cost estimates heretofore prepared and filed with the Board and the Common Council by the Consulting Engineers and/or City engineering, which plans, specifications and cost estimates are hereby adopted and approved and, by reference, incorporated fully into this Ordinance, and two copies of which are now on file in the office of the Clerk of the City (the "Clerk") and are open for public inspection. The actions of the City in connection with the acquisition of any and all necessary property and the acquisition, construction, installation, equipping and financing of such improvements and extensions to the Waterworks are hereby authorized, approved, ratified and confirmed.

Where used in this Ordinance, the term "City" shall be construed also to include any department, board, commission or officer or officers of the City or of any City department, board or commission. The terms "Waterworks," "waterworks," "works" and similar terms used in this

Ordinance shall be construed to mean and include the existing structures and property of the Waterworks for the provision of public water supply, and all enlargements, improvements, extensions and additions thereto, and replacements thereof, now or subsequently constructed or acquired, whether from the proceeds of the bonds and BANs authorized herein or otherwise. Such improvements and extensions shall be constructed and the bonds and BANs herein authorized shall be issued pursuant to the provisions of this Ordinance, the Act and other applicable laws.

SECTION 2. Description of the Project. The Project is more fully described in, and shall be in accordance with the plans and specifications and cost estimates heretofore prepared and filed with the Board and the Common Council by the Consulting Engineers and/or City engineering referenced in Section 1 hereof. In summary, the Project consists of the acquisition, construction, installation and equipping of additions and improvements to the Waterworks, including maintaining and improving water quality, and replacement and rehabilitation of water mains, tanks, booster stations and hydrants.

The City shall proceed with the acquisition, construction, installation and equipping of the Project and shall enter into all contracts necessary or appropriate for such purpose, in conformity with and subject to the requirements and conditions set forth in this Ordinance and in the Act.

SECTION 3. The Bonds. In accordance with the Act and for the purpose of providing funds with which to pay the costs of the Project, together with all authorized costs relating thereto including the costs of issuance of the Bonds, as hereinafter defined, and refunding the BANs, if any, described below, the City shall issue its waterworks revenue bonds, in one or more series, in an aggregate principal amount not to exceed Four Million Six Hundred Thousand Dollars (\$4,600,000) (the "Bonds"). The total principal amount of Bonds issued pursuant to this Ordinance shall not exceed Four Million Six Hundred Thousand Dollars (\$4,600,000). The principal of and redemption premium, if any, and interest on the Bonds shall be payable solely out of the Waterworks Sinking Fund referred to below, on a parity with the Prior Bonds.

Any other provisions of this Ordinance to the contrary notwithstanding, the Bonds shall be issued on a parity with the Prior Bonds, and none of the provisions of this Ordinance shall be construed to affect the rights of the holders of the Prior Bonds. The Controller of the City (the "Controller") is authorized to employ Crowe Horwath LLP, Indianapolis, Indiana, the financial advisor to the City (the "Financial Advisor"), or any other certified public accountant or firm of certified public accountants to perform any and all computations necessary to confirm the preliminary evidence and findings demonstrating compliance with the conditions set forth in the Prior Ordinances for the issuance of additional revenue bonds on parity with the Prior Bonds. The City shall not issue the Bonds without first receiving a certificate from the Financial Advisor or other certified public accountant or firm of certified public accountants in form and substance satisfactory to the Controller and Faegre Baker Daniels LLP, Indianapolis, Indiana, bond counsel for the City, and to the effect that the City and the Waterworks are in complete compliance with the conditions set forth in the Prior Ordinances for the issuance of additional revenue bonds on parity with the Prior Bonds.

The Bonds shall be designated as the "City of Bloomington, Indiana, Waterworks Revenue Bonds of 201\_\_" (with the blank to be filled in with the last digit of the calendar year in which such series of the Bonds is issued, with an appropriate series designation in the event more than one series of Bonds is expected to be issued in such calendar year). Each series of the Bonds shall be issued as fully registered bonds in denomination or denominations of Five Thousand Dollars (\$5,000) and any integral multiples thereof not exceeding the aggregate principal amount of such Bonds maturing in any one year, or in the event that any series of the Bonds is sold to the Authority pursuant to Section 9 hereof, the Bonds of such series shall be in multiples of One Dollar (\$1) or such other denomination as is acceptable to the Authority. The Bonds shall be numbered consecutively from \_\_R-1 upward (with the blank to be filled in with the last two digits of the calendar year in which such series of the Bonds is issued, with an appropriate series designation in the event more than one series of Bonds is expected to be issued in such calendar year) and shall bear interest at a rate or rates not exceeding five percent (5.0%) per annum, the exact rate or rates to be determined by negotiation with the Authority (with such rate to be set forth in the Financial Assistance Agreement with respect to any series of the Bonds that is sold to the Authority) or by bidding. Said interest rate or rates on the Bonds shall be in multiples of one-eighth (1/8) or one-hundredth (1/100) of one percent (1%). Interest on each series of the Bonds

shall be calculated on the basis of twelve (12) thirty (30)-day months for a three hundred sixty (360)-day year and shall be payable semiannually on January 1 and July 1 of each year (each, an "Interest Payment Date"), commencing not earlier than July 1, 2017, with the first interest payment date to be determined by (i) the Controller with the advice of the Financial Advisor and set forth in the Controller's Certificate (as hereinafter defined) if such series of Bonds is sold by public bidding or (ii) negotiation with the Authority (as provided in the Financial Assistance Agreement between the City and the Authority (the "Financial Assistance Agreement")), until principal is fully paid. The principal of each series of the Bonds shall mature serially and semi-annually on January 1 and July 1 of each year, commencing not earlier than July 1, 2017 (or commencing on such other date as provided in the Financial Assistance Agreement, if such series of the Bonds is sold to the Authority) and ending not later than July 1, 2037, on the dates and in the principal amounts as set forth in the Controller's Certificate. The Bonds will mature in such amounts that will produce, on an aggregate basis, as level annual debt service as practicable, except as otherwise provided in the Financial Assistance Agreement if the Bonds are sold to the Authority.

The Bonds shall bear an original issue date which shall be the date of delivery of the Bonds or the first day of the month in which the Bonds are delivered, as determined by the Controller with the advice of the Financial Advisor and set forth in the Controller's Certificate (unless otherwise provided in the Financial Assistance Agreement in the event the Bonds are sold to the Authority), and each Bond shall also bear the date of its authentication. Any Bond authenticated on or before the fifteenth day of the calendar month immediately preceding the first Interest Payment Date shall pay interest from its original issue date (unless otherwise provided in the Financial Assistance Agreement in the event the Bonds are sold to the Authority). Any Bond authenticated thereafter shall pay interest from the Interest Payment Date next preceding the date of authentication of such Bond to which interest thereon has been paid or duly provided for, unless such Bond is authenticated after the fifteenth day of the calendar month immediately preceding an Interest Payment Date and on or before such Interest Payment Date, in which case interest thereon shall be paid from such Interest Payment Date.

In the event that the Bonds or the BANs of any series are sold to the Authority or any other purchaser who so agrees pursuant to Section 9 of this Ordinance, it is understood that principal shall not be payable and interest shall not accrue on such series of the Bonds or the BANs until such principal amount has been advanced pursuant to requests made by the City to the Authority or to any such other purchaser, with advances to be allocable to the Bonds in order of maturity. If the Bonds of any series are sold to the Authority, to the extent that (a) the total principal amount of such series of the Bonds is not paid by the purchaser or drawn down by the City or (b) proceeds remain in the Construction Account established under Section 10 of this Ordinance and are not applied to the Project (or any modifications or additions thereto approved by the Authority), the City shall reduce the principal amount of such Bonds' maturities to effect such reduction in a manner that will still achieve as level an annual debt service as practicable as described in this Section 3 subject to and upon the terms forth in the Financial Assistance Agreement.

The Controller is hereby authorized to appoint a registrar and a paying agent for any series of the Bonds or BANs (the "Registrar" and the "Paying Agent," and in both such capacities, the "Registrar and Paying Agent"). The Registrar and Paying Agent shall be charged with and shall by appropriate agreement undertake the performance of all of the duties and responsibilities customarily associated with each such position, including, without limitation, the authentication of the Bonds and BANs. The Controller is authorized and directed to enter into such agreements and understandings with the Registrar and Paying Agent and any subsequent Registrar and Paying Agent as will enable and facilitate the performance of its duties and responsibilities, and is authorized and directed to pay such fees as the Registrar and Paying Agent may reasonably charge for its services in such capacity, and such fees may be paid from the Waterworks Sinking Fund created under the Prior Ordinances and continued herein.

If the Bonds or the BANs are registered in the name of any purchaser that does not object to such designation, the Controller shall be designated as the Registrar and Paying Agent and shall be charged with the performance of all of the duties and responsibilities of Registrar and Paying Agent.

The Registrar and Paying Agent, if not the Controller, may at any time resign as Registrar and Paying Agent upon giving thirty (30) days' notice in writing to the City and by first-class mail to each registered owner of the Bonds or BANs then outstanding, and such resignation will take effect at the end of such thirty (30) days or upon the earlier appointment of a successor Registrar and Paying Agent by the City. Any such notice to the City may be served personally or sent by certified mail. The Registrar and Paying Agent may also be removed at any time as Registrar and Paying Agent by the City, in which event the City may appoint a successor Registrar and Paying Agent. The City shall notify each registered owner of the Bonds or BANs then outstanding by first-class mail of the removal of the Registrar and Paying Agent. Notices to registered owners of the Bonds or BANs shall be deemed to be given when mailed by first-class mail to the addresses of such registered owners as they appear on the registration books kept by the Registrar. Any predecessor Registrar and Paying Agent shall deliver all of the Bonds or BANs and cash in its possession with respect thereto, together with the registration books, to the successor Registrar and Paying Agent. The Controller is hereby authorized to act on behalf of the City with regard to any of the aforementioned actions of the City relating to the resignation or removal of the Registrar and Paying Agent and appointment of a successor Registrar and Paying Agent.

Principal of and any redemption premium on the Bonds, and principal and interest on the BANs, shall be payable at the principal corporate trust office of the Paying Agent. Interest on the Bonds shall be paid by check or draft mailed or delivered by the Paying Agent to the registered owner thereof at the address as it appears on the registration books kept by the Registrar as of the fifteenth day of the calendar month immediately preceding the Interest Payment Date or at such other address as may be provided to the Paying Agent in writing by such registered owner. Notwithstanding anything in this Ordinance to the contrary, so long as The Depository Trust Company, New York, New York ("DTC"), or its nominee, or any successor thereto, is the registered owner of any series of the Bonds or BANs, the principal of and premium, if any, and interest on such series of the Bonds or BANs will be paid directly to DTC or successor depository by wire transfer on the payment date in same-day funds by the Paying Agent. Notwithstanding the foregoing, principal of and interest on the Bonds or BANs, if registered in the name of the Authority, shall be paid by wire transfer to a financial institution if and as directed by the Authority, on the due date of such payment or, if such date is a day when financial institutions are not open for business, on the business day immediately preceding such due date. So long as the Authority is the registered owner of the Bonds or BANs, the Bonds or BANs shall be presented for payment as directed by the Authority. All payments on the Bonds and the BANs shall be made in any coin or currency of the United States of America which, on the dates of such payments, shall be legal tender for the payment of public or private debt.

Each Bond or BAN shall be transferable or exchangeable only on the books of the City maintained for such purpose at the principal corporate trust office of the Registrar, by the registered owner thereof in person, or by his or her attorney duly authorized in writing, upon surrender of such Bond or BAN together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner or his or her attorney duly authorized in writing, and thereupon a new fully registered Bond or Bonds or BAN or BANs in the same aggregate principal amount and of the same maturity and series shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. Each Bond or BAN may be transferred or exchanged without cost to the registered owner, except for any tax or other governmental charge which may be required to be paid with respect to such transfer or exchange. The Registrar shall not be obligated to make any transfer or exchange of any Bond or BAN (i) during the fifteen (15) days immediately preceding an Interest Payment Date or (ii) after the mailing of notice calling such Bond or BAN for redemption. The City, the Registrar and the Paying Agent may treat and consider the person in whose name any Bond or BAN is registered as the absolute owner thereof for all purposes including the purpose of receiving payment of, or on account of, the principal thereof, and redemption premium, if any, and interest thereon.

In the event any Bond or BAN is mutilated, lost, stolen or destroyed, the City may cause to be executed and the Registrar may authenticate a new Bond or BAN of like date, maturity, series and denomination as the mutilated, lost, stolen or destroyed Bond or BAN, which new Bond or BAN shall be marked in a manner to distinguish it from the Bond or BAN for which it was issued; provided, that in the case of any mutilated Bond or BAN, such mutilated Bond or BAN shall first be surrendered to the Registrar, and in the case of any lost, stolen or destroyed Bond or

BAN there shall be first furnished to the Registrar evidence of such loss, theft or destruction satisfactory to the City and the Registrar, together with indemnity satisfactory to them. In the event that any such mutilated, lost, stolen or destroyed Bond or BAN shall have matured or been called for redemption, instead of causing to be issued a duplicate Bond or BAN, the Registrar and Paying Agent may pay the same upon surrender of the mutilated Bond or BAN or upon satisfactory indemnity and proof of loss, theft or destruction in the case of a lost, stolen or destroyed Bond or BAN. The City and the Registrar and Paying Agent may charge the owner of any such Bond or BAN with their reasonable fees and expenses in connection with the above. Every substitute Bond or BAN issued by reason of any Bond or BAN being lost, stolen or destroyed shall, with respect to such Bond or BAN, constitute a substitute contractual obligation of the City pursuant to this Ordinance, whether or not the lost, stolen or destroyed Bond or BAN shall be found at any time, and shall be entitled to all the benefits of this Ordinance, equally and proportionately with any and all other Bonds or BANs duly issued hereunder.

In the event that any Bond or BAN is not presented for payment or redemption on the date established therefor, the City may deposit in trust with the Paying Agent an amount sufficient to pay such Bond or BAN or the redemption price thereof, as appropriate, and thereafter the owner of such Bond or BAN shall look only to the funds so deposited in trust with the Paying Agent for payment and the City shall have no further obligation or liability with respect thereto.

Any series of Bonds or BANs may, in compliance with all applicable laws, be issued and held in book-entry form on the books of the central depository system, DTC, its successors, or any successor central depository system appointed by the City from time to time (the "Clearing Agency"). The City and the Registrar may, in connection therewith, do or perform or cause to be done or performed any acts or things not adverse to the rights of the holders of the Bonds or BANs, as are necessary or appropriate to accomplish or recognize such book-entry form Bonds or BANs.

During any time that a series of Bonds or BANs is held in book-entry form on the books of a Clearing Agency (a) any such Bonds or BANs may be registered upon the books kept by the Registrar in the name of such Clearing Agency, or any nominee thereof, including Cede & Co., as nominee of DTC; (b) the Clearing Agency in whose name such Bonds or BANs are so registered shall be, and the City and the Registrar and Paying Agent may deem and treat such Clearing Agency as, the absolute owner and holder of such Bonds or BANs for all purposes of this Ordinance, including, without limitation, the receiving of payment of the principal of and premium, if any, and interest on such Bonds or BANs, the receiving of notice, and the giving of consent; (c) neither the City nor the Registrar and Paying Agent shall have any responsibility or obligation hereunder to any direct or indirect participant, within the meaning of Section 17A of the Securities Exchange Act of 1934, as amended, of such Clearing Agency, or any person on behalf of which, or otherwise in respect of which, any such participant holds any interest in any Bonds or BANs, including, without limitation, any responsibility or obligation hereunder to maintain accurate records of any interest in any Bonds or BANs or any responsibility or obligation hereunder with respect to the receiving of payment of principal of or premium, if any, or interest on any Bonds or BANs, the receiving of notice, or the giving of consent; (d) the Clearing Agency is not required to present any Bonds or BANs called for partial redemption prior to receiving payment so long as the Registrar and Paying Agent and the Clearing Agency have agreed to the method for noting such partial redemption; and (e) payment of the principal of and premium, if any, and interest on any Bonds or BANs may be made by wire transfer or other method acceptable to the Clearing Agency, as indicated in a Certificate of the Controller to such effect.

If either (i) the City receives notice from the Clearing Agency which is currently the registered owner of any Bonds or BANs to the effect that such Clearing Agency is unable or unwilling to discharge its responsibility as a Clearing Agency for such Bonds or BANs or (ii) the City elects to discontinue its use of such Clearing Agency as a Clearing Agency for such Bonds or BANs, then the City and the Registrar and Paying Agent each shall do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of such Bonds or BANs, as are necessary or appropriate to discontinue use of such Clearing Agency as a Clearing Agency for such Bonds or BANs and to transfer the ownership of each of such Bonds or BANs to such person or persons, including any other Clearing Agency, as the holder of such Bonds or BANs may direct in accordance with this Ordinance. Any expenses of such discontinuance and

transfer, including expenses of printing new certificates to evidence such Bonds or BANs, shall be paid by the City.

During any time that any series of the Bonds or BANs is held in book-entry form on the books of a Clearing Agency, the Registrar and Paying Agent shall be entitled to request and rely upon a certificate or other written representation from the Clearing Agency or any participant or indirect participant with respect to the identity of any beneficial owners of such Bonds or BANs as of a record date selected by the Registrar and Paying Agent. For purposes of determining whether the consent, advice, direction or demand of a registered owner of such Bonds or BANs has been obtained, the Registrar and Paying Agent shall be entitled to treat the beneficial owners of such Bonds or BANs as the holders of such Bonds or BANs.

During any time that any series of the Bonds or BANs is held in book-entry form on the books of a Clearing Agency, the City is authorized to enter into a Blanket Letter of Representations agreement with the Clearing Agency, and the provisions of any such Blanket Letter of Representations or any successor agreement shall control on the matters set forth herein.

**SECTION 4. The BANs.** In anticipation of the issuance and sale of the Bonds authorized herein, and to provide interim financing to apply to the costs of the Project, the City is hereby authorized to have prepared and to issue and sell negotiable BANs of the City to an eligible purchaser of the BANs under Indiana Code 5-1-14-5 or to the Authority, pursuant to a Bond Anticipation Note Purchase Agreement (the "BAN Purchase Agreement") entered into between the City and the purchaser of the BANs, in one or more series, in an aggregate principal amount not to exceed Four Million Six Hundred Thousand Dollars (\$4,600,000), to be designated "City of Bloomington, Indiana, Waterworks Revenue Bond Anticipation Notes of 201\_\_" (with the blank to be filled in with the last digit of the calendar year in which such series of the BANs is issued, with an appropriate series designation in the event more than one series of BANs is expected to be issued in such calendar year). The BANs shall be issued pursuant to Indiana Code 5-1-14-5 if sold to an eligible purchaser thereunder, or pursuant to Indiana Code 4-4-11 and 13-18-21 if sold to the Authority. If the BANs are sold to the Authority, the Financial Assistance Agreement shall serve as the BAN Purchase Agreement. The BANs shall be issued in fully registered form, shall be numbered consecutively from \_\_R-1 (with the blank to be filled in with the last two digits of the calendar year in which such series of the BANs is issued, with an appropriate series designation in the event more than one series of BANs is expected to be issued in such calendar year) upwards, shall be in such denominations as the purchaser of the BANs shall request, shall be dated as of the date of delivery of the BANs, and shall bear interest at a rate or rates not exceeding five percent (5.0%) per annum (the exact rate or rates of interest to be determined by negotiations with the purchaser of the BANs and payable as provided in the BAN Purchase Agreement). The initial BANs delivered will mature on the date provided in the BAN Purchase Agreement. The BANs may be subject to renewal or extension, subject to the limitations set forth below, at an interest rate or rates not to exceed five percent (5.0%) per annum, with the exact rate to be negotiated with the purchaser of such BANs. The term of the BANs and all renewal BANs may not exceed five (5) years from the date of delivery of the initial BANs.

The principal of the BANs shall be refunded and retired out of the proceeds from the issuance and sale hereunder of the Bonds. The principal of the BANs, and the principal of and interest on the BANs prepaid in accordance with Section 5 hereof, shall be refunded by the issuance of the Bonds pursuant to, and in the manner prescribed by, the Act. The interest on the BANs shall be payable either from the Net Revenues of the Waterworks, subject to the prior lien thereon of the Prior Bonds, or from proceeds from the issuance and sale hereunder of the Bonds, as set forth in the BAN Purchase Agreement.

**SECTION 5. Optional Prepayment of BANs; Optional Redemption of the Bonds; Term Bonds.**

(a) **Optional Prepayment of BANs.** The BANs are prepayable by the City, in whole or in part, at any time upon seven (7) days' written notice to the owner of the BANs, without any premium. In the case of prepayment, the principal and accrued interest due on the BANs shall be paid only from proceeds of the Bonds, except that such principal and interest due on the BANs may also be paid from other revenues and funds legally available therefor, if any, including federal or state funds available for application to the Project; provided, however, that such funds are not pledged to the payment of the BANs.



(b) Optional Redemption of the Bonds. Each series of the Bonds shall be subject to redemption at the option of the City, in whole or in part (and if in part, in authorized denominations and in order of maturity determined by the City and by lot within any such maturity or maturities in such manner as may be designated by the Registrar), at times to be determined by the Controller with the advice of the Financial Advisor and set forth in the Controller's Certificate, at a redemption price equal to one hundred percent (100%) of the principal amount of each Bond to be redeemed, plus accrued and unpaid interest on the Bonds so redeemed to the redemption date, and according to premiums to be determined by the Controller with the advice of the Financial Advisor and set forth in the Controller's Certificate, not in excess of two percent (2%) of the par amount of the Bonds to be redeemed; provided, however, if any Bonds are sold to the SRF Program (as hereinafter defined) and registered in the name of the Authority, such Bonds shall not be redeemable at the option of the City unless and until consented by the Authority.

Official notice of such redemption of the Bonds shall be mailed by the Registrar and Paying Agent by certified or registered mail at least thirty (30) days (or, at least sixty (60) days, with respect to any series of the Bonds sold to the Authority) prior to the scheduled redemption date to each of the registered owners of the Bonds called for redemption (unless waived by any such registered owner) at the address shown on the registration books of the Registrar and Paying Agent, or at such other address as is furnished in writing by such registered owner to the Registrar; provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any Bond shall not affect the validity of the proceedings for the redemption of any other Bonds. The notice shall specify the redemption price, the date and place of redemption, and the registration numbers (and, in case of partial redemption, the respective principal amounts) of the Bonds called for redemption. The place of redemption may be at the principal corporate trust office of the Registrar and Paying Agent or as otherwise determined by the City. Interest on the Bonds (or portions thereof) so called for redemption shall cease to accrue on the redemption date fixed in such notice, if sufficient funds are available at the place of redemption to pay the redemption price on the redemption date and when such Bonds (or portions thereof) are presented for payment. Any Bond redeemed in part may be exchanged for a Bond or Bonds of the same maturity in authorized denominations equal to the remaining principal amount thereof.

In addition to the foregoing notice, the City may also direct that further notice of redemption of Bonds be given, including, without limitation, and at the option of the City, notice described in paragraph (i) below given by the Registrar and Paying Agent to the parties described in paragraphs (ii) and (iii) below. No defect in any such further notice and no failure to give all or any portion of any such further notice shall in any manner defeat the effectiveness of any call for redemption of Bonds so long as notice thereof is mailed as prescribed above.

(i) If so directed by the City, each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (1) the CUSIP numbers of all Bonds being redeemed; (2) the date of issue of the Bonds as originally issued; (3) the rate of interest borne by each Bond being redeemed; (4) the maturity date of each Bond being redeemed; and (5) any other descriptive information needed to identify accurately the Bonds being redeemed.

(ii) If so directed by the City, each further notice of redemption shall be sent at least thirty-five (35) days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(iii) If so directed by the City, each such further notice shall be published one time in The Bond Buyer of New York, New York or, if the Registrar believes such publication is impractical or unlikely to reach a substantial number of the holders of the Bonds, in some other financial newspaper or journal which regularly carries notices of redemption of other obligations similar to the Bonds, such publication to be made at least thirty (30) days prior to the date fixed for redemption.

Upon the payment of the redemption price of the Bonds (or portions thereof) being redeemed and if so directed by the City, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds (or portions thereof) being redeemed with the proceeds of such check or other transfer.

(c) Term Bonds. All or a portion of the Bonds may be aggregated into one or more term bonds payable from mandatory sinking fund redemption payments (the "Term Bonds") required to be made as set forth below. The Term Bonds shall have a stated maturity or maturities of January 1 and July 1 in the years consistent with the maturity schedule for the Bonds, and such Term Bonds shall be subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest to the redemption date, but without premium, on January 1 and July 1 of the years and in the principal amounts consistent with the maturity schedule for the Bonds.

The Registrar and Paying Agent shall credit against any mandatory sinking fund redemption requirement for a Term Bond of a particular maturity, any Bonds of such maturity delivered to the Registrar and Paying Agent for cancellation or purchased for cancellation by the City and canceled by the Registrar and Paying Agent and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each Bond so delivered or purchased shall be credited by the Registrar and Paying Agent at one hundred percent (100%) of the principal amount thereof against the mandatory sinking fund redemption requirements for the applicable Term Bond in inverse order of mandatory sinking fund redemption (or final maturity) dates, and the principal amount of such Term Bond to be redeemed on such mandatory sinking fund redemption dates by operation of the mandatory sinking fund requirements shall be reduced accordingly; provided, however, the Registrar and Paying Agent shall only credit Bonds against the mandatory sinking fund requirements to the extent such Bonds are received on or before forty-five (45) days preceding the applicable mandatory sinking fund redemption date.

The Registrar shall determine by lot (treating each \$5,000 principal amount (or other authorized denomination) of each Bond as a separate Bond for such purpose) the Bonds within a Term Bond of a particular maturity to be redeemed pursuant to mandatory sinking fund redemption requirements on January 1 and July 1 of each year. With respect to optional redemption of Term Bonds, an amount equal to the principal amount of the Term Bonds redeemed will be credited toward the latest scheduled mandatory sinking fund payment or payments with respect to such Term Bonds unless otherwise directed by the City.

Notice of any such mandatory sinking fund redemption shall be given in the same manner as notice of optional redemption is required to be given pursuant to this Section 5. In the event any of the Bonds are issued as Term Bonds, the form of Bond described in Section 8 hereof shall be modified accordingly. Any reference to payment of principal on Bonds shall include payment of scheduled mandatory sinking fund redemption payments.

**SECTION 6. Execution and Authentication of the Bonds and BANs.** The Bonds and the BANs shall be executed in the name of the City by the manual or facsimile signature of the Mayor of the City (the "Mayor") and attested by the manual or facsimile signature of the Clerk, who shall cause the seal of the City or a facsimile thereof to be affixed to each of the Bonds and the BANs. The Bonds and the BANs shall be authenticated by the manual signature of the Registrar, and no Bond or BAN shall be valid or become obligatory for any purpose until the certificate of authentication thereon has been so executed. In case any official whose signature appears on any Bond or BAN shall cease to be such official before the delivery of such Bond or BAN, the signature of such official shall nevertheless be valid and sufficient for all purposes, the same as if such official had been in office at the time of such delivery. Subject to the provisions of this Ordinance regarding the registration of the Bonds and BANs, the Bonds and BANs shall be fully negotiable instruments under the laws of the State of Indiana.

**SECTION 7. Security and Sources of Payment for the Bonds.** The Bonds, when fully paid for and delivered to the purchaser or purchasers thereof, together with any bonds hereafter issued on a parity therewith (to be referred to hereinafter collectively as the "bonds," unless the context otherwise requires), as to both principal and interest, shall be valid and binding special and limited revenue obligations of the City, payable solely from and secured by an irrevocable pledge of and constituting a first charge, on a parity basis with the Prior Bonds, upon all of the

"Net Revenues" (herein defined as gross revenues of the Waterworks after deduction only for the payment of the reasonable expenses of operation and maintenance) derived from the Waterworks, including all such Net Revenues from the existing works, the Project and all additions and improvements thereto and replacements thereof subsequently constructed or acquired, to be set aside into the Waterworks Sinking Fund as herein provided. The City shall not be obligated to pay the Bonds or the interest thereon except from the Net Revenues of the Waterworks, and the Bonds shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana.

SECTION 8. Form of the Bonds. The form and tenor of the Bonds shall be substantially as set forth in Appendix A, attached hereto and incorporated herein as if set forth at this place (with all blanks to be filled in properly and all necessary additions, modifications and deletions to be made prior to the delivery thereof).

SECTION 9. Issuance, Sale and Delivery of the Bonds and the BANs.

(a) Generally. The Controller is hereby authorized and directed to have the Bonds and the BANs prepared, and the Mayor and the Clerk are each hereby authorized and directed to execute and attest, respectively, the Bonds and the BANs in the form and manner herein provided. The Controller is hereby authorized and directed to deliver the Bonds and the BANs to the purchaser or purchasers thereof after sale made in accordance with the provisions of the Act and this Ordinance, provided that at the time of said delivery the Controller shall collect the full amount which the purchaser or purchasers have agreed to pay therefor, which shall be not less than ninety-nine percent (99.0%) of the par amount of the Bonds (or such higher percentage of the par value of the Bonds as determined by the Controller with the advice of the Financial Advisor of the City and set forth in the Controller's Certificate), plus accrued interest thereon to the date of delivery, if any, and in the case of the BANs, shall not be less than ninety-nine percent (99.0%) of the par amount of the BANs. The City may receive payment for the Bonds and the BANs in installments. The proceeds derived from the sale of the Bonds (or, instead, the BANs, if such BANs are issued), shall be and are hereby set aside for application to the costs of the Project, including all authorized costs relating thereto and the respective costs of issuance of the Bonds and the BANs. The authorized officers of the City are hereby authorized and directed to draw all proper and necessary warrants and to do whatever other acts and things that may be necessary or appropriate to carry out the provisions of this Ordinance.

(b) Issuance, Sale and Delivery of the BANs. The City, having satisfied all the statutory requirements for the issuance of the Bonds, may elect to issue its BAN or BANs to an eligible purchaser under Indiana Code 5-1-14-5 or to the Authority pursuant to the BAN Purchase Agreement, to be entered into between the City and the purchaser of the BANs. The Common Council hereby authorizes the issuance and execution of the BAN or BANs in lieu of initially issuing Bonds to provide interim construction financing for the Project until permanent financing becomes available. It shall not be necessary for the City to repeat the procedures for the issuance of its Bonds, as the procedures followed before the issuance of the BAN or BANs are for all purposes sufficient to authorize the issuance of the Bonds and the use of the proceeds to repay the BAN or BANs. The Mayor, the Controller and/or the Clerk are each hereby authorized and directed to execute and/or attest the BAN Purchase Agreement in such form or substance as they shall approve acting upon the advice of counsel. The Mayor, the Controller and the Clerk may also take such other action or deliver such other certificates as are necessary or desirable in connection with the issuance of the BANs or the Bonds and the other documents needed for the financing as they deem necessary or desirable in connection therewith.

(c) Issuance, Sale and Delivery of the Bonds.

(i) Public Sale. Any series of the Bonds may, in the discretion of the Controller based upon the advice of the Financial Advisor, be sold by public sale. In the event any series of the Bonds is sold by public sale, prior to the sale of such series of the Bonds, the Controller shall cause to be published a notice of intent to sell bonds two (2) times at least one (1) week apart in the Bloomington Herald Times, a newspaper of general circulation published in the City, and the Court & Commercial Record, a newspaper of general circulation published in Indianapolis, Indiana. The notice of such sale or a summary thereof may also be published in The Bond Buyer, a financial journal published in the City and State of New York and/or in other publications, in the discretion of the

Controller. The notice must state that any person interested in submitting a bid for such series of the Bonds may furnish in writing, at the address set forth in the notice, the person's name, address and telephone number, and that any such person may also furnish a telex number. The notice must also state: (A) the amount of the Bonds to be offered; (B) the denominations; (C) the dates of maturity; (D) the maximum rate or rates of interest; (E) the place of sale; and (F) the time within which the name, address and telephone number must be furnished, which time must not be less than seven (7) days after the last publication of the notice. Each person so registered shall be notified of the date and time bids will be received not less than twenty-four (24) hours before the date and time of sale. The notification shall be made by telephone at the number furnished by the person, and also by telex if the person furnishes a telex number. Such notice may also include such other information as the Controller shall deem necessary.

Such notice shall provide, among other things, that each bid shall be accompanied by a certified or cashier's check or a financial surety bond from an insurance company in the amount of one percent (1%) of the principal amount of such series of the Bonds to guarantee performance on the part of the bidder; that if the Bonds are awarded to a bidder who has submitted a financial surety bond to the City, then such bidder must submit the required amount of the good faith deposit to the City in the form of a certified or cashier's check (or a wire transfer consisting of immediately available funds to the City as instructed by the City) not later than 3:00 p.m. (local time) on the next business day following the award by the City; that if such check or wire transfer is not received by that time, the financial surety bond may be drawn upon by the City to satisfy the deposit requirements; and that in the event the successful bidder shall fail or refuse to accept delivery of and pay for the Bonds as soon as the Bonds are ready for delivery, or at the time fixed in the notice of intent to sell bonds, then such check or financial surety bond and the proceeds thereof shall become the property of the City and shall be considered as the City's liquidated damages on account of such default.

All bids for Bonds sold at public sale shall be sealed and shall be presented to the Controller at the Controller's office, and the Controller shall continue to receive all bids offered until the time fixed for the sale of the Bonds, at which time and place the Controller shall open and consider each bid. Bidders for the Bonds shall be required to name the rate or rates of interest which the Bonds are to bear, not exceeding five percent (5.0%) per annum. Such interest rate or rates shall be in multiples of one-eighth (1/8) or one-hundredth (1/100) of one percent (1%). Bids specifying more than one interest rate shall also specify the amount and maturities of the series of Bonds bearing each rate, and all Bonds of a series maturing on the same date shall bear the same rate of interest. The interest rate on a series of Bonds of a given maturity must be at least as great as the interest rate on Bonds of such series of any earlier maturity. Subject to the provisions set forth below, the Controller shall award the Bonds to the bidder offering the lowest net interest cost to the City, to be determined by computing the total interest on all of the Bonds from the date thereof to their maturities and deducting therefrom the premium bid, if any, or adding thereto the amount of any discount. No bid for less than ninety-nine percent (99.0%) of the par value of the Bonds (or such higher percentage of the par value of the Bonds as determined by the Controller with the advice of the Financial Advisor and set forth in the Controller's Certificate), plus accrued interest, if any, at the rate or rates named to the date of delivery, will be considered. The Controller shall have full right to reject any and all bids. In the event no acceptable bid is received at the time fixed for the sale of the Bonds, the Controller shall be authorized to continue to receive bids from day to day thereafter for a period not to exceed thirty (30) days, without readvertising, pursuant to Indiana law.

The Controller is hereby authorized to determine, in the Controller's discretion, to sell the Bonds pursuant to the general provisions of Indiana Code 5-1-11 (rather than Section 2(b) thereof), and in the event of such a determination, those portions of this Section 9 which conflict with such provisions shall be deemed inapplicable.

(ii) Sale to the Authority. Any series of the Bonds may, in the discretion of the Controller based upon the advice of the Financial Advisor, be sold to the Authority. The Mayor and the Controller are hereby authorized to submit an application to the Authority for participation in the drinking water loan program (the "SRF Program") under Indiana

Code 4-4-11 and 13-18-21. The Financial Assistance Agreement for the Bonds and the Project shall be executed by the City and the Authority. The form of Financial Assistance Agreement shall be in substantially the form of the financial assistance agreement previously approved by one or more of the Prior Ordinances, and the Mayor, the Controller and/or the Clerk are hereby authorized to execute and/or attest the same on behalf of the City and to approve any changes in form or substance to the Financial Assistance Agreement, such approval to be conclusively evidenced by their execution. The Financial Assistance Agreement may set forth the definitive terms and conditions for such sale including the purchase price and interest rate, but all of such terms and conditions must be consistent with the terms and conditions of this Ordinance, including, without limitation, the interest rates on the Bonds which shall not exceed the maximum rate of interest for the Bonds authorized pursuant to this Ordinance. Bonds sold to the Authority shall be accompanied by all documentation required by the Authority pursuant to Indiana Code 4-4-11 and 13-18-21, and the Financial Assistance Agreement, including, without limitation, an approving opinion of a nationally recognized bond counsel, certification and guarantee of signatures and certification as to no litigation pending, as of the date of delivery of the Bonds to the Authority, challenging the validity or issuance of the Bonds. In the event the Controller determines to sell the Bonds to the Authority, the entry by the City into the Financial Assistance Agreement, the execution of the Financial Assistance Agreement by the Mayor, and, if required, the entry by the City into a purchase agreement or any other agreement with the Authority and the execution thereof by the Mayor, in accordance with this Ordinance are hereby authorized, approved and ratified.

Notwithstanding anything contained herein, the City may accept any other forms of financial assistance, as and if available, from the SRF Program (including without limitation (1) any forgivable loans, grants or other assistance whether available as an alternative to any Bond related provision otherwise provided for herein or as a supplement or addition thereto and (2) one or more series or combination of series of Bonds and/or BANs). If required by the SRF Program to be eligible for such financial assistance, one or more of the series of the Bonds or BANs issued hereunder may be issued on a basis such that the payment of the principal of or interest on (or both) such series of Bonds is junior and subordinate to the payment of the principal of and interest on other series of Bonds issued hereunder (and/or any other revenue bonds secured by a pledge of Net Revenues, whether now outstanding or hereafter issued), all as provided by the terms of such series of Bonds as modified pursuant to this authorization. Such financial assistance, if any, shall be as provided in the Financial Assistance Agreement and the Bonds of each series of Bonds and the BANs of each series of BANs issued hereunder (including any modification made pursuant to the authorization in this paragraph to the form of Bond otherwise contained herein).

(d) Credit Enhancement; Opinion of Bond Counsel. Prior to the delivery of the Bonds and the BANs, the Controller (i) shall be authorized to investigate, negotiate and obtain bond insurance, other forms of credit enhancement and/or credit ratings on the Bonds (and the BANs, if issued) and (ii) shall obtain a legal opinion as to the validity of the Bonds (and the BANs, if issued) from Faegre Baker Daniels LLP, Indianapolis, Indiana, bond counsel for the City, with such opinion or opinions to be furnished to the purchaser or purchasers of the Bonds or to the purchaser of the BANs at the expense of the City. The costs of obtaining any such insurance, other credit enhancement and/or credit ratings, together with bond counsel's fee in preparing and delivering such opinion or opinions and in the performance of related services in connection with the issuance, sale and delivery of the Bonds and the BANs, shall be considered as a part of the cost of the Project and shall be paid out of the proceeds of the Bonds and BANs, respectively.

SECTION 10. Disposition of Proceeds of the Bonds and BANs; City of Bloomington, Waterworks Construction Account. All accrued interest, if any, received at the time of the delivery of the Bonds shall be deposited in the Waterworks Sinking Fund. The remaining proceeds from the sale of the Bonds, to the extent not used to refund the BANs, and BAN proceeds shall be deposited in a bank or banks which are legally qualified depositories for the funds of the City, in the special account to be designated as "City of Bloomington, Waterworks Construction Account" (the "Construction Account"). Amounts in the Construction Account shall be expended only for the purpose of paying the costs of the Project, refunding the BANs, if

issued, paying the costs of issuance of the Bonds and the BANs, if the BANs are issued, or as otherwise permitted or required by the Act. Any balance or balances remaining unexpended in the Construction Account after completion of the Project, which are not required to meet unpaid obligations incurred in connection with the acquisition, construction, installation or equipping of the Project, shall be used solely for one or more of the purposes permitted under the provisions of Indiana Code 5-1-13, as amended, or be applied upon the terms set forth in the Financial Assistance Agreement.

Notwithstanding the provisions of this Section 10, if BANs are issued, then the proceeds of the Bonds relating thereto shall be used to refund the BANs or to pay additional Project costs and are hereby pledged for such purposes, and any proceeds of the Bonds remaining after the BANs have been paid in full and after completion of the Project shall be used solely for one or more of the purposes permitted under the provisions of Indiana Code 5-1-13, as amended.

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

**SECTION 11. Segregation and Application of Waterworks Revenues.** All revenues derived from the operation of the Waterworks and from the collection of water rates and charges shall be deposited in a fund previously established and continued hereby and designated as the Waterworks Revenue Fund and segregated and kept separate and apart from all other funds and bank accounts of the City. Out of said revenues the proper and reasonable expenses of operation and maintenance of the Waterworks shall be paid, the requirements of the Waterworks Sinking Fund shall be made and fiscal agency charges of bank registrars and paying agents shall be paid, and the costs of replacements, extensions, additions and improvements shall be paid as hereinafter provided.

**SECTION 12. Operation and Maintenance Fund.** There is hereby continued from the Prior Ordinances an Operation and Maintenance Fund consisting of a General Account (the "General Account"). On the last day of each calendar month, there shall be credited from the Revenue Fund to the General Account a sufficient amount of the revenues of the Waterworks so that the balance maintained in the General Account shall be sufficient to pay the expenses of operation and maintenance of the Waterworks for the next succeeding two (2) calendar months. The moneys credited to the General Account shall be used for the payment of the reasonable and proper operation and maintenance expenses of the Waterworks on a day-to-day basis, but none of the moneys in such account shall be used for depreciation, payments in lieu of taxes, replacements, improvements, extensions or additions with respect to the Waterworks. Any moneys in the General Account may be transferred to the Waterworks Sinking Fund previously established and continued hereby if necessary to prevent a default in the payment of principal of or interest on outstanding bonds of the Waterworks.

All remaining revenues of the Waterworks shall be transferred from time to time to meet the requirements of the Waterworks Sinking Fund. Moneys in excess of those transferred to the Waterworks Sinking Fund may be transferred to the Waterworks Improvement Fund or may be retained in the General Account, in the discretion of the Board, and in a manner consistent with the requirements of this Ordinance.

**SECTION 13. Waterworks Sinking Fund.**

(a) There is hereby continued from the Prior Ordinances a Waterworks Sinking Fund (defined herein as the "Waterworks Sinking Fund" or "Sinking Fund") for the payment of the principal of and interest on revenue bonds which by their terms are payable from the Net Revenues of the Waterworks, and the payment of any fiscal agency charges in connection with the payment of such bonds and interest thereon. There shall be set aside and deposited in the Sinking Fund, as available, and as provided below, a sufficient amount of the Net Revenues of the Waterworks to meet the requirements of the Bond and Interest Account and the Debt Service Reserve Account previously established and continued hereby in the Sinking Fund. Such

payments shall continue until the balance in the Bond and Interest Account, plus the balance in the Debt Service Reserve Account, if any, equals the principal of and interest on all of the then outstanding bonds of the Waterworks to their final maturity and provision is made for the payment of all fiscal agency charges in connection therewith.

(b) Bond and Interest Account. There shall be credited on the last day of each calendar month to the Bond and Interest Account previously established and continued hereby, an amount of Net Revenues of the Waterworks equal to the sum of at least one-sixth (1/6) of the interest on all then outstanding bonds of the Waterworks payable on the then next succeeding Interest Payment Date, and at least one-sixth (1/6) of the principal of all then outstanding bonds of the Waterworks payable on the then next succeeding principal payment date, until the amount of interest and principal payable on the next succeeding respective principal and interest payment dates shall have been so credited; provided that such fractional amounts shall be appropriately increased, if necessary, to provide for the first interest and first principal payments on the Bonds. There shall similarly be credited to the account the amount necessary to pay the bank fiscal agency charges, if any, for paying principal and interest on outstanding bonds of the Waterworks as the same become payable. The City shall, from the sums deposited in the Sinking Fund and credited to the Bond and Interest Account, remit promptly to the registered owners of the outstanding bonds of the Waterworks or to the bank fiscal agency sufficient moneys to pay the principal and interest on the due dates thereof together with the amount of any bank fiscal agency charges.

(c) Debt Service Reserve Account. The City has funded with cash of has purchased Surety Bonds ("Outstanding Surety Bonds") to satisfy the reserve requirements for the Prior Bonds, which cash and Outstanding Surety Bonds are held in the Debt Service Reserve Account (the "Reserve Account") as a reserve for the Prior Bonds.

For each series of Bonds issued under this Ordinance, the City shall purchase a Surety Bond, or use Bond proceeds, funds on hand or a combination thereof, to fund the Reserve Account for said series of Bonds. Upon the issuance of each series of Bonds, the Reserve Account shall contain for said series of Bonds an amount equal to the least of (i) the maximum annual debt service on said series of Bonds, (ii) one hundred twenty-five percent (125%) of the average annual debt service on said series of Bonds, or (iii) ten percent (10%) of the proceeds of said series of Bonds; provided, however, that for so long as the Indiana Finance Authority is the owner of any Prior Bonds, the Bonds or any other bonds payable from the Net Revenues of the Waterworks, the total balance maintained in the Reserve Account (taking into account the Outstanding Surety Bonds, any other Surety Bonds, and any cash held therein) shall not be less than the maximum annual debt service on the Prior Bonds and the Bonds (the "Reserve Requirement").

The Reserve Account shall constitute the margin for safety as a protection against default in the payment of principal of and interest on the Prior Bonds and the Bonds (and any other parity bonds of the City payable from the Net Revenues of its Waterworks hereafter issued so long as the Reserve Requirement has been increased proportionately), and the moneys in the Reserve Account shall only be used to pay current principal and interest on the Bonds and the Prior Bonds to the extent that moneys in the Bond and Interest Account are insufficient for that purpose. If it becomes necessary to draw upon the Reserve Account to pay the Prior Bonds or the Bonds, the City shall first draw down the cash in the Reserve Account, if any, and next initiate draws on any Surety Bonds held therein, including the Outstanding Surety Bonds, on a pro rata basis, to meet such payments when due. Notwithstanding the foregoing sentence, if the Reserve Requirement for the Bonds is funded in whole or in part with cash rather than in whole with a Surety Bond, the City shall, if necessary to pay principal of or interest on the Bonds, use the cash in the Reserve Account to first pay such principal of or interest on the Bonds before such cash is used on the Prior Bonds. Any deficiency in the balance maintained in the Reserve Account shall be promptly made up from the next available Net Revenues remaining after credits into the Bond and Interest Account. In the event moneys in the Reserve Account are transferred to the Bond and Interest Account to pay principal and interest on the Prior Bonds or Bonds, respectively, then such depletion of the balance in the Reserve Account shall be made up from the next available Net Revenues after the credits into the Bond and Interest Account hereinbefore provided for. Any moneys in the Reserve Account in excess of the Reserve Requirement shall be transferred to the Waterworks Improvement Fund, and in no event shall such excess moneys be held in the Reserve Account.

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

SECTION 14. Waterworks Improvement Fund. As set forth in Section 12 hereof, revenues may be transferred or credited from the General Account to the "Waterworks Improvement Fund" hereby continued (the "Improvement Fund"). Subject to the provisions of the Prior Ordinances, the Improvement Fund shall be used for (a) improvements, replacements, additions and extensions of the Waterworks, (b) for payments in lieu of taxes, and (c) for any other lawful purpose related to the Waterworks. Moneys in the Improvement Fund shall be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal and interest on the then outstanding bonds payable from the Sinking Fund or if necessary to eliminate any deficiencies in credits to or minimum balances, if any, in the Reserve Account. Moneys in the Improvement Fund also may be transferred to the Operation and Maintenance Fund to meet unforeseen contingencies in the operation and maintenance of the Waterworks.

SECTION 15. Priority of Payments. All revenues of the Waterworks shall be paid in the following order, with the priority as indicated:

- (a) First to pay all expenses of the operation and maintenance of the Waterworks;
- (b) Second, on a pari passu (parity) basis, to pay all principal of and interest on the Prior Bonds, the Bonds and any bonds hereafter issued which rank on a parity with the Bonds;
- (c) Third, on a pari passu (parity) basis, to replenish any cash drawn from the Reserve Account if the Reserve Requirement (as defined in Ordinance No. 01-42) for the 2003 New Money Bonds or the 2003 Refunding Bonds is satisfied, in whole or in part, with cash and to replenish any surety bonds in place for either the Prior Bonds or the Bonds;
- (d) Fourth to replenish any other cash drawn, if any, from the Reserve Account;
- (e) Fifth to pay the costs of improvements, replacements, additions and extensions of the Waterworks and for payments in lieu of taxes; and
- (f) All other lawful uses related to the Waterworks, including debt service payments on any junior and subordinate bonds.

SECTION 16. Separation of Funds; Investment of Moneys Therein. The Waterworks Sinking Fund shall be deposited in and maintained as a separate bank account or accounts from all other bank accounts of the City. The Operation and Maintenance Fund and the Waterworks Improvement Fund may be maintained in a single bank account, or accounts, but such bank account, or accounts, shall likewise be maintained separate and apart from all other bank accounts of the City and apart from the Waterworks Sinking Fund bank account or accounts. Each of the funds and accounts of the Waterworks shall be deposited, held, secured or invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds, including, particularly, applicable provisions of Indiana Code 5-13-9, as amended. Any interest or income derived from any such investments shall become a part of the moneys in the fund or account so invested, provided, however, that income derived from investment of moneys in the Debt Service Reserve Account of the Waterworks Sinking Fund, if any, which result in the amount of moneys therein to be in excess of the Reserve Requirement shall be transferred to the Waterworks Improvement Fund.



SECTION 17. Books of Record and Accounts. The City shall keep proper books of record and accounts, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues collected from said works and deposited in said funds, and all disbursements made therefrom on account of the operation of the works, and to meet the requirements of the Waterworks Sinking Fund, and all other financial transactions relating to said works. There shall be prepared and furnished, upon written request, to any owner of the Bonds or BANs at the time then outstanding, not more than ninety (90) days after the close of each fiscal year, complete financial statements of the works, covering the preceding fiscal year, which annual statements shall be certified by the Controller or by licensed independent public accountants employed for that purpose. Copies of all such statements and reports shall be kept on file in the office of the Director of the City of Bloomington Utilities. Any owner or owners of the Bonds or BANs then outstanding shall have the right at all reasonable times to inspect the works and all records, accounts and data of the City relating thereto. Such inspections may be made by representatives duly authorized by written instrument.

If the Bonds or BANs are sold to the Authority, the City shall establish and maintain the books and other financial records of the Project (including the establishment of a separate account or subaccount for the Project) and the Waterworks in accordance with (i) generally accepted accounting standards for utilities, on an accrual basis, as promulgated by the Government Accounting Standards Board, and (ii) the rules, regulations and guidance of the State Board of Accounts.

SECTION 18. Covenant with Respect to Rates and Charges. The City shall establish, maintain and collect reasonable and just and equitable rates and charges for facilities and services afforded and rendered by the Waterworks, which shall to the extent permitted by law produce sufficient revenues at all times to pay all the legal and other necessary expense incident to the operation of the Waterworks, to include maintenance costs, operating charges, upkeep, repairs, interest charges on bonds or other obligations, to provide for the proper operation, repair and maintenance of the Waterworks, to provide the sinking fund and debt service reserve for the liquidation of bonds or other evidences of indebtedness, to provide adequate funds to be used as working capital, as well as funds for making extensions, additions and replacements, and also, for the payment of any taxes that may be assessed against the Waterworks, it being the intent and purpose hereof that such charges shall produce an income sufficient to maintain such utility property in a sound physical and financial condition to render adequate and efficient service. The rates and charges shall be established to the extent permitted by law, to produce Net Revenues sufficient to pay 1.20 times the annual debt service on the Prior Bonds, the Bonds and bonds hereafter issued on a parity with the Bonds. So long as any of the Bonds are outstanding, none of the facilities or services afforded or rendered by the Waterworks shall be furnished without a reasonable and just charge being made therefor. The City shall pay like charges for any and all services rendered by the Waterworks to the City, and all such payments shall be deemed to be revenues of the Waterworks. Such rates and charges shall, if necessary, be changed and adjusted from time to time so that the revenues therefrom shall always be sufficient to meet the expenses of operation and maintenance, and the requirements of the Sinking Fund.

SECTION 19. Defeasance. If, when the Bonds or BANs issued hereunder (or portions thereof) shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the Bonds or BANs (or portions thereof) for redemption shall have been given, and the whole amount of the principal, the interest and the premium, if any, so due and payable upon all of the Bonds or BANs (or portions thereof) then outstanding shall be paid; or (i) sufficient moneys, or (ii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, the principal of and the interest on which when due will provide sufficient moneys, or (iii) time certificates of deposit fully secured as to both principal and interest by obligations of the kind described in (ii) above of a bank or banks the principal of and interest on which when due will provide sufficient moneys, shall be held in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case the Bonds or BANs, as applicable (or portions thereof), issued hereunder shall no longer be deemed outstanding or entitled to the pledge of the Net Revenues of the City's Waterworks.

SECTION 20. Additional BANs and Bonds. The City reserves the right to authorize and issue additional BANs at any time ranking on a parity with the BANs so long as the interest is payable only on the same date(s) as that provided in the BAN Purchase Agreement and the principal is payable solely from the Bond proceeds. The City also reserves the right to authorize and issue additional bonds, payable out of the Net Revenues of its Waterworks, ranking on a parity with the Prior Bonds and with the Bonds authorized by this Ordinance, for the purpose of financing the cost of future additions, extensions and improvements to the Waterworks, or to refund obligations, subject to the following conditions:

(a) All required payments into the Sinking Fund and the accounts thereof shall have been made in accordance with the provisions of this Ordinance, and the interest on and principal of all bonds payable from the Net Revenues of the Waterworks shall have been paid to date in accordance with their terms. The Reserve Account must contain, for all outstanding bonds, upon the issuance of additional parity bonds, (i) the reserve requirement for all outstanding bonds or (ii) reserve insurance must be obtained for all outstanding bonds, and for the additional parity bonds, the Reserve Account must contain, upon the issuance of additional parity bonds, (i) the lesser of (1) maximum annual debt service on the additional parity bonds, (2) one hundred twenty-five percent (125%) of the average annual debt service on the additional parity bonds, or (3) ten percent (10%) of the proceeds of the additional parity bonds, provided, however, that for so long as the Indiana Finance Authority owns any Prior Bonds, such amount shall be equal to the maximum annual debt service on the additional parity bonds, or (ii) reserve insurance must be attained for the additional parity bonds. For purposes of this subsection, proceeds of the additional parity bonds shall mean the face amount of the additional parity bonds plus premium, if any, less original issue discount, if any. As long as the Surety Bond for the 2000 Bonds is in effect, only a Qualified Surety Bond (as defined in the 2000 Ordinance) may be used as reserve insurance and, for so long as the 2000 Bonds or the 2003 New Money Bonds are outstanding, any Surety Bond for the reserve must be from a company, and in a form, acceptable to the Indiana Finance Authority.

(b) The Net Revenues of the Waterworks in the calendar year immediately preceding the issuance of any such additional bonds ranking on a parity with the Bonds authorized by this Ordinance shall be not less than one hundred twenty-five percent (125%) of the maximum annual interest and principal requirements of the then outstanding bonds and the additional parity bonds proposed to be issued; or, prior to the issuance of said parity bonds, the water rates and charges shall be increased sufficiently so that said increased rates and charges applied to the previous calendar year's operations would have produced Net Revenues for said year equal to not less than one hundred twenty-five percent (125%) of the maximum annual interest and principal requirements of the then outstanding bonds and the additional parity bonds proposed to be issued. For purposes of this subsection, the records of the Waterworks shall be analyzed and all showings shall be prepared by a certified public accountant or nationally recognized financial consultant or consulting engineer employed by the City for that purpose. For purposes of this subsection, Net Revenues shall not include non-recurring revenues of the Waterworks as certified by the Board or any outstanding fund balances from prior years.

(c) The principal of said additional parity bonds shall be payable semiannually on January 1 and July 1 and the interest on said additional parity bonds shall be payable semiannually on January 1 and July 1 in the years in which such principal and interest are payable.

(d) To the extent required by law, the issuance of additional bonds and any necessary increase in water rates and charges shall be approved by the Indiana Utility Regulatory Commission.

(e) If the Bonds are sold to the Authority, (i) the City has obtained the consent of the Authority, (ii) the City has faithfully performed and is in compliance with each of its obligations, agreements and covenants contained in the Financial Assistance Agreement and this Ordinance, and (iii) the City is in compliance with its waterworks permits, except for non-compliance for which the bonds are to be issued, including refunding bonds issued prior to, but part of, the overall plan to eliminate such non-compliance.

SECTION 21. Additional Covenants of the City. For the purpose of further safeguarding the interests of the owners of the Bonds and BANs, it is specifically provided as follows:

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

(b) Said additions and improvements shall be constructed under the supervision and subject to the approval of the Consulting Engineers or such other competent engineer as shall be designated by the Common Council. All estimates for work done or material furnished shall first be checked by the Consulting Engineers and approved by the Common Council.

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

(d) So long as any of the Bonds or BANs are outstanding, the City shall maintain insurance coverage (which must be acceptable to the Authority if the Authority owns the Bonds or the BANs), including fidelity bonds, to protect the Waterworks and its operations on the insurable parts of said works of a kind and in an amount such as would normally be carried by private companies engaged in a similar type of business. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the State of Indiana. All insurance proceeds and condemnation awards shall be used in replacing or restoring the property destroyed, damaged or taken; alternatively, they may be applied as Net Revenues of the works, but only with the consent of the Authority, if the Bonds or BANs have been sold to the Authority.

(e) So long as any of the Bonds or BANs are outstanding, the City shall not mortgage, pledge or otherwise encumber such works, or any part thereof, nor shall it sell, lease or otherwise dispose of any portion thereof except to replace equipment which may become worn out or obsolete.

(f) If the Bonds or BANs are sold to the Authority to finance Eligible Costs (as defined in the Financial Assistance Agreement), the City shall not borrow any money, enter into any contract or agreement or incur any other liabilities in connection with the Waterworks, other than for normal operating expenditures, without the prior written consent of the Authority, if such undertaking would involve, commit or use the revenues of the Waterworks.

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

(h) The provisions of this Ordinance shall constitute a contract by and between the City and the owners of the Bonds and BANs, and after the issuance of said Bonds and BANs, subject to the rights of the City under Sections 25 and 26 hereof, this Ordinance shall not be repealed or amended in any respect which will adversely affect the rights of the owners of said Bonds and BANs, nor shall the Common Council adopt any law, ordinance or resolution which in any way adversely affects the rights of such owners so long as any of said Bonds or BANs or the interest thereon remains unpaid. Except with respect to amendments described in Section 26(a) through (g) hereof, however, this Ordinance may be amended without the consent of the owners of the Bonds or the BANs (i) if, among other things, the Common Council determines, in its sole discretion, that such amendment would not adversely affect the owners of the Bonds or the BANs, respectively, and (ii) as otherwise permitted pursuant to Section 25 or 26 hereof; provided, however, that if the Bonds or BANs are sold to the Authority, the City shall obtain the prior written consent of the Authority.

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

**SECTION 22. Permitted Actions Relating to Preservation of Exclusion of Interest from Federal Gross Income.**

(a) The Controller is hereby authorized to invest moneys pursuant to the provisions of this Ordinance and Indiana Code 5-1-14-3 at a restricted yield (subject to applicable requirements of federal law to insure that any such investment is acquired for fair market value) to the extent necessary or advisable to preserve the exclusion from gross income of interest on the Bonds and BANs, or the tax exempt status of interest on the Bonds and BANs, under federal law.

(b) The Controller shall keep full and accurate records of investment earnings and income from moneys held in the funds and accounts created or referenced herein. In order to comply with the provisions of this Ordinance, the Controller is hereby authorized and directed to employ consultants or attorneys from time to time to advise the City as to requirements of federal law to preserve the tax exclusion or exemption.

**SECTION 23. Tax Covenants.** In order to preserve the exclusion of interest on the Bonds and BANs from gross income for federal income tax purposes and as an inducement to purchasers of the Bonds and BANs, the City represents, covenants and agrees that:

(a) No person or entity or any combination thereof, other than the City or any other governmental unit ("Governmental Unit") within the meaning of Section 141(b)(6) and Section 150(a)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), will use more than ten percent (10%) of the proceeds of the Bonds or BANs or property financed by the Bond or BAN proceeds other than as a member of the general public. No person or entity or combination thereof, other than the City or any other Governmental Unit will own property financed by more than ten percent (10%) of the Bond or BAN proceeds or will have actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract, an arrangement such as a take-or-pay or other type of output contract or any other type of arrangement that differentiates that person's or entity's use of such property from the use by the public at large, except pursuant to a management or similar contract which satisfies the requirements of IRS Revenue Procedure 97-13.

(b) No Bond or BAN proceeds will be loaned to any entity or person. No Bond or BAN proceeds will be transferred, directly or indirectly, or deemed transferred to a nongovernmental person in any manner that would in substance constitute a loan of the Bond or BAN proceeds.

(c) The City will not take, or cause or permit to be taken by it or by any party under its control, or fail to take or cause or permit to fail to be taken by it or by any party under its control, any action with respect to the Bonds or BANs that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Bonds or BANs pursuant to Section 103 of the Code, nor will the City act in any other manner which would adversely affect such exclusion. The City further covenants that it will not make any investment or do any other act or thing during the period that any Bond or BAN is outstanding hereunder which would cause any Bond or BAN to be an "arbitrage bond" within the meaning of Section 148 of the Code and the regulations applicable thereto as in effect on the date of delivery of the Bonds or BANs.

(d) The City will, to the extent necessary to preserve the exclusion of interest on the Bonds and BANs from gross income for federal income tax purposes, rebate all required arbitrage profits on Bond and BAN proceeds or other moneys treated as Bond or BAN proceeds to the federal government and will set aside such moneys in a Rebate Account to be held by the Controller in trust for such purpose.

SECTION 24. Compliance with Tax Sections. Notwithstanding any other provisions of this Ordinance, the covenants and authorizations contained in this Ordinance (the "Tax Sections") which are designed to preserve the tax-exempt status of interest on the Bonds and BANs or the exclusion of interest on the Bonds and BANs from gross income under federal law (the "Tax Exemption") need not be complied with if the City receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption. In addition, the City is authorized to issue one or more series of Bonds or BANs, the interest on which is not excludable from gross income under federal law, in which case the Tax Sections of this Ordinance shall not apply to such series of Bonds or BANs.

SECTION 25. Supplemental Ordinances Without Consent. Without notice to or consent of the owners of the Bonds or BANs herein authorized, the City may, from time to time and at any time, adopt an ordinance or ordinances supplemental hereto (which supplemental ordinance or ordinances shall thereafter form a part hereof) for any of the following purposes:

(a) To cure any ambiguity or formal defect or omission in this Ordinance or in any supplemental ordinance or to make any other change authorized herein;

(b) To grant to or confer upon the owners of the Bonds and BANs any additional benefits, rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the owners of the Bonds and BANs or to make any change which, in the judgment of the City, is not to the prejudice of the owners of the Bonds or BANs;

(c) To modify, amend or supplement this Ordinance to permit the qualification of the Bonds or BANs for sale under the securities laws of the United States of America or of any of the states of the United States of America or to obtain or maintain bond insurance or other credit enhancement with respect to payments of principal of and interest on Bonds or BANs;

(d) To provide for the refunding or advance refunding of the Bonds;

(e) To procure a rating on the Bonds from a nationally recognized securities rating agency or agencies designated in such supplemental ordinance if such supplemental ordinance will not adversely affect the owners of the Bonds or any other bonds ranking on a parity with such Bonds; or

(f) To accomplish any other purpose which, in the judgment of the City, does not adversely affect the interests of the owners of the Bonds or BANs;

provided, however, that if the Bonds or BANs are sold to the Authority, the City shall obtain the prior written consent of the Authority..

SECTION 26. Supplemental Ordinances Without Consent. Subject to the terms and provisions contained in this Section 26 and Section 21(h) of this Ordinance, and not otherwise, the owners of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Bonds issued pursuant to this Ordinance and then outstanding shall have the right, from time to time, anything contained in this Ordinance to the contrary notwithstanding, to consent to and approve the adoption by the City of such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this Ordinance, or in any supplemental ordinance; provided, however, that if the Bonds or BANs are sold to the Authority, the City shall obtain the prior written consent of the Authority; and provided, further, that nothing herein contained shall permit or be construed as permitting:

- (a) An extension of the maturity of the principal of or interest on any Bond issued pursuant to this Ordinance; or
- (b) A reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon; or
- (c) The creation of a lien upon or a pledge of the Net Revenues of the Waterworks ranking prior to the pledge thereof created by this Ordinance; or
- (d) A preference or priority of any Bond or Bonds issued pursuant to this Ordinance over any other Bond or Bonds issued pursuant to the provisions of this Ordinance; or
- (e) A reduction in the aggregate principal amount of the Bonds required for consent to such supplemental ordinance; or
- (f) A reduction in the Reserve Requirement; or
- (g) The extension of mandatory sinking fund redemption dates, if any.

If the owners of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Bonds outstanding at the time of adoption of such supplemental ordinance shall have consented to and approved the adoption thereof by written instrument to be maintained on file in the office of the Controller of the City, no owner of any Bond issued pursuant to this Ordinance shall have any right to object to the adoption of such supplemental ordinance or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City or its officers from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental ordinance pursuant to the provisions of this Section 26, this Ordinance shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Ordinance of the City and all owners of Bonds issued pursuant to the provisions of this Ordinance then outstanding, shall thereafter be determined, exercised and enforced in accordance with this Ordinance, subject in all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this Ordinance, the rights and obligations of the City and of the owners of the Bonds authorized by this Ordinance, and the terms and provisions of the Bonds and this Ordinance, or any supplemental ordinance, may be modified or altered in any respect with the consent of the City and the consent of the owners of all the Bonds issued pursuant to this Ordinance then outstanding.

SECTION 27. Reimbursement of Preliminary Expenditures. The Common Council hereby declares that, for the purpose of evidencing compliance with Indiana Code 5-1-14-6 and Section 1.150-2 of the Treasury Regulations, it reasonably expects to reimburse with the proceeds of the Bonds or BANs (in an amount not to exceed and payable from the sources set forth above) expenditures for the payment of the costs of the Project made by or on behalf of the City prior to the issuance of the Bonds or BANs during the period beginning on the date sixty (60) days prior to the effective date of this Ordinance until the date of issuance of the Bonds or BANs, as the case may be, which expenditures are expected to be paid initially from other legally available funds of the City.

SECTION 28. Repeal of Conflicting Ordinances. All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions of this Ordinance, are, to the extent of such conflict, hereby repealed; provided, however, that this Ordinance shall not be deemed in any way to repeal, amend, alter or modify any of the Prior Ordinances, nor be construed as adversely affecting the rights of any of the owners of the outstanding Prior Bonds.

SECTION 29. Rates and Charges. The estimate of rates and charges which will be needed and charged to the general classes of users of property to be served by the Waterworks in order to provide sufficient moneys to make payments of principal of and interest on the Bonds, along with the other payments identified in this Ordinance, is set forth in Ordinance No. 16-08, adopted by the Common Council on June 15, 2016.

SECTION 30. Official Statement. Any series of the Bonds may be offered and sold pursuant to an Official Statement or other offering document with respect to such Bonds (the "Official Statement"), to be made available and distributed in such manner, at such times, for such periods and in such number of copies as may be required pursuant to Rule 15c2-12 promulgated by the United States Securities and Exchange Commission (the "Rule") and any and all applicable rules and regulations of the Municipal Securities Rulemaking Board. The City hereby authorizes the Controller (a) to authorize and approve a Preliminary Official Statement, as the same may be appropriately confirmed, modified and amended for distribution as the Preliminary Official Statement of the City; (b) on behalf of the City, to designate the Preliminary Official Statement a "final" Official Statement with respect to such Bonds, subject to completion as permitted by and otherwise pursuant to the Rule; and (c) to authorize and approve the Preliminary Official Statement to be placed into final form and to enter into such agreements or arrangements as may be necessary or advisable in order to provide for the distribution of a sufficient number of copies of the Official Statement under the Rule. The Mayor and the Controller are further authorized to execute and attest, respectively, an agreement in connection with the offering of such Bonds in accordance with the Rule by which the City agrees to undertake such continuing disclosure obligations as may be required under the Rule.

SECTION 31. Controller's Certificate. The Controller shall, prior to the sale of the Bonds, set forth in a certificate (the "Controller's Certificate") the principal payment schedule for the Bonds, the percentage of par at which the Bonds shall be sold and any other matters required by this Ordinance to be provided in the Controller's Certificate.

SECTION 32. Payments on Holidays. If the date of making any payment or the last date for performance of any act or the exercising of any right, as provided in this Ordinance, shall be a legal holiday or a day on which banking institutions in the City or in the town or city in which the Registrar and Paying Agent is located are typically closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are typically closed, with the same force and effect as if done on the nominal date provided in this Ordinance, and no interest shall accrue for the period after such nominal date. Notwithstanding the foregoing, with respect to any Bonds sold to the Authority pursuant to Section 9 of this Ordinance, if the date for making any payment is a day when financial institutions are not open for business, such payment shall be made on the business day immediately preceding such payment date.

SECTION 33. Separability. If any section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 34. Captions. The captions in this Ordinance are inserted only as a matter of convenience and reference, and such captions are not intended and shall not be construed to define, limit, establish, interpret or describe the scope, intent or effect of any provision of this Ordinance.

SECTION 35. Effectiveness. This Ordinance shall be in full force and effect from and after its passage.

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this \_\_\_\_ day of \_\_\_\_\_, 2016.

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ANDY RUFF, President  
Bloomington Common Council

ATTEST:

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NICOLE BOLDEN, Clerk  
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this \_\_\_\_ day of \_\_\_\_\_, 2016.

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NICOLE BOLDEN, Clerk  
City of Bloomington

This Ordinance SIGNED and APPROVED by me upon this \_\_\_\_ day of \_\_\_\_\_, 2016.

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JOHN HAMILTON, Mayor  
City of Bloomington



**APPENDIX A**

[Form of Bond]

UNITED STATES OF AMERICA  
STATE OF INDIANA, COUNTY OF MONROE  
CITY OF BLOOMINGTON, INDIANA,  
WATERWORKS REVENUE BOND OF 20\_\_

No. \_\_R-\_\_

<u>Interest Rate</u>	<u>[Maturity Date]</u>	<u>Original Date</u>	<u>Authentication Date</u>	<u>[CUSIP No.]</u>
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Registered Owner:

Principal Amount:

The City of Bloomington (the "City"), in Monroe County, State of Indiana, for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, upon surrender hereof, solely out of the special revenue fund hereinafter referred to, the Principal Amount stated above, [on the Maturity Date stated above][or so much thereof as may be advanced from time to time and be outstanding as evidenced by the records of the registered owner making payment for this Bond, on January 1 and July 1 on the dates and in the amounts as set forth on Schedule A attached hereto] (unless this bond be subject to and shall have been called for redemption prior to maturity as hereinafter provided), and to pay interest hereon until the Principal Amount is fully paid at the Interest Rate per annum stated above from the interest payment date to which interest has been paid next preceding the Authentication Date of this bond, unless this bond is authenticated after the fifteenth day of the calendar month immediately preceding an interest payment date and on or before such interest payment date, in which case it shall bear interest from such interest payment date, or unless this bond is authenticated on or before \_\_\_\_\_ 15, 20\_\_, in which case it shall bear interest from the Original Date stated above. Interest on this bond shall be payable semiannually on January 1 and July 1 of each year, commencing \_\_\_\_\_ 1, 20\_\_, and shall be calculated on the basis of twelve (12) thirty (30)-day months for a three hundred sixty (360)-day year.

The principal of and premium, if any, on this bond are payable at the principal office of \_\_\_\_\_ in the \_\_\_\_ of \_\_\_\_\_, Indiana, as Registrar and Paying Agent (which term shall include any successor registrar and paying agent). All payments of interest hereon shall be paid by check or draft mailed or delivered by the Paying Agent to the Registered Owner hereof at the address as it appears on the registration books of the Registrar as of the fifteenth day of the calendar month immediately preceding the applicable interest payment date or at such other address as is furnished to the Registrar and Paying Agent in writing by such Registered Owner. All payments on this bond shall be made in any coin or currency of the United States of America which, on the dates of such payments, shall be legal tender for the payment of public and private debts.

[Notwithstanding the foregoing, if payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds.] [Notwithstanding the foregoing paragraph, so long as this bond is registered in the name of the Indiana Finance Authority (the "Authority"), principal of and interest on this bond shall be paid by wire transfer to a financial institution designated by the Authority on the due date of such payment or, if such date is a day when financial institutions are not open for business, on the business day immediately preceding such due date. So long as the Authority is the registered owner of this bond, this bond shall be presented for payment as directed by the Authority.]

[So long as the Authority is the registered owner of this bond, it is understood that the principal hereof shall not be payable and interest hereon shall not accrue until such principal amount has been advanced pursuant to a request made by the City to the Authority.]

This bond and the other bonds of this issue, together with the interest payable hereon and thereon, are payable solely from and secured by an irrevocable pledge of and constitute a first charge upon all of the Net Revenues (herein defined as the gross revenues of the waterworks of the City after deduction only for the payment of the reasonable expenses of operation and maintenance), derived from the waterworks of the City, including the existing works, the improvements and extensions acquired or constructed out of the proceeds of this bond and the issue of which it is a part, and all additions and improvements thereto subsequently acquired or constructed. This bond and the other bonds of this issue rank on a parity basis with the Prior Bonds, as defined in the Ordinance. The City shall not be obligated to pay the principal of or interest on this bond except from the special fund, entitled the "Waterworks Sinking Fund" (heretofore created by ordinance of the City and continued under the Ordinance as hereinafter described), provided from the Net Revenues of such waterworks, and neither this bond nor any of the bonds of the issue of which this bond is a part shall constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana.

This bond is one of an authorized issue of bonds of the City of Bloomington, Indiana, of like tenor and effect, except as to series, numbering, interest rate and date of maturity, in the aggregate principal amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) numbered from \_\_\_R-1 upward, issued for the purpose of providing funds to pay the cost of certain improvements and extensions to the waterworks of the City (the "Waterworks"), [and to refund notes issued in anticipation of the bonds,] and all expenses necessarily incurred in connection with the issuance of such bonds, as authorized by an ordinance adopted by the Common Council of the City on the \_\_\_\_ day of \_\_\_\_\_, 2016, entitled "An Ordinance of the Common Council of the City of Bloomington, Indiana, Authorizing the Acquisition, Construction, Installation and Equipping by the City of Bloomington, Indiana, of Certain Improvements and Extensions to the City's Waterworks, the Issuance and Sale of Revenue Bonds to Provide Funds for the Payment of the Costs Thereof, the Issuance and Sale of Bond Anticipation Notes in Anticipation of the Issuance and Sale of Such Bonds, and the Collection, Segregation and Distribution of the Revenues of Such Waterworks and Other Related Matters" (the "Ordinance"), and in strict compliance with the provisions of Indiana Code, Title 8, Article 1.5, and the laws amendatory thereof and supplemental thereto (the "Act").

Reference is hereby made to the Ordinance for a description of the nature and extent of the rights, duties and obligations of the owner of the bonds and the City and the terms on which this bond is issued, and to all the provisions of the Ordinance to which the owner hereof by the acceptance of this bond assents. [Reference is hereby made to the Financial Assistance Agreement between the City and the Authority as to certain terms and covenants pertaining to the sewage works project and this bond (the "Financial Assistance Agreement").]

This bond is issuable only in fully registered form in the denomination of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) or any integral multiple thereof not exceeding the aggregate principal amount of the bonds of this issue maturing in any one year[,unless this bond is of a series of bonds sold to the Authority, in which case it may be of such denomination as directed].

Pursuant to the provisions of the Act and the Ordinance, the principal of and interest on this bond and all other bonds of this issue, together with the Prior Bonds and any bonds hereafter issued on a parity herewith and therewith, are secured by and are payable solely from the Waterworks Sinking Fund heretofore created, and continued by the Ordinance, to be provided from the Net Revenues derived from the Waterworks, including the existing works, the improvements and extensions acquired or constructed out of the proceeds of this bond and the issue of which it is a part, and all additions and improvements thereto and replacements thereof subsequently constructed and acquired. This bond does not and shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana, and the City is not and shall not be obligated to pay this bond or the interest thereon except from such special fund provided from such Net Revenues.

The City irrevocably pledges the entire Net Revenues of the Waterworks, to the extent necessary for such purposes, to the prompt payment of the principal of and interest on the bonds of this issue authorized pursuant to the Ordinance, including this bond, the Prior Bonds and any

bonds hereafter issued on a parity herewith and therewith. The City covenants that it will to the fullest extent permitted by law cause to be fixed, maintained and collected such rates and charges for services rendered by such works as are sufficient in each year for the payment of the proper and reasonable expenses of operation and maintenance of said works, to comply with and satisfy all covenants contained in the Ordinance [and the Financial Assistance Agreement], and for the payment of the sums required to be paid into said Sinking Fund under the provisions of said Act and said Ordinance. In the event 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 principal of or interest on this bond, the Registered Owner of this bond shall have all of the rights and remedies provided for under Indiana law.

The City further covenants that it will set aside and pay into its Waterworks Sinking Fund a sufficient amount of the Net Revenues of the Waterworks to meet (a) the interest on all bonds payable from the revenues of the Waterworks, as such interest shall fall due, (b) the necessary fiscal agency charges for paying all bonds and interest, (c) the principal of all bonds payable from the revenues of the Waterworks, and (d) an additional amount as a margin of safety to create the reserve required by the Ordinance.

The City reserves the right pursuant to the terms and conditions of the Ordinance to authorize and issue additional bonds hereafter payable out of the Net Revenues of the Waterworks, ranking on a parity herewith or junior hereto for the purpose of financing future extensions and improvements to the Waterworks or to refund outstanding waterworks revenue bonds.

The bonds of this issue maturing on or after \_\_\_\_\_ 1, 20\_\_\_ are subject to redemption prior to maturity, at the option of the City, in whole or in part (and if in part, only in authorized denominations and in order of maturity determined by the City and by lot within any such maturity or maturities in such manner as may be designated by the Registrar), on any date on or after \_\_\_\_\_ 1, 20\_\_\_, at a redemption price equal to one hundred percent (100%) of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest on the bonds so redeemed to the redemption date, and with the following premium: \_\_\_\_\_ [(provided, however, if the bonds are sold to the SRF Program (as defined in the Ordinance) and registered in the name of the Authority, such bonds shall not be redeemable at the option of the City unless and until consented by the Authority)].

Notice of any such redemption shall be sent by registered or certified mail to the Registered Owner of this bond at least [thirty (30)][sixty (60)] days prior to the date fixed for redemption, unless such notice is waived by the Registered Owner. The notice shall specify the redemption price, the date and place of redemption, and the registration numbers (and in case of partial redemption, the respective principal amounts) of the bonds called for redemption. Interest on bonds so called for redemption shall cease to accrue on the redemption date fixed in such notice, so long as sufficient funds are available at the place of redemption to pay the redemption price on the redemption date or when presented for payment.

If this bond or a portion hereof shall have become due and payable in accordance with its terms or this bond or a portion hereof shall have been duly called for redemption or irrevocable instructions to call this bond or a portion hereof for redemption shall be given and the whole amount of the principal and the premium, if any, and interest, so due and payable upon this bond or such portion hereof shall be paid, or (i) sufficient moneys, or (ii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, the principal of and the interest on which when due will provide sufficient moneys for such purpose, or (iii) time certificates of deposit of a bank or banks, fully secured as to both principal and interest by obligations of the kind described in (ii) above, the principal of and interest on which when due will provide sufficient moneys for such purpose, shall be held in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case this bond or such portion hereof shall no longer be deemed outstanding, entitled to the pledge of the Net Revenues of the Waterworks or an obligation of the City.

If this bond shall not be presented for payment or redemption on the date fixed therefor, the City may deposit in trust with the Paying Agent an amount sufficient to pay such bond or the redemption price, as appropriate, and thereafter the Registered Owner shall look only to the funds so deposited in trust with the Paying Agent for payment, and the City shall have no further obligation or liability with respect thereto.

Subject to the provisions of the Ordinance regarding the registration of such bonds, this bond and all other bonds of this issue of which this bond is a part are fully negotiable instruments under the laws of the State of Indiana. This bond is transferable or exchangeable only on the books of the City maintained for such purpose at the principal office of the Registrar, by the Registered Owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the Registered Owner or his attorney duly authorized in writing, and thereupon a new fully registered bond or bonds in the same aggregate principal amount and of the same maturity shall be executed and delivered in the name of the transferee or transferees or the Registered Owner, as the case may be, in exchange therefor. This bond may be transferred or exchanged without cost to the Registered Owner or his attorney duly authorized in writing, except for any tax or other governmental charge which may be required to be paid with respect to such transfer or exchange. The Registrar shall not be obligated to make any exchange or transfer of this bond (i) during the fifteen (15) days immediately preceding an interest payment date on this bond or (ii) after the mailing of any notice calling this bond for redemption. The City, the Registrar and any Paying Agent for this bond may treat and consider the person in whose name this bond is registered as the absolute owner hereof for all purposes including for the purpose of receiving payment of, or on account of, the principal hereof and the redemption premium, if any, and interest due hereon.

In the event this bond is mutilated, lost, stolen or destroyed, the City may cause to be executed and the Registrar may authenticate a new bond of like date, maturity and denomination as this bond, which new bond shall be marked in a manner to distinguish it from this bond; provided, that in the case of this bond being mutilated, this bond shall first be surrendered to the Registrar, and in the case of this bond being lost, stolen or destroyed, there shall first be furnished to the Registrar evidence of such loss, theft or destruction satisfactory to the City and to the Registrar, together with indemnity satisfactory to them. In the event that this bond, being mutilated, lost, stolen or destroyed, shall have matured or been called for redemption, instead of causing to be issued a duplicate bond the Registrar may pay this bond upon surrender of this mutilated bond or upon satisfactory indemnity and proof of loss, theft or destruction in the event this bond is lost, stolen or destroyed. In such event, the City and the Registrar may charge the owner of this bond with their reasonable fees and expenses in connection with the above. Every substitute bond issued by reason of this bond being lost, stolen or destroyed shall, with respect to this bond, constitute a substitute contractual obligation of the City, whether or not this bond, being lost, stolen or destroyed shall be found at any time, and shall be entitled to all the benefits of the Ordinance, equally and proportionately with any and all other bonds duly issued thereunder.

In the manner provided in the Ordinance, the Ordinance and the rights and obligations of the City and the owners of the bonds of this issue authorized thereunder, including this bond, may (with certain exceptions as stated in the Ordinance) be modified or amended with the consent of the owners of at least sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of such bonds exclusive of any such bonds which may be owned by the City.

The Registered Owner of this bond, by the acceptance hereof, hereby agrees to all the terms and provisions contained in the Ordinance.

The City, the Registrar and the Paying Agent may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and the interest due hereon and for all other purposes, and none of the City, the Registrar or the Paying Agent shall be affected by any notice to the contrary.

This bond shall not be valid or become obligatory for any purpose or entitled to any security or benefit under the Ordinance herein described unless and until the certificate of authentication hereon shall have been executed by a duly authorized representative of the Registrar.

The City hereby certifies, recites and declares that all acts, conditions and things required to be done precedent to and in the preparation, execution, issuance and delivery of this bond have been done and performed in regular and due form as required by law.

IN WITNESS WHEREOF, the City of Bloomington, in Monroe County, State of Indiana, has caused this bond to be executed in its corporate name and on its behalf by the manual or facsimile signature of its Mayor and its corporate seal to be hereunto affixed or impressed by any means and attested by the manual or facsimile signature of its Clerk.

CITY OF BLOOMINGTON, INDIANA

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

Mayor

(Seal of the City)

ATTEST:

\_\_\_\_\_

City Clerk

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This bond is one of the City of Bloomington, Indiana, Waterworks Revenue Bonds of 20\_\_\_\_, issued and delivered pursuant to the provisions of the within-mentioned Ordinance.

\_\_\_\_\_  
By: \_\_\_\_\_  
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ (insert name and address) the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within bond on the books kept for the registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
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.

Signature Guarantee:

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

**[SCHEDULE A  
PRINCIPAL PAYMENT SCHEDULE]**

[End of Bond Form]



CITY OF BLOOMINGTON UTILITIES DEPARTMENT  
Bloomington, Indiana

REPORT ON  
**WATER PROJECTS**  
**5 YEAR CAPITAL IMPROVEMENT PLAN**

SUBMITTAL

May 10, 2016

*Prepared by:*  
*Mike Hicks, Capital Projects Manager*  
*City of Bloomington Utilities*  
*Engineering Department*

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**SECTION 1**  
**MONROE WATER TREATMENT PLANT**  
**GENERAL IMPROVEMENTS**

**1.1 SECURITY VIDEO IMPROVEMENTS**

The security video system at the Monroe WTP is of antiquated technology and presently about 90% non-operational. Most of CBU's video security systems are local, site specific systems. It is desired to upgrade and become a part of the City's adopted, networked system. City ITS will become responsible for managing and maintaining the system following the upgrade.

The accepted, quoted cost for work is \$77,030.91.

The contractor is Netech Corporation and work is to begin May, 2016.

The CBU funding number is WS15-20303 and is to be paid from the 2015 budget.

**1.2 LOW SERVICE PUMP NO. 4 (LSP-4) ADJUSTABLE FREQUENCY DRIVE REPLACEMENT**

The adjustable frequency drive (AFD) for LSP-4 is antiquated and parts are no longer available. The drive has been non-functioning for over two (2) years and thus, LSP-4 has not been in service and available for use. This pump with an adjustable frequency drive is needed to provide flexibility in matching water demands.

The estimated cost is \$270,000. This includes \$30,000 for engineering services and \$240,000 for contract labor, equipment, and installation.

**1.3 ADDITION OF AN ADJUSTABLE FREQUENCY DRIVE TO A LOW SERVICE PUMP**

The Low Service Pumping Station is presently equipped with one pump that is capable of varying it's pumpage rate. The addition of an adjustable frequency drive to another pump will provide for reliability by redundancy and flexibility with matching water demands.

The estimated cost is \$350,000. This includes \$50,000 for engineering services and \$300,000 for contract labor, equipment, and installation.

**1.4 HIGH SERVICE PUMP NO. 5 (HSP-5) ADJUSTABLE FREQUENCY DRIVE**

HSP-5 was installed with a constant speed drive as is typical of two other high service pumps. The installation of an adjustable frequency drive will provide needed flexibility and allow for more use of this 6 MGD high service pump.

The estimated cost is \$120,000. This includes \$20,000 for engineering services and \$100,000 for contract labor, equipment, and installation.

### **1.5 ADDITIONAL SUPPORT FOR HSP-5 SUCTION AND DISCHARGE HEADERS**

During start-up of HSP-5 movement of the suction and discharge header was observed. In addition, concern was raised by the pump manufacturer that the condition may cause damage to the pump. Corrective measures have been designed.

The estimated cost for contract labor, material, and installation is \$26,000.

### **1.6 ADDITIONAL DRYING BED**

An additional drying bed is needed to increase the capacity of the plant's drying bed system. The area is sized to be 78' x 130' and will be constructed at the location south of the plant that is the last remaining area suitable for a bed on the plant property.

Construction will be by CBU T&D staff and the estimated cost of materials is \$28,000.

### **1.7 STORAGE BUILDING FOR EMERGENCY PUMPING EQUIPMENT**

A storage building is needed to secure and protect the emergency pumping equipment. The structure is planned to be metal sided, metal roofed, pole type with a concrete slab floor.

The estimated cost to contract for the construction is \$40,000.

### **1.8 SLUDGE PRESS EQUIPMENT REHABILITATION**

Upgrades to sludge press due to equipment age. Replacement includes several plates and filter cloths.

The estimated cost to contract for the construction is \$175,000.

**SECTION 2**  
**MONROE WATER TREATMENT PLANT**  
**TREATMENT PROCESS AND WATER QUALITY IMPROVEMENTS**

**2.1 GAC FILTER CAP EVALUATION**

This is an evaluation by professional services to determine if a granular activated carbon (GAC) filter cap would provide water quality benefits with respect to taste, odor, and removal of algal toxins.

The estimated cost of professional services is \$100,000.

**2.2 ULTRAVIOLET (UV) DISINFECTION**

Installation of UV disinfection equipment post-transfer pump station to assist with meeting DBPR requirements. UV disinfection will allow reduction in chlorine dosage to meet virus inactivation requirements. Giardia inactivation requirements would be met with UV. UV would also position CBU to meet cryptosporidium inactivation requirements in the future if required.

**2.4 PHOSPHATE CHEMICAL FEED SYSTEM**

Phosphate chemical feed system will provide phosphate base coating protection to pipelines in the distribution system to help reduce lead leaching and copper corrosion.

**2.5 SODIUM CHLORITE FEED SYSTEM**

Sodium chlorite addition to support reduction of nitrification issues.

**2.6 ON-SITE CHLORINE DIOXIDE GENERATION AND FEED SYSTEM**

Chlorine dioxide for algae control. Chlorine dioxide can also have a beneficial impact on DBP formation.

**SECTION 3**  
**MONROE WATER TREATMENT PLANT**  
**STANDBY POWER AND ELECTRICAL SERVICE IMPROVEMENTS**

**3.1 SUBSTATION TRANSFORMER UPGRADE / REPLACEMENT**

The plant expansion facilities constructed in 2014 was served electrically by a complete new service from Duke Energy which included a new ground-style transformer. The existing plant facility remains to be served by the original 1966 bank of mounted transformers. This project upgrades and replaces the antiquated transformers and is needed for reliability.

The estimated cost is \$480,000. This includes \$80,000 for three phases of engineering services and \$400,000 for contract labor, equipment, and installation.

**3.2 STANDBY POWER IMPROVEMENTS**

Addition of a new 1000 KW generator at the MWTP to parallel the existing generator and replacement of the intake generator with a new 1500 KW generator. A construction cost estimate has not yet been prepared nor has a timeline/schedule.

**SECTION 4**  
**MONROE WATER TREATMENT PLANT**  
**CAPACITY EXPANSION**

**4.1 CAPACITY EXPANSION (30 TO 36 MGD)**

Design of the filter building expansion from two to four filters to provide increased plant capacity and to provide flexibility in the plant operations.

## SECTION 5

### DISTRIBUTION SYSTEM PROJECTS

#### **5.1 10<sup>TH</sup> ST. AND WOODLAWN AV. IMPROVEMENTS**

This is a City DPW and Indiana University joint project to improve the intersection of E. 10<sup>th</sup> St. and N. Woodlawn Av. This will allow CBU to replace the existing 8" water line in 10<sup>th</sup> St. from N. Forrest Av. west to N. Park Av. The 8" will be replaced with a 12" water line which is needed for increased capacity in this area. The estimated cost of materials is \$82,000.

#### **5.2 WOODLAWN AV. WATER LINE 9<sup>TH</sup> ST. TO 10<sup>TH</sup> ST.**

In association with the E. 10<sup>th</sup> St and N. Woodlawn Av. project, CBU will install 425 feet of 8" water line in N. Woodlawn Av. from the alley north of E. 8<sup>th</sup> St. to E. 10<sup>th</sup> St. The estimated cost of materials is \$32,000.

#### **5.3 JORDAN AV WATER LINE REPLACEMENT**

This is a City DPW and Indiana University joint project to improve the intersection of E. 3<sup>rd</sup> St. and S. Jordan Av. This will allow CBU to replace a 6" water line on S. Jordan Av. with a 12" from E. Atwater Av. north to the Jordan River bridge. The estimated cost of materials is \$130,000.

#### **5.4 FULLERTON PIKE WATER LINE PHASE I**

This is a Monroe County Highway Department project to extend improvements of Fullerton Pk. which are occurring at the interchange with I69. The Phase I project requires the lowering of CBU's 36" water line at the intersection of E. Rhorer Rd. and S. Walnut St. Pk. In addition, a segment of 24" water line will be installed in E. Rhorer Rd. and W. Gordan Pk. A 12" water line will also be installed in S. Walnut St. from the Wendy's/Kroger entrance north to the car wash entrance. Work will be a part of the Monroe County Highway Department contract for roadway improvements. CBU's cost to be paid for non-reimbursable work is estimated to be \$1,780,000.

#### **5.5 FULLERTON PIKE WATER LINE PHASE II**

This is the second phase of a Monroe County Highway Department project extending improvements of Fullerton Pk. which shall occur with Phase I. This road improvement project is timed such that CBU forces can install the needed water line work prior to the Monroe County Highway Department project start. The water line work includes an estimated 940 feet of 24" water line. The estimated cost is \$165,000 which includes \$150,000 for materials and \$15,000 for engineering design services.

#### **5.6 WOODYARD RD WATER LINE – SERVICE TO ELLETTSVILLE**

This project includes the installation of approximately 2,600 feet of 12" water line along W. Woodyard Rd. from N. Smith Pk. To W. Loesch Rd. The water line installation is a

condition of an agreement with Ellettsville Utilities to provide a master meter near the intersection of W. Woodyard Rd. and N. Loesch Rd.

### **5.7 SHOWERS RD WATER LINE**

The construction of I69 creates conflict with CBU's existing 6" water line which is in present State Road 37 right-of-way from Bean Blossom Creek north to Ellis Rd. The I69 Developer is responsible for remedying the conflict and is working with CBU to relocate the water line. CBU desires to upsize the water line to 12" from 6" for the purpose of improving flow (distribution capacity) to a region that historically has insufficient water service. The existing 6" water line along State Road 37 is also service to a master meter for Washington Township Water Co. Recent improvements that Washington Township Water Co. has made, which include a new pumping station near the master meter, causes a need for CBU to provide increased flow (capacity) to the master meter location.

The I69 Developer will be responsible for installing approximately 5,850 feet of 12" water line through easements and along N. Showers Rd. Through CBU Rules and Regulations, the cost of upsizing the water line from 6" to 12" is estimated to be \$125,000 and will be paid by CBU.

Additionally, in order to replace all of the 6" water line along N. Showers Rd. with 12", CBU forces will construct approximately 2290 feet of 12" water line. The estimated cost of materials and county road repair is \$135,000.

### **5.8 GENTRY BOOSTER STATION – ADDITION OF PUMP NO. 3**

Gentry Booster Station which is located on S. Smith Road is a pumping station for the purpose of increasing water pressure to a select service area. The pumping station was installed in 1998 and sized to meet the needs of a fully built-out service area. Presently two pumps serve the area and a third is needed to keep up with demand. The pump station is set up for a third pump to be installed. The estimated cost is \$25,000.

**CITY OF BLOOMINGTON WATER WORKS**

Bloomington, Indiana

**5 YEAR CAPITAL IMPROVEMENT PLAN**

Prepared by City of Bloomington Utilities Engineering Department

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>
<b><u>Water Treatment</u></b>						
Security Video System Replacement	\$115,000					\$115,000
Monroe WTP LS Pump 4 AFD Replacement						
Professional Services	\$20,000	\$10,000				\$30,000
Construction		\$240,000				\$240,000
Addition of an AFD to a Low Service Pump						
Professional Services		\$50,000				\$50,000
Construction		\$350,000				\$350,000
Monroe WTP HS Pump 5 AFD						
Professional Services	\$10,000	\$10,000				\$20,000
Construction		\$100,000				\$100,000
HSP-5 Pipe Support Improvements	\$26,000					\$26,000
Drying Bed	\$28,000					\$28,000
Storage Building for Emergency Pumping Equip.		\$40,000				\$40,000
Sludge Press Equipment Rehabilitation			\$175,000			\$175,000
GAC Filter Cap Evaluation - Prof. Services	\$100,000					\$100,000
UV Disinfection						
Planning/Engineering	\$100,000	\$600,000	\$300,000	\$300,000		\$1,300,000
Construction			\$3,000,000	\$3,000,000		\$6,000,000
Phosphate Chemical Feed System						
Planning/Engineering		\$50,000	\$50,000			\$100,000
Construction			\$200,000			\$200,000
Sodium Chlorite Feed System						
Planning/Engineering		\$50,000	\$50,000			\$100,000
Construction			\$200,000			\$200,000
On-site Chlorine Dioxide Generation						
Professional Services			\$450,000	\$75,000	\$75,000	\$600,000
Construction				\$1,500,000	\$1,500,000	\$3,000,000

Regulatory Compliance Assistance						
Professional Services	\$65,000	\$50,000	\$50,000	\$50,000	\$50,000	\$265,000
Monroe WTP Substation Transformer Upgrade						
Professional Services			\$40,000	\$40,000		\$80,000
Construction				\$400,000		\$400,000
Monroe WTP Standby Power Improvements						
Professional Services			\$250,000	\$125,000	\$125,000	\$500,000
Construction				\$1,250,000	\$1,250,000	\$2,500,000
Monroe WTP Capacity Expansion (30 to 36 MGD)						
Professional Services				\$350,000	\$350,000	\$700,000

**Distribution System**

10th St. and Woodlawn Av, Improvements	\$82,000					\$82,000
Woodlawn Av. Water Line - 9th to 10th	\$32,000					\$32,000
Jordan Av. Water Line Replacement	\$130,000					\$130,000
Fullerton Pike Water Line Phase I	\$1,780,000					\$1,780,000
Fullerton Pike Water Line Phase II		\$165,000				\$165,000
Woodyard Road Water Line for Service to Ellettsville	\$175,000					\$175,000
Showers Rd. 12" Water Line (Oversizing Cost)	\$125,000					\$125,000
Showers Rd. 12" Water Line (Phase II by CBU)		\$135,000				
Gentry Booster - Addition of Pump No. 3	\$25,000					\$25,000
Monroe Reservoir Repairs						
Professional Services		\$30,000				\$30,000
Construction		\$160,000				\$160,000
East Tank Painting						
Professional Services				\$50,000	\$25,000	\$75,000
Constuction					\$500,000	\$500,000
Water Storage Tank Inspections		\$5,000	\$5,000	\$10,000	\$5,000	\$25,000
West Leg Water System Improvements						
Professional Services		\$15,000	\$15,000	\$15,000	\$15,000	\$60,000
Constuction		\$100,000	\$100,000	\$100,000	\$100,000	\$400,000
West Booster Station Rehabilitation						
Professional Services			\$57,000			\$57,000
Constuction				\$380,000		\$380,000



South Booster Station Rehabilitation						
Professional Services				\$63,000		\$63,000
Constuction					\$425,000	\$425,000
Southeast Booster Station 12 to 24 MGD						
Professional Services				\$60,000	\$15,000	\$75,000
Constuction					\$400,000	\$400,000
Water Main Replacement Program (CBU Forces)	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000	\$7,200,000
Hydrant Replacement Program	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$300,000
Water Quality Improvement Projects	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$600,000
Bulk Water Sales Stations	\$125,000		\$125,000			\$250,000
Hydrants	\$70,000					\$70,000
Meters	\$60,000	\$120,000	\$120,000	\$120,000	\$120,000	\$540,000
<b>Other</b>						
Capital Lease for Vehicles and Equipment	\$148,000	\$265,000	\$265,000	\$265,000	\$265,000	\$1,208,000
Software License - New World	\$10,000					\$10,000
GIS Related Costs	\$11,600	\$14,100	\$8,700	\$8,000	\$8,000	\$50,400
Griffy Plant De-Construction			\$10,000	\$300,000		\$310,000
Fixed Base Metering System		\$8,000	\$1,400,000	\$1,400,000		\$2,808,000
Operations and Laboratory Building Renovations				\$ -		
Planning	\$ 14,000					\$ 14,000
Architect/Engineer			\$ 70,000	\$ 10,000	\$ 10,000	\$ 90,000
Construction				\$ 300,000	\$ 300,000	\$ 600,000
Service Center Property Maintenance	\$74,000	\$15,000	\$15,000	\$15,000	\$15,000	\$134,000
Total Capital Improvement Plan	\$3,186,600	\$4,096,100	\$8,855,700	\$12,336,000	\$7,578,000	
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	

**ORDINANCE 16-10**

**TO AMEND TITLE 10  
OF THE BLOOMINGTON MUNICIPAL CODE ENTITLED  
“WASTEWATER”  
(Rate Adjustment)**

WHEREAS, the City of Bloomington, Indiana (the “City”) has established, acquired, and financed its sewage works pursuant to Indiana Code 36-9-23, as amended (the “Act”), for the purpose of providing for the collection, treatment and disposal of sewage from inhabitants in and around the City; and

WHEREAS, the City, through its Utilities Service Board, recommends necessary construction of additions and improvements to the sewage works, including prevention and elimination of SSOs, replacing aging infrastructure, replacing or upgrading treatment facility components; and

WHEREAS, the City, through its Utilities Service Board, engaged the services of Crowe Horwath LLP, to study the revenue requirements for the wastewater system; and

WHEREAS, Crowe Horwath LLP prepared a rate report concerning the current rates and charges of the sewage works (the “Report”); and

WHEREAS, the City, through its Utilities Service Board, upon consideration of the study prepared by Crowe Horwath, LLP, recommends that the Common Council approve an 22% increase in the rates and charges of the sewage works; and,

WHEREAS, based upon the Report, and the recommendations of the Utility Service Board, the Common Council of the City (the “Council”) finds that the current rates and charges for the use of and service rendered by the sewage works do not produce sufficient revenues to pay all the legal and necessary expenses incident to the operation of such sewage works, including legal expenses, maintenance costs, operating charges, repairs, lease rentals and interest charges on bonds or other obligations of the sewage works, to provide a sinking fund for the liquidation of indebtedness, and to provide adequate funds to be used as working capital and funds for making extensions and replacements and to make payments in lieu of taxes; and

WHEREAS, the Council finds that the current rates and charges do not produce an income sufficient to maintain the sewage works property in a sound physical and financial condition to render safe, adequate and efficient service; and

WHEREAS, the Council finds that the current rates and charges for the use of and service rendered by the sewage works must be increased in order to provide sufficient revenue to meet such requirements; and

WHEREAS, the Council finds that the rates and charges set forth herein are nondiscriminatory, reasonable and just and are based upon the cost of providing service to the customers of the sewage works and will enable the City to meet its legal revenue requirements for the sewage works; and

WHEREAS, the Council caused notice of a public hearing on the rates and charges set forth herein to be duly advertised and mailed, and held a public hearing thereon, all pursuant to the Act.

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA, THAT:

SECTION 1. Section 10.08.040 of the Bloomington Municipal Code (the “Code”), entitled “Rates—Metered water users”, is hereby amended and restated to read as follows:

**10.08.040 Rates—Metered water users**

“General service rates shall be applicable to all metered water users, except those with other than average strengths of BOD and suspended solids. The general service rates shall be determined as follows:

Monthly service charge (per meter)	\$7.95
User Charge	
Charge per 1,000 gallons per month for all billable usage:	
Residential <sup>(a)</sup>	\$7.76
Commercial	\$7.76
Indiana University	\$7.76
Industrial <sup>(b)</sup>	\$7.76

Notes:

- (a) Residential summer rates for billings issued during the months of June, July, August, and September shall be based upon the average metered water consumption for billings issued during the months of April and May or actual usage, whichever is less. In order to more accurately reflect the actual wastewater usage of these customers, the Utilities Service Board may, by the adoption of a resolution, change the months used to set the summer rates and the length of time the summer rates are in effect. All other users shall be charged on the basis of one hundred percent of metered water consumption subject to user proof of lower wastewater use.
- (b) Industrial user rates and charges shall be based on the quantity of water used as well as any special service rates that may apply.”

SECTION 2. Section 10.08.070 of the Code, entitled “Rates—Nonmetered users”, is hereby amended and restated to read as follows:

**10.08.070 Rates—Nonmetered users**

“The minimum rate or charge for any service where the user is not a metered water user shall be seven hundred and seventy-three dollars and forty-seven cents (\$773.47) per year, payable monthly. At the request of the utility or user, a meter which measures either the water use of the customer or the discharge into the sanitary sewer system shall be installed at the user’s expense. Where a meter has been installed or the customer’s water use records are available at no charge from the water supplier, the charge for service shall be computed on the basis of water usage plus monthly service charge, just as it is with a metered user, subject to the annual minimum charge.”

SECTION 3. Subsection (b) of Section 10.08.110 of the Code, entitled "Special service rates", is hereby amended and restated to read as follows:

"Special service rates shall be determined as follows:

Monthly service charge (per meter)	\$ 7.95
Special laboratory analysis monthly charge	
Strength of BOD and SS sampling charge	\$166.90
Grease and oil sampling charge	\$156.45
Metal sampling charge (per metal per test)	\$ 34.77
User Charge	
Charge per 1,000 gallons per month for all billable usage:	
Non-excessive strength rate	\$7.76
Extra Strength Charge	
Charge per pound per month for all strength in excess of 300 ppm:	
BOD	\$0.380
Suspended Solids	\$0.310"

SECTION 4. If any section, sentence, or provision of this ordinance or the application thereof to any person or circumstance shall be declared invalid, such invalidity shall not affect any of the other parts of this ordinance which can be given effect without the invalid part, and to this end the provisions of this ordinance are declared to be severable.

SECTION 5. This ordinance shall be in full force and effect upon its passage by the Common Council of the City of Bloomington, Monroe County, Indiana, and approval of the Mayor; provided, however, that the rates and charges herein approved shall not take effect until the first day of January, 2017.

PASSED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
ANDY RUFF, President  
Bloomington Common Council

ATTEST:

\_\_\_\_\_  
NICOLE BOLDEN, Clerk  
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

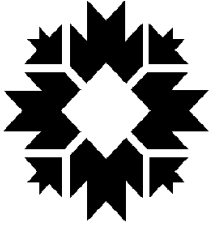
\_\_\_\_\_  
NICOLE BOLDEN, Clerk  
City of Bloomington

SIGNED and APPROVED by me upon this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
JOHN HAMILTON, Mayor  
City of Bloomington

## SYNOPSIS

This ordinance amends the rates and charges in Title 10 of the Bloomington Municipal Code, entitled "Wastewater", to reflect increased costs of supplying wastewater services to customers, and to make debt service payments on bond financing for required capital improvements. The rates and charges will go into effect on January 1, 2017.



**CITY OF BLOOMINGTON  
LEGAL DEPARTMENT  
MEMORANDUM**

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**TO:** City of Bloomington Common Council Members  
**FROM:** Christopher J. Wheeler, Assistant City Attorney  
**RE:** Ordinance 16-10 authorizing Wastewater Utility rate increase  
Ordinance 16-11 authorizing Wastewater Utility bond issuance  
**DATE:** May 26, 2016

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Ordinance 16-10 (the “Rate Ordinance”) is before the Common Council for approval. Ordinance 16-10 authorizes an across-the-board increase of 22% for all rates and charges of the Wastewater Utility. This increase applies only to the wastewater portion of customers’ bills. As applied to the average customer’s bill, this new rate represents an approximate 20% increase. City Administration and the Utilities Service Board both support this adjustment. This rate adjustment will go into effect on January 1, 2017, and produce revenue sufficient to meet on-going operation and maintenance expenses, make present debt service payments and other on-going obligations, while also permitting the City to make capital improvements to the Wastewater system and cover the debt service payments and other costs associated with making those improvements.

The planned Wastewater capital improvements include:

- 1. Dillman Road Wastewater Treatment Plant Improvements:** Effluent filter improvements (phase 2); plant SCADA upgrades; Process air system improvements; Basin air diffusion replacement; Backflow prevention installation; Pressure reducing valve for fire prevention system (filter building); Drying Bed improvement; Entrance gate replacement (& associated improvements; Operations and Lab. Building renovations; electrical substation coating system replacement; electrical switchgear and transformer maintenance; mechanical screen No. 1 re-build; Sludge press re-build; Facilities planning study & report; miscellaneous maintenance improvements; Clarifier concrete repair and weir cover installation; Grit removal system replacement.
- 2. Blucher Pool Wastewater Treatment Plant Treatment Process and Water Quality Improvements:** Electrical power transfer switch improvement; Secondary splitter box rehabilitation; Backflow prevention installation; Miscellaneous improvements (maintenance & replacements); Influent mechanical screen re-build; Parshall Flume concrete rehabilitation; Ultraviolet disinfection system replacement; Process air system improvements; Phosphorous removal system; .

- 3. Wastewater Collection System Improvements:** Inflow disconnection program; Sanitary sewer lining and manhole rehabilitation; Plymouth lift station replacement; Grimes Lane SSO relief sewer;

For a more comprehensive discussion of these Capital Improvements, please see the May 10, 2016, *Report on Wastewater Projects 5 Year Capital Improvement Plan* prepared by Mike Hicks, Capital Projects Manager for the City of Bloomington Utilities Department.

Ordinance 16-11 (the “Bond Ordinance”) is before the Common Council for approval as a necessary step in the City’s financing of the planned capital construction projects for the waterworks system. This Ordinance frames the terms and conditions required to meet IRS requirements for tax-exempt municipal bonds for low interest bond issuances, and to ensure that the bonds can be sold for the best terms possible to the Utility.

The maximum total bond authorization sought is \$7,300,000.00 (it could end up being less than this, but not more without further Council approval) which includes the cost of the projects listed above plus additional funds for contingencies, debt service reserve funding and costs of issuance. The total figure and the terms of the Bond Ordinance were determined by CBU’s financial advisor in consultation with its bond counsel. They have worked closely with CBU to ensure that all legal and fiscal requirements are met.

If you have any questions regarding either of these ordinances, please feel free to contact me by calling City Legal at 812.349.3549 or e-mailing me at [wheelech@bloomington.in.gov](mailto:wheelech@bloomington.in.gov).



Rate and Financing Report  
Bloomington Municipal Sewage Works  
Bloomington, Indiana

As of May 11, 2016





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## Purpose of the Report

Crowe Horwath LLP has performed a study and analysis of the operating and financial reports, budgets, and other data pertaining to the City of Bloomington Municipal Sewage Works ("Utility"). The results of our analysis are contained in this Rate and Financing Report ("Report").

The purpose of the Report is to estimate the Utility's cash flow and financial capacity to meet its on-going revenue requirements for operation and maintenance expenses, present and proposed debt service, and make capital improvements to the Utility's system. This Report is based on data for the twelve months ended December 31, 2015. The historical information used in this Report was taken from the books and records of the Utility and was adjusted as necessary for fixed, known, and measurable items as discussed in the Exhibits and Schedules of this Report.

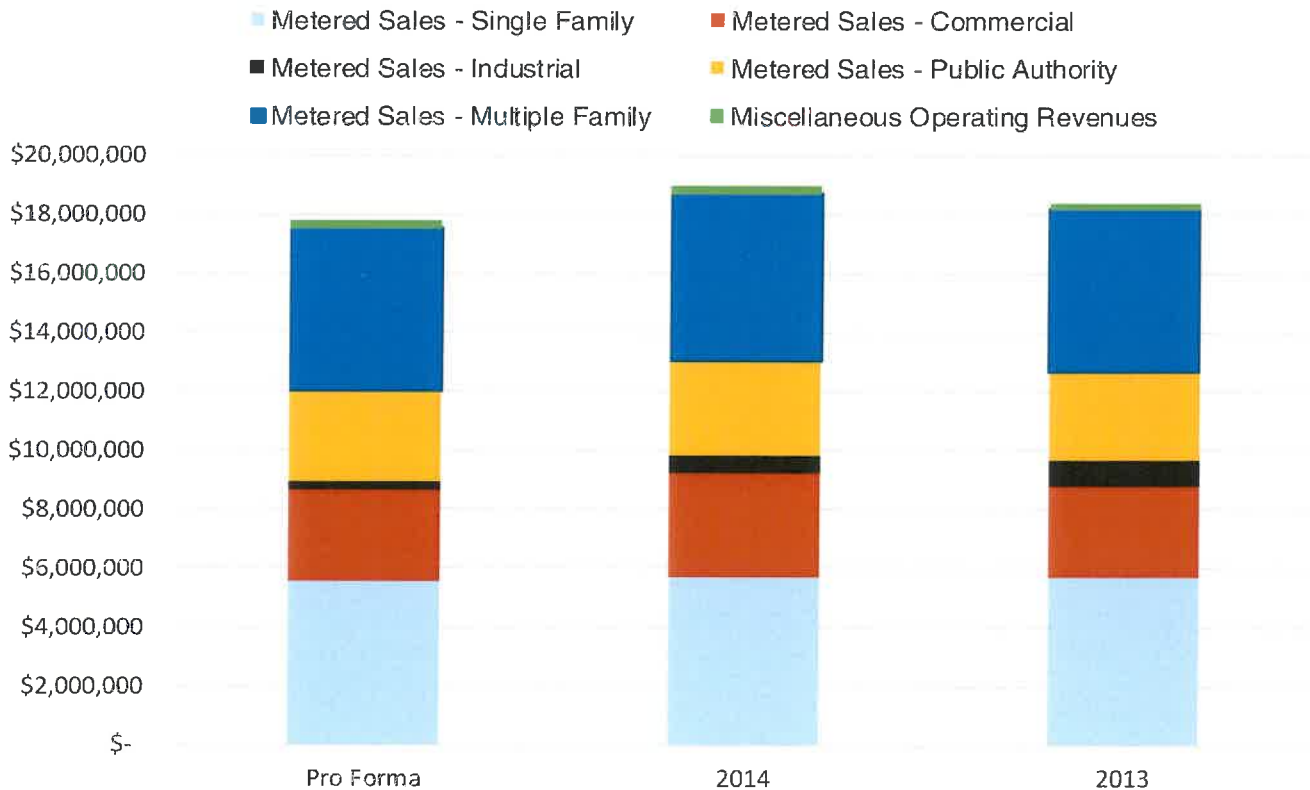
In the course of preparing this Report, we have not conducted an audit of any financial or supplemental data used in the accompanying Exhibits and Schedules. We have made certain projections that may vary from actual results because events and circumstances frequently do not occur as estimated and such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

If you have any questions regarding this Report, please call John Skomp (317) 269-6699 or Angie Steeno (317) 269-2367.

## Operating Revenue Analysis

**Chart 1** and the corresponding table below compare Operating Revenues of the Utility for the twelve months ended December 31, 2013 and 2014, and the Pro Forma 2015 revenues. Pro Forma 2015 revenues are revenues from the year ended December 31, 2015, adjusted for a 2014 billing error that was corrected in 2015. Operating Revenues for the Utility have remained relatively consistent between 2013 and 2015, with moderate declines between 2014 and Pro Forma 2015 across a few revenue classes. Metered Sales – Commercial appears to dramatically decrease between 2014 and Pro Forma 2015; the decrease is almost entirely due to the aforementioned billing error that resulted in the overstatement of 2014 revenues by approximately \$485,000. Metered Sales – Industrial declined over \$150,000 between 2014 and Pro Forma 2015. Management of the Utility attributes the decrease to consumption efficiencies achieved by GE and Cook Pharmica. See Exhibit C and D in Appendix B for additional detail.

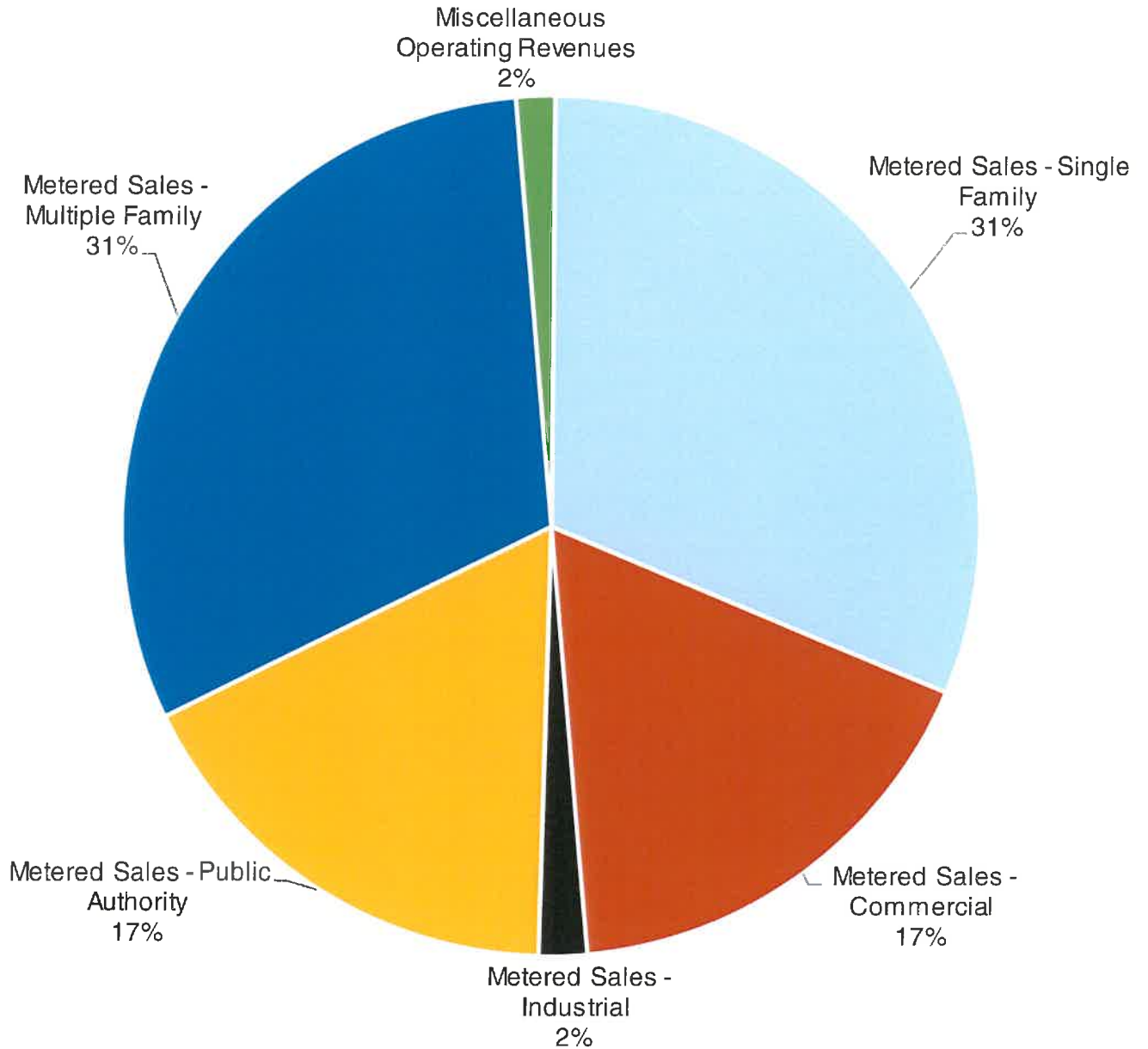
**Chart 1: Historical 2013 to 2014 and Pro Forma Revenues**



	<u>Pro Forma</u>	<u>2014</u>	<u>2013</u>
Metered Sales - Single Family	\$ 5,565,808	\$ 5,731,542	\$ 5,682,884
Metered Sales - Commercial	3,070,887	3,546,016	3,087,188
Metered Sales - Industrial	324,446	581,361	921,435
Metered Sales - Public Authority	3,083,954	3,179,668	2,995,728
Metered Sales - Multiple Family	5,493,527	5,662,835	5,514,051
Miscellaneous Operating Revenues	261,147	253,057	227,409
<b>Totals</b>	<b>\$ 17,799,769</b>	<b>\$ 18,954,479</b>	<b>\$ 18,428,695</b>

Chart 2, below provides a pictorial representation of the percentage of revenues by class of revenue for Pro Forma Revenues. As can be seen, Metered Sales – Single Family and Metered Sales - Multiple Family Dwellings each comprise thirty-one percent (31%) of the total Pro Forma 2015 revenues.

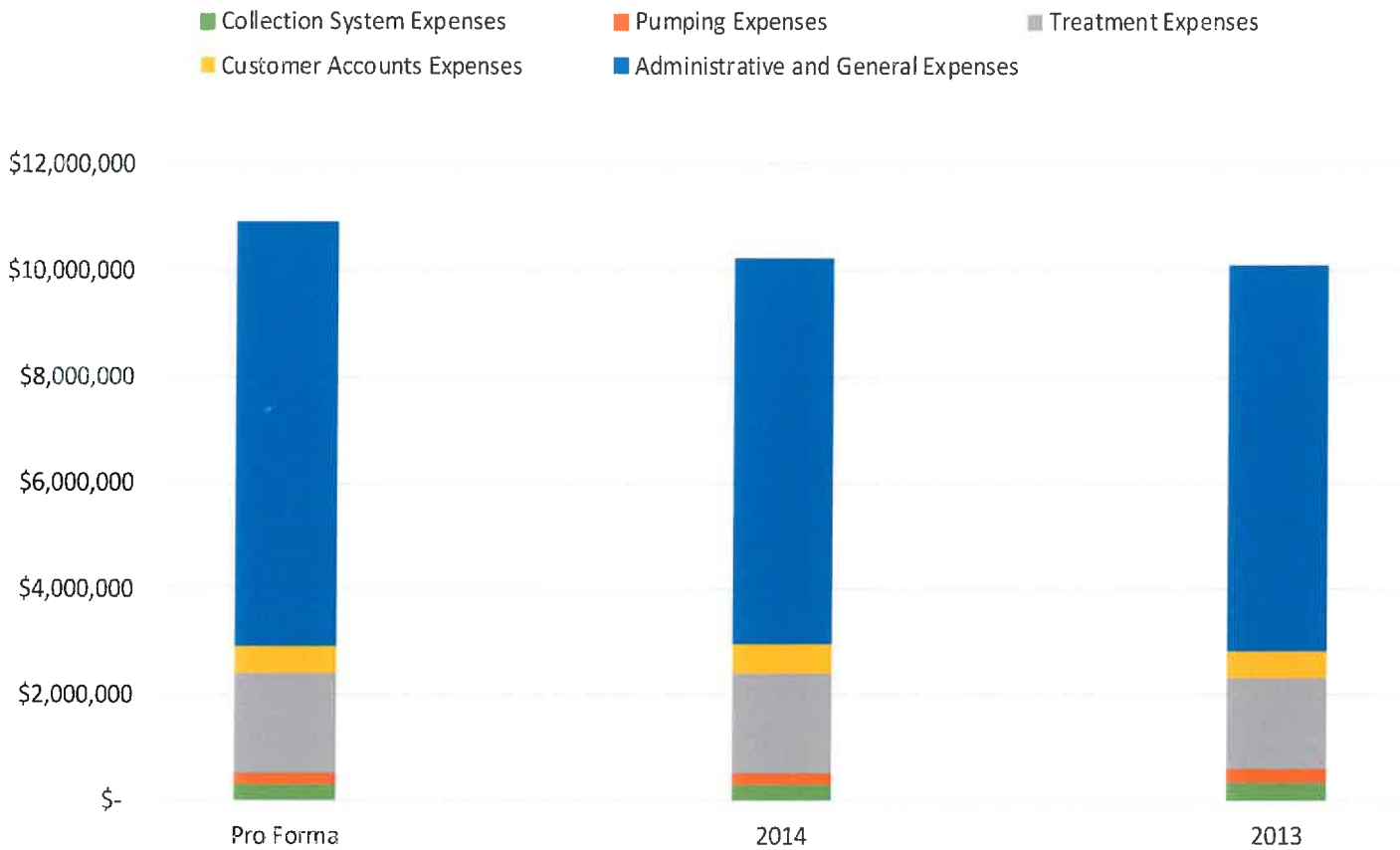
Chart 2: Pro Forma Revenues



## Operating Expenses Analysis

**Chart 3**, below shows the historical disbursements for 2013 through 2014 as well as the Pro Forma 2015 expenses. Pro Forma 2015 expenses are the operating expenses for the year ending December 31, 2015, adjusted for expected increases in salaries and wages and related salary expenses, as well as the removal on non-recurring expenses in order to reflect a more predictive amount of annual expense. See Exhibit C and D in Appendix B for additional detail.

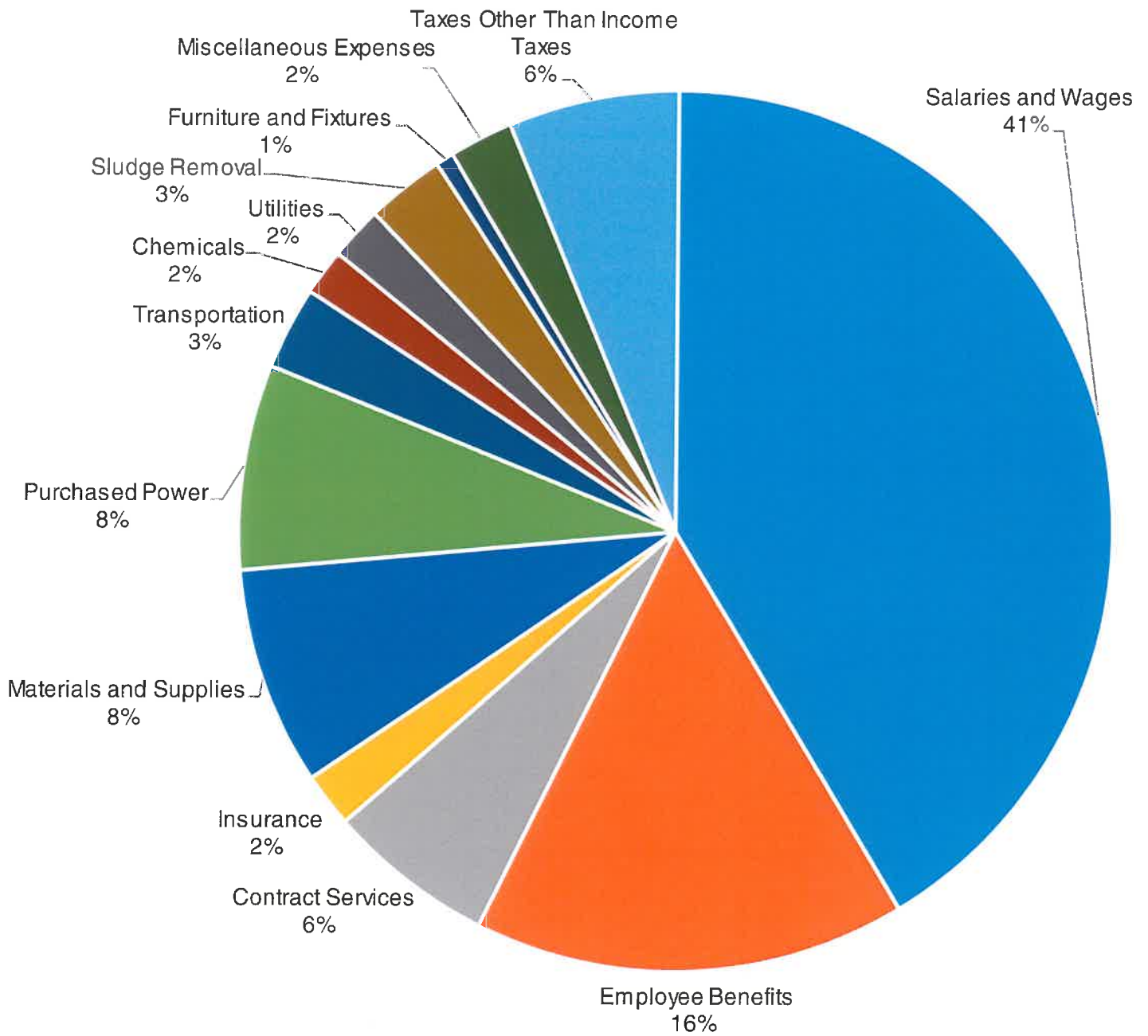
**Chart 3: Historical 2013 to 2014 and Pro Forma Expenses**



	<u>Pro Forma</u>	<u>2014</u>	<u>2013</u>
Collection System Expenses	\$ 303,106	\$ 289,763	\$ 368,813
Pumping Expenses	200,738	222,415	223,776
Treatment Expenses	1,903,095	1,877,184	1,733,856
Customer Accounts Expenses	507,183	556,253	521,534
Administrative and General Expenses	7,994,310	7,315,217	7,266,815
<b>Total Operating</b>	<b>\$ 10,908,432</b>	<b>\$ 10,260,832</b>	<b>\$ 10,114,794</b>

Chart 4, below shows the Pro Forma operation and maintenance expenses and taxes other than income taxes of \$11,645,352. As can be seen, the largest expenses of the Utility are Salaries and Wages and Employee Benefits.

Chart 4: Pro Forma Operating Expenses and Taxes Other Than Income Taxes

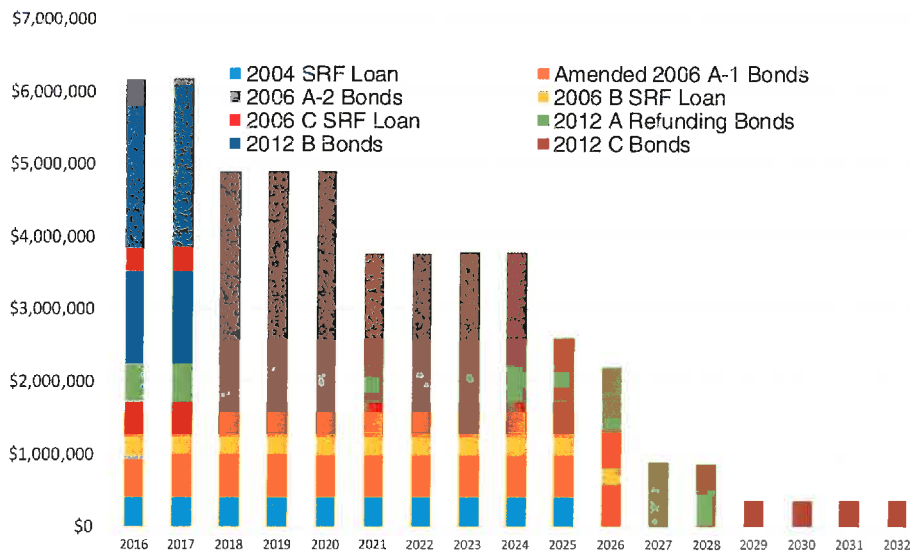


	<u>Pro Forma</u>
Salaries and Wages	\$ 4,813,587
Employee Benefits	1,862,313
Contract Services	719,728
Insurance	233,907
Materials and Supplies	937,715
Purchased Power	877,981
Transportation	353,403
Chemicals	197,269
Utilities	226,718
Sludge Removal	334,344
Furniture and Fixtures	75,820
Miscellaneous Expenses	275,647
Taxes Other Than Income Taxes	<u>736,920</u>
 Total Operation and Maintenance Expenses and Taxes	 <u><u>\$ 11,645,352</u></u>

## Outstanding Debt Service

**Chart 5**, below, shows the annual principal and interest payments for the Utility’s outstanding obligations. The annual debt service is approximately \$6.1 million per year until the year 2017 at which time the 2012 B Bonds mature. Annual debt service steadily declines through the year 2028, leveling out at approximately \$350,000 in 2029. See Exhibit B and accompanying schedules in Appendix B for additional detail.

**Chart 5: Current Annual Debt Service**

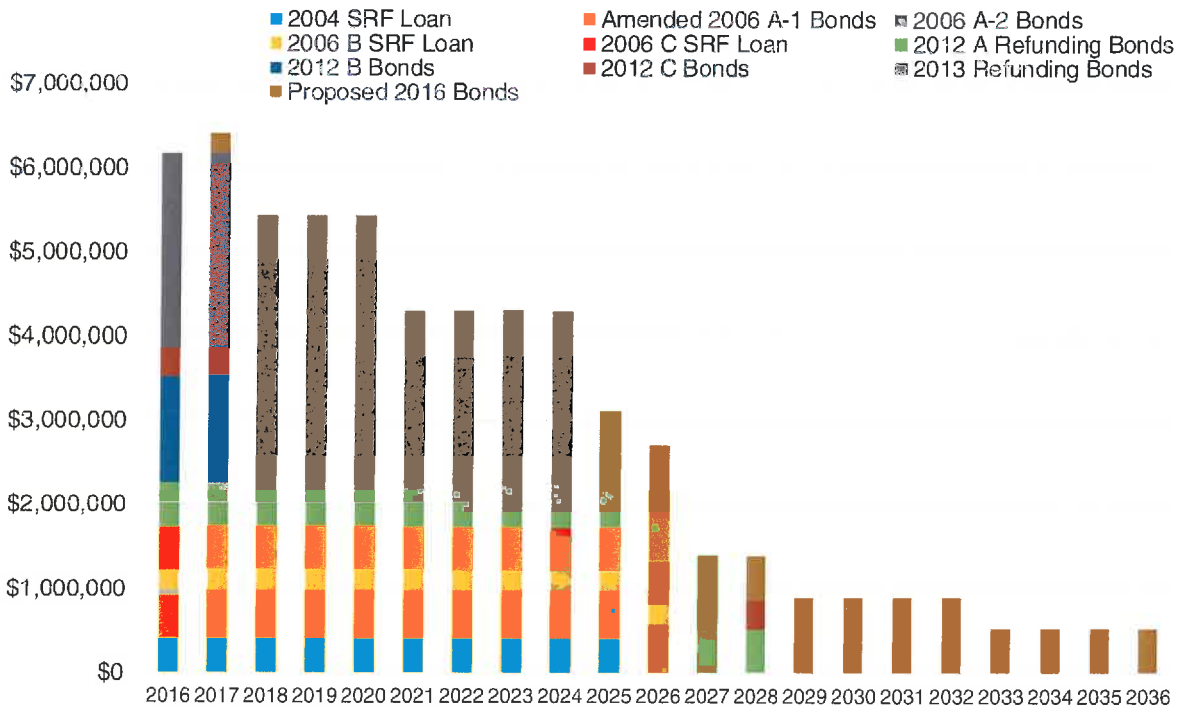


# Proposed Sewage Works Revenue Bonds, Series 2016

The Utility is proposing new debt to be issued in 2016 ("2016 Bonds") for the purpose of constructing improvements and repairs to the Utility's Plant in Service. The Net Interest Rate for the 2016 Bonds is estimated to be 3.54% and the estimated annual debt service is approximately \$525,000 until January 1, 2037. The 2016 Bonds are structured so that only interest is paid in 2017. See Exhibit E and accompanying schedule in Appendix B for additional detail. Below is the estimated sources and uses. **Chart 6**, below, shows estimated annual principal and interest payments with inclusion of the 2016 Bonds.

<u>Sources of Funds:</u>	
Par Amount	<u>\$ 7,210,000</u>
Total Sources of Funds	<u>7,210,000</u>
<u>Uses of Funds:</u>	
SSO Reduction Project	\$ 6,500,000
Debt Service Reserve Fund	526,703
Underwriter's Discount (1% of Par)	72,100
Cost of Issuance	<u>111,197</u>
Total Uses of Funds	<u>7,210,000</u>

**Chart 6: Estimated Annual Debt Service after issuance of 2016 Bonds**



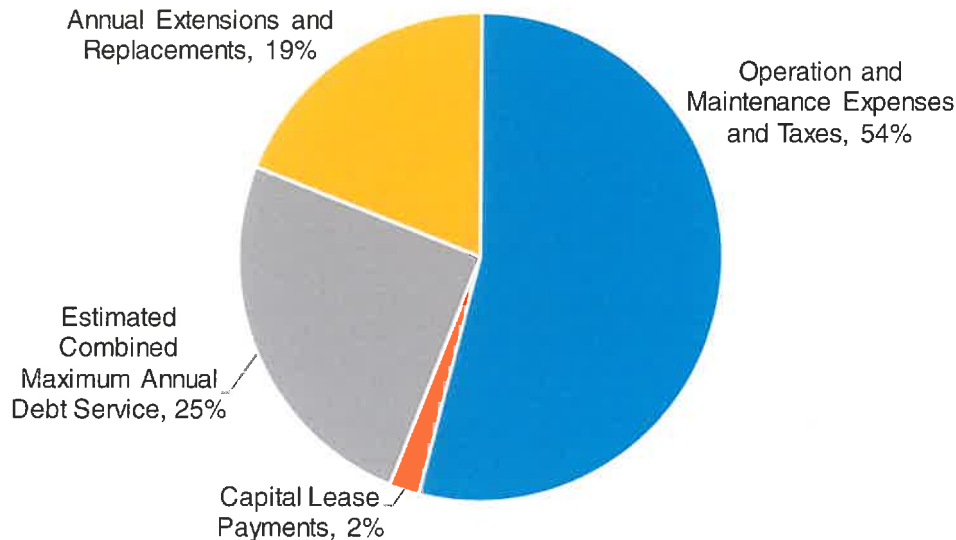


## Proposed Rate Increase

The following is the calculation of the projected deficit of \$3,812,795 and the recommended rate increase of twenty-two percent (22%). For the calendar year 2017, the Utility would have approximately \$3.2 million available for extensions and replacements since the debt service payment in 2017 is larger than is being funded by the proposed rates. The proposed rates reflect debt service payments subsequent to the roll-off of the 2012 B Bonds which mature in January of 2018. For calendar year 2018, the Utility’s funding of extensions and replacements is being projected at the annual level of approximately \$4.2 million. Test year capital expenditures were approximately \$3.3 million. See Exhibit G in Appendix B for additional detail.

	<u>Revenue Requirements</u>
Adjusted Operation and Maintenance Expenses (Exhibit D)	\$ 10,908,432
Adjusted Taxes Other Than Income Taxes (Exhibit D)	736,920
Estimated Combined Maximum Annual Debt Service (Exhibit F)	5,423,700
Annual Capital Lease Payment - 2013 (Schedule B-10)	135,872
Annual Capital Lease Payment - 2014 (Schedule B-11)	234,173
Annual Extensions and Replacements (Depreciation Expense)	4,173,467
Total Revenue Requirements	<u>21,612,564</u>
Less: Adjusted Operating Revenues (Exhibit D)	<u>(17,799,769)</u>
Deficit	3,812,795
Divide by: Adjustable Operating Revenues (Exhibit D)	<u>17,538,622</u>
Percentage Rate Increase Required	<u><u>22%</u></u>

**Chart 7: Composition of Revenue Requirements**



## Rate Increase Effect on Rate Structure and Typical Monthly Bill Analysis

The current rate structure is a user charge of \$6.36 per 1,000 gallons, in addition to a base monthly charge per meter of \$6.52. The current rates were approved by the Common Council on December 21, 2011.

A twenty-two percent increase (22%) would increase the user charge to \$7.76 per 1,000 gallons, with the base monthly charge per meter increasing to \$7.95. See Exhibits H and I in Appendix B for additional detail.

The following table details the monthly effect the rate increase would have on a small user (user of up to 2,000 gallons), an average City user (user of up to 3,000 gallons), and an average Indiana user (user of up to 5,000 gallons).

<u>Monthly Usage</u>	<u>Monthly Current Charge</u>	<u>22% Proposed Increase</u>	<u>Difference</u>
Small User 2,000 gallons	\$ 19.24	\$ 23.47	\$ 4.23
Average Bloomington User 3,000 gallons	25.60	31.23	5.63
Average Indiana User 5,000 gallons	38.32	46.75	8.43

## Appendix B: Supporting Financial Statements

## BLOOMINGTON MUNICIPAL SEWAGE WORKS

Bloomington, Indiana

Balance Sheets as of December 31, 2015, 2014, and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS AND OTHER DEBITS</b>			
<u>Utility Plant - Sewage Works</u>			
Utility Plant in Service	\$ 159,001,455	\$ 158,367,766	\$ 157,038,249
Less: Accumulated Depreciation	(81,665,655)	(78,952,445)	(76,010,185)
Net Utility Plant in Service	<u>77,335,800</u>	<u>79,415,321</u>	<u>81,028,064</u>
Add: Construction Work in Progress	2,467,165	105,751	218,023
Net Utility Plant - Sewage Works	<u>79,802,965</u>	<u>79,521,072</u>	<u>81,246,087</u>
<u>Utility Plant - Stormwater Utility</u>			
Utility Plant in Service	17,759,220	17,527,752	17,463,040
Less: Accumulated Depreciation	(2,179,245)	(1,930,014)	(1,712,961)
Net Utility Plant in Service	<u>15,579,975</u>	<u>15,597,738</u>	<u>15,750,079</u>
Add: Construction Work in Progress	243,632	263,021	19,127
Net Utility Plant - Stormwater Utility	<u>15,823,607</u>	<u>15,860,759</u>	<u>15,769,206</u>
<u>Restricted Assets</u>			
Sinking Fund	391	4,911	42,456
Debt Service Reserve Fund	6,690,833	6,724,836	6,724,527
Cash with Fiscal Agent	5,550,269	5,522,604	4,572,515
Construction Fund - Sewage Works	457,953	1,813,160	2,996,446
Total Restricted Assets	<u>12,699,446</u>	<u>14,065,511</u>	<u>14,335,944</u>
<u>Current and Accrued Assets</u>			
Operation and Maintenance Fund - Sewage Works	5,932,234	6,121,434	3,250,087
Operation and Maintenance Fund - Stormwater Utility	686,000	628,574	659,908
Accounts Receivable - Net	520,866	811,252	859,443
Total Current and Accrued Assets	<u>7,139,100</u>	<u>7,561,260</u>	<u>4,769,438</u>
<u>Deferred Debits</u>			
Unamortized Bond Issuance Costs	310,258	255,720	286,585
Unamortized Bond Discount	86,941	90,456	94,146
Deferral Loss on Advance Refunding	768,638	939,446	1,024,850
Total Deferred Debits	<u>1,165,837</u>	<u>1,285,622</u>	<u>1,405,581</u>
Total Assets and Other Debits	<u>\$ 116,630,955</u>	<u>\$ 118,294,224</u>	<u>\$ 117,526,256</u>

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**  
Bloomington, Indiana

Balance Sheets as of December 31, 2015, 2014, and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>LIABILITIES AND OTHER CREDITS</b>			
<u>Equity Capital</u>			
Unappropriated Retained Earnings	\$ 22,377,211	\$ 17,596,383	\$ 14,270,546
Current Year Earnings	2,125,908	4,741,196	3,325,834
Total Equity Capital	<u>24,503,119</u>	<u>22,337,579</u>	<u>17,596,380</u>
<u>Long Term Debt</u>			
Revenue Bonds Payable	32,109,283	36,730,000	36,730,000
SRF Loans Payable	10,208,678	10,995,598	10,995,598
Capital Lease Obligations	1,055,715	392,447	517,667
Compensated Absences Payable - Long Term	225,409	246,516	267,623
Total Long Term Debt	<u>43,599,085</u>	<u>48,364,561</u>	<u>48,510,888</u>
<u>Current and Accrued Liabilities</u>			
Accounts Payable	506,412	355,756	358,307
Revenue Bonds - Current	4,100,000	4,030,000	7,100,000
SRF Loans - Current	786,920	761,584	1,498,358
Capital Lease Obligations - Current	279,326	62,951	61,594
Accounts Payable to Associated Company	7,209	11,381	10,999
Unearned Revenue	683,431	190,996	209,741
Accrued Payroll	164,497	139,636	112,747
Compensated Absences Payable - Short Term	66,392	77,822	79,739
Total Current and Accrued Liabilities	<u>6,594,187</u>	<u>5,630,126</u>	<u>9,431,485</u>
<u>Deferred Credits</u>			
Unamortized Bond Premium	308,445	335,839	361,384
Other Deferred Liabilities	19,000	19,000	19,000
Total Deferred Credits	<u>327,445</u>	<u>354,839</u>	<u>380,384</u>
<u>Contributions in Aid of Construction</u>	<u>41,607,119</u>	<u>41,607,119</u>	<u>41,607,119</u>
Total Liabilities and Other Credits	<u>\$ 116,630,955</u>	<u>\$ 118,294,224</u>	<u>\$ 117,526,256</u>

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**  
Bloomington, Indiana

Combined Amortization Schedule

Year	2004 SRF Loan	Amended 2006 A-1 Bonds	2006 A-2 Bonds	2006 B SRF Loan	2006 C SRF Loan	2012 A Refunding Bonds	2012 B Bonds	2012 C Bonds	2013 Refunding Bonds	Total
2016	\$ 405,444	\$ 513,591	\$ 53,316	\$ 246,095	\$ 504,936	\$ 523,976	\$ 1,271,002	\$ 328,348	\$ 2,314,760	\$ 6,161,468
2017	405,502	572,848		246,094	504,935	522,076	1,274,880	329,936	2,323,358	6,179,629
2018	406,216	569,352		246,094	504,935	518,324		330,936	2,321,156	4,897,013
2019	405,552	570,070		246,094	504,936	519,450		336,836	2,318,332	4,901,270
2020	405,544	569,496		246,094	504,936	518,500		336,462	2,319,884	4,900,916
2021	406,160	567,888		246,094	504,935	517,250		340,962	1,175,724	3,759,013
2022	406,360	565,200		246,094	504,935	518,774		339,636	1,181,232	3,762,231
2023	406,148	566,472		246,093	504,935	514,774		343,174	1,191,296	3,772,892
2024	405,522	566,316		246,094	504,936	514,274		345,824	1,190,826	3,773,792
2025	405,484	564,970		246,094	504,935	520,300		343,174		2,584,957
2026		567,444		246,093	504,935	514,550		350,374		2,183,396
2027						517,530		351,574		869,104
2028						508,958		352,312		861,270
2029								357,282		357,282
2030								356,432		356,432
2031								359,832		359,832
2032								362,688		362,688
<b>Totals</b>	<b>\$ 4,057,932</b>	<b>\$ 6,193,647</b>	<b>\$ 53,316</b>	<b>\$ 2,707,033</b>	<b>\$ 5,554,289</b>	<b>\$ 6,728,736</b>	<b>\$ 2,545,882</b>	<b>\$ 5,865,782</b>	<b>\$ 16,336,568</b>	<b>\$ 50,043,185</b>

(1) Combined Maximum Annual Debt Service (2017)

**\$ 6,179,629**

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**  
Bloomington, Indiana

Sewage Works Revenue Bonds of 2004  
State Revolving Fund Loan (SRF) Loan  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16			\$ 58,222	\$ 58,222	
1/1/17	\$ 289,000	3.44 %	58,222	347,222	\$ 405,444
7/1/17			53,251	53,251	
1/1/18	299,000	3.44	53,251	352,251	405,502
7/1/18			48,108	48,108	
1/1/19	310,000	3.44	48,108	358,108	406,216
7/1/19			42,776	42,776	
1/1/20	320,000	3.44	42,776	362,776	405,552
7/1/20			37,272	37,272	
1/1/21	331,000	3.44	37,272	368,272	405,544
7/1/21			31,580	31,580	
1/1/22	343,000	3.44	31,580	374,580	406,160
7/1/22			25,680	25,680	
1/1/23	355,000	3.44	25,680	380,680	406,360
7/1/23			19,574	19,574	
1/1/24	367,000	3.44	19,574	386,574	406,148
7/1/24			13,261	13,261	
1/1/25	379,000	3.44	13,261	392,261	405,522
7/1/25			6,742	6,742	
1/1/26	392,000	3.44	6,742	398,742	405,484
<b>Totals</b>	<b>\$ 3,385,000</b>		<b>\$ 672,932</b>	<b>\$ 4,057,932</b>	

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**

Bloomington, Indiana

Amended Sewage Works Revenue Bonds of 2006, Series A-1  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16			\$ 112,354	\$ 112,354	
1/1/17	\$ 288,883	4.59 %	112,354	401,237	\$ 513,591
7/1/17			105,724	105,724	
1/1/18	361,400	4.62	105,724	467,124	572,848
7/1/18			97,376	97,376	
1/1/19	374,600	4.64	97,376	471,976	569,352
7/1/19			88,685	88,685	
1/1/20	392,700	4.73	88,685	481,385	570,070
7/1/20			79,398	79,398	
1/1/21	410,700	4.75	79,398	490,098	569,496
7/1/21			69,644	69,644	
1/1/22	428,600	4.78	69,644	498,244	567,888
7/1/22			59,400	59,400	
1/1/23	446,400	4.80	59,400	505,800	565,200
7/1/23			48,686	48,686	
1/1/24	469,100	4.83	48,686	517,786	566,472
7/1/24			37,358	37,358	
1/1/25	491,600	4.83	37,358	528,958	566,316
7/1/25			25,485	25,485	
1/1/26	514,000	4.83	25,485	539,485	564,970
7/1/26			13,072	13,072	
1/1/27	<u>541,300</u>	4.83	<u>13,072</u>	<u>554,372</u>	567,444
Totals	<u>\$ 4,719,283</u>		<u>\$ 1,474,364</u>	<u>\$ 6,193,647</u>	

Note: The 2006 A-1 Bonds were issued through the Indiana Bond Bank. The amortization schedule was amended March 26, 2015, and resulted in a reduction in the overall payments of approximately \$720,000.



**BLOOMINGTON MUNICIPAL SEWAGE WORKS**  
 Bloomington, Indiana

Taxable Sewage Works Revenue Bonds of 2006, Series A-2  
 Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16			\$ 1,658	\$ 1,658	
1/1/17	\$ 50,000	6.63 %	1,658	51,658	\$ 53,316
Totals	<u>\$ 50,000</u>		<u>\$ 3,316</u>	<u>\$ 53,316</u>	

The 2006 A-2 Bonds were issued through the Indiana Bond Bank.

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**  
Bloomington, Indiana

Sewage Works Revenue Bonds of 2006, Series B  
State Revolving Fund (SRF) Loan  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16			\$ 37,229	\$ 37,229	
1/1/17	\$ 171,637	3.33 %	37,229	208,866	\$ 246,095
7/1/17			34,371	34,371	
1/1/18	177,352	3.33	34,371	211,723	246,094
7/1/18			31,418	31,418	
1/1/19	183,258	3.33	31,418	214,676	246,094
7/1/19			28,367	28,367	
1/1/20	189,360	3.33	28,367	217,727	246,094
7/1/20			25,214	25,214	
1/1/21	195,666	3.33	25,214	220,880	246,094
7/1/21			21,956	21,956	
1/1/22	202,182	3.33	21,956	224,138	246,094
7/1/22			18,590	18,590	
1/1/23	208,914	3.33	18,590	227,504	246,094
7/1/23			15,111	15,111	
1/1/24	215,871	3.33	15,111	230,982	246,093
7/1/24			11,517	11,517	
1/1/25	223,060	3.33	11,517	234,577	246,094
7/1/25			7,803	7,803	
1/1/26	230,488	3.33	7,803	238,291	246,094
7/1/26			3,965	3,965	
1/1/27	238,163	3.33	3,965	242,128	246,093
<b>Totals</b>	<b>\$ 2,235,951</b>		<b>\$ 471,082</b>	<b>\$ 2,707,033</b>	

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**  
Bloomington, Indiana

Sewage Works Revenue Bonds of 2006, Series C  
State Revolving Fund (SRF) Loan  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16			\$ 76,386	\$ 76,386	
1/1/17	\$ 352,164	3.33 %	76,386	428,550	\$ 504,936
7/1/17			70,522	70,522	
1/1/18	363,891	3.33	70,522	434,413	504,935
7/1/18			64,463	64,463	
1/1/19	376,009	3.33	64,463	440,472	504,935
7/1/19			58,203	58,203	
1/1/20	388,530	3.33	58,203	446,733	504,936
7/1/20			51,734	51,734	
1/1/21	401,468	3.33	51,734	453,202	504,936
7/1/21			45,049	45,049	
1/1/22	414,837	3.33	45,049	459,886	504,935
7/1/22			38,142	38,142	
1/1/23	428,651	3.33	38,142	466,793	504,935
7/1/23			31,005	31,005	
1/1/24	442,925	3.33	31,005	473,930	504,935
7/1/24			23,631	23,631	
1/1/25	457,674	3.33	23,631	481,305	504,936
7/1/25			16,010	16,010	
1/1/26	472,915	3.33	16,010	488,925	504,935
7/1/26			8,136	8,136	
1/1/27	488,663	3.33	8,136	496,799	504,935
<b>Totals</b>	<b>\$ 4,587,727</b>		<b>\$ 966,562</b>	<b>\$ 5,554,289</b>	

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**  
 Bloomington, Indiana

Sewage Works Refunding Revenue Bonds, Series 2012 A  
 Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16			\$ 89,488	\$ 89,488	
1/1/17	\$ 345,000	2.00 %	89,488	434,488	\$ 523,976
7/1/17			86,038	86,038	
1/1/18	350,000	2.50	86,038	436,038	522,076
7/1/18			81,662	81,662	
1/1/19	355,000	2.50	81,662	436,662	518,324
7/1/19			77,225	77,225	
1/1/20	365,000	3.00	77,225	442,225	519,450
7/1/20			71,750	71,750	
1/1/21	375,000	3.00	71,750	446,750	518,500
7/1/21			66,125	66,125	
1/1/22	385,000	3.50	66,125	451,125	517,250
7/1/22			59,387	59,387	
1/1/23	400,000	3.50	59,387	459,387	518,774
7/1/23			52,387	52,387	
1/1/24	410,000	5.00	52,387	462,387	514,774
7/1/24			42,137	42,137	
1/1/25	430,000	3.25	42,137	472,137	514,274
7/1/25			35,150	35,150	
1/1/26	450,000	3.50	35,150	485,150	520,300
7/1/26			27,275	27,275	
1/1/27	460,000	3.70	27,275	487,275	514,550
7/1/27			18,765	18,765	
1/1/28	480,000	(1)	18,765	498,765	517,530
7/1/28			9,479	9,479	
1/1/29	490,000	(2)	9,479	499,479	508,958
<b>Totals</b>	<b>\$ 5,295,000</b>		<b>\$ 1,433,736</b>	<b>\$ 6,728,736</b>	

<u>Reference</u>	<u>Principal Amount</u>	<u>Coupon</u>	<u>Principal Amount</u>	<u>Coupon</u>
(1)	\$ 165,000	4.00 %	\$ 315,000	3.80 %
(2)	170,000	4.00	320,000	3.80

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**

Bloomington, Indiana

Taxable Sewage Works Revenue Bonds, Series 2012 B  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16			\$ 28,001	\$ 28,001	
1/1/17	\$ 1,215,000	2.15 %	28,001	1,243,001	\$ 1,271,002
7/1/17			14,940	14,940	
1/1/18	<u>1,245,000</u>	2.40	<u>14,940</u>	<u>1,259,940</u>	1,274,880
Totals	<u>\$ 2,460,000</u>		<u>\$ 85,882</u>	<u>\$ 2,545,882</u>	

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**  
Bloomington, Indiana

Sewage Works Revenue Bonds, Series 2012 C  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16			\$ 66,674	\$ 66,674	
1/1/17	\$ 195,000	1.750 %	66,674	261,674	\$ 328,348
7/1/17			64,968	64,968	
1/1/18	200,000	2.000	64,968	264,968	329,936
7/1/18			62,968	62,968	
1/1/19	205,000	2.000	62,968	267,968	330,936
7/1/19			60,918	60,918	
1/1/20	215,000	2.500	60,918	275,918	336,836
7/1/20			58,231	58,231	
1/1/21	220,000	2.500	58,231	278,231	336,462
7/1/21			55,481	55,481	
1/1/22	230,000	2.750	55,481	285,481	340,962
7/1/22			52,318	52,318	
1/1/23	235,000	2.750	52,318	287,318	339,636
7/1/23			49,087	49,087	
1/1/24	245,000	3.000	49,087	294,087	343,174
7/1/24			45,412	45,412	
1/1/25	255,000	3.000	45,412	300,412	345,824
7/1/25			41,587	41,587	
1/1/26	260,000	3.000	41,587	301,587	343,174
7/1/26			37,687	37,687	
1/1/27	275,000	3.200	37,687	312,687	350,374
7/1/27			33,287	33,287	
1/1/28	285,000	3.250	33,287	318,287	351,574
7/1/28			28,656	28,656	
1/1/29	295,000	3.400	28,656	323,656	352,312
7/1/29			23,641	23,641	
1/1/30	310,000	3.500	23,641	333,641	357,282
7/1/30			18,216	18,216	
1/1/31	320,000	3.625	18,216	338,216	356,432
7/1/31			12,416	12,416	
1/1/32	335,000	3.625	12,416	347,416	359,832
7/1/32			6,344	6,344	
1/1/33	350,000	3.625	6,344	356,344	362,688
Totals	<u>\$ 4,430,000</u>		<u>\$ 1,435,782</u>	<u>\$ 5,865,782</u>	

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**

Bloomington, Indiana

Sewage Works Refunding Revenue Bonds, Series 2013  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16			\$ 134,880	\$ 134,880	
1/1/17	\$ 2,045,000	1.78 %	134,880	2,179,880	\$ 2,314,760
7/1/17			116,679	116,679	
1/1/18	2,090,000	1.78	116,679	2,206,679	2,323,358
7/1/18			98,078	98,078	
1/1/19	2,125,000	1.78	98,078	2,223,078	2,321,156
7/1/19			79,166	79,166	
1/1/20	2,160,000	1.78	79,166	2,239,166	2,318,332
7/1/20			59,942	59,942	
1/1/21	2,200,000	1.78	59,942	2,259,942	2,319,884
7/1/21			40,362	40,362	
1/1/22	1,095,000	1.78	40,362	1,135,362	1,175,724
7/1/22			30,616	30,616	
1/1/23	1,120,000	1.78	30,616	1,150,616	1,181,232
7/1/23			20,648	20,648	
1/1/24	1,150,000	1.78	20,648	1,170,648	1,191,296
7/1/24			10,413	10,413	
1/1/25	<u>1,170,000</u>	1.78	<u>10,413</u>	<u>1,180,413</u>	1,190,826
Totals	<u>\$ 15,155,000</u>		<u>\$ 1,181,568</u>	<u>\$ 16,336,568</u>	

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**

Bloomington, Indiana

Vehicle and Equipment Lease - 2013  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>	<u>Sewer Portion (1)</u>
7/15/16	\$ 103,191	2.19 %	\$ 5,775	\$ 108,966		
1/15/17	104,320	2.19	4,645	108,965	\$ 217,931	\$ 135,870
7/15/17	105,463	2.19	3,503	108,966		
1/15/18	106,618	2.19	2,348	108,966	217,932	135,872
7/15/18	<u>107,785</u>	2.19	<u>1,180</u>	<u>108,965</u>	108,965	67,937
Totals	<u>\$ 527,377</u>		<u>\$ 17,451</u>	<u>\$ 544,828</u>		

(1) The Vehicle and Equipment Lease payments are allocated between the Utility and the Bloomington Municipal Water Utility. The Utility's allocated share is approximately sixty-two percent (62%).



**BLOOMINGTON MUNICIPAL SEWAGE WORKS**

Bloomington, Indiana

Vehicle and Equipment Lease - 2014  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>	<u>Sewer Portion (1)</u>
7/1/16	\$ 155,809	2.28 %	\$ 14,790	\$ 170,599		
1/1/17	157,585	2.28	13,014	170,599	\$ 341,198	\$ 234,173
7/1/17	159,382	2.28	11,217	170,599		
1/1/18	161,199	2.28	9,400	170,599	341,198	234,144
7/1/18	163,037	2.28	7,563	170,600		
1/1/19	164,895	2.28	5,704	170,599	341,199	234,115
7/1/19	166,775	2.28	3,824	170,599		
1/1/20	<u>168,676</u>	2.28	<u>1,923</u>	<u>170,599</u>	341,198	234,092
Totals	<u>\$ 1,297,358</u>		<u>\$ 67,435</u>	<u>\$ 1,364,793</u>		

(1) The Vehicle and Equipment Lease - 2014 payments are allocated between the Utility, the Bloomington Municipal Water Utility, and the Bloomington Municipal Stormwater Utility. The Utility's allocated share is approximately sixty-nine percent (69%).

## BLOOMINGTON MUNICIPAL SEWAGE WORKS

Bloomington, Indiana

Statements of Income for the Twelve Months Ended

December 31, 2015, 2014, and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Operating Revenues</u>			
Metered Sales - Single Family	\$ 5,565,808	\$ 5,731,542	\$ 5,682,884
Metered Sales - Commercial	2,585,845	3,546,016	3,087,188
Metered Sales - Industrial	324,446	581,361	921,435
Metered Sales - Public Authority	3,083,954	3,179,668	2,995,728
Metered Sales - Multiple Family	5,493,527	5,662,835	5,514,051
Miscellaneous Operating Revenues	261,147	253,057	227,409
Total Operating Revenues	<u>17,314,727</u>	<u>18,954,479</u>	<u>18,428,695</u>
<u>Operating Expenses</u>			
<u>Operation and Maintenance Expenses</u>			
Collection System Expenses	303,106	289,763	368,813
Pumping Expenses	200,738	222,415	223,776
Treatment Expenses	1,903,095	1,877,184	1,733,856
Customer Accounts Expenses	497,967	556,253	521,534
Administrative and General Expenses	8,099,945	7,315,217	7,266,815
Total Operation and Maintenance Expenses	<u>11,004,851</u>	<u>10,260,832</u>	<u>10,114,794</u>
Depreciation Expense	<u>3,282,877</u>	<u>3,257,099</u>	<u>3,204,574</u>
<u>Taxes Other Than Income Taxes</u>			
FICA	329,949	327,272	322,505
Payment in Lieu of Property Taxes	679,474	85,183	255,548
Total Taxes Other Than Income Taxes	<u>1,009,423</u>	<u>412,455</u>	<u>578,053</u>
Total Operating Expenses	<u>15,297,151</u>	<u>13,930,386</u>	<u>13,897,421</u>
Net Operating Income	<u>2,017,576</u>	<u>5,024,093</u>	<u>4,531,274</u>

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**

Bloomington, Indiana

Statements of Income for the Twelve Months Ended  
December 31, 2015, 2014, and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Other Income</u>			
Interest Income	\$ 1,710	\$ 3,598	\$ 12,101
Metered Sales - Stormwater	1,411,811	1,418,817	1,424,547
Connection Charges	275,498	462,577	565,144
Miscellaneous Other Income	329,398	205,046	87,236
Extraordinary Income	520,717	-	-
Total Other Income	<u>2,539,134</u>	<u>2,090,038</u>	<u>2,089,028</u>
<u>Other Expenses</u>			
Stormwater Expenses	673,702	577,671	587,338
Stormwater Depreciation Expense	249,231	217,053	216,406
Interest Expense	1,505,769	1,576,111	2,194,759
Bond Issuance Costs	2,100	2,100	266,345
Transfers to City	-	-	29,620
	<u>2,430,802</u>	<u>2,372,935</u>	<u>3,294,468</u>
Net Income	<u>\$ 2,125,908</u>	<u>\$ 4,741,196</u>	<u>\$ 3,325,834</u>

## BLOOMINGTON MUNICIPAL SEWAGE WORKS

Bloomington, Indiana

Adjusted Statement of Income  
Sewage Works

	December 31, <u>2015</u>	<u>Adjustments</u>		<u>Adjusted</u>
		<u>Amount</u>	<u>Ref.</u>	
<u>Operating Revenues</u>				
Metered Sales - Single Family	\$ 5,565,808			\$ 5,565,808
Metered Sales - Commercial	2,585,845	\$ 485,042	(1)	3,070,887
Metered Sales - Industrial	324,446			324,446
Metered Sales - Public Authority	3,083,954			3,083,954
Metered Sales - Multiple Family	5,493,527			5,493,527
Miscellaneous Operating Revenues	261,147			261,147
Total Operating Revenues	<u>17,314,727</u>	<u>485,042</u>		<u>17,799,769</u>
<u>Operating Expenses</u>				
Operation and Maintenance Expenses	11,004,851	188,846	(2)	10,908,432
		36,254	(3)	
		(337,378)	(4)	
		15,859	(5)	
Depreciation Expense	3,282,877	890,590	(6)	4,173,467
Taxes Other Than Income Taxes	1,009,423	38,290	(7)	736,920
		(310,793)	(8)	
Total Operating Expenses	<u>15,297,151</u>	<u>521,668</u>		<u>15,818,819</u>
Net Operating Income	<u>\$ 2,017,576</u>	<u>\$ (36,627)</u>		<u>\$ 1,980,949</u>

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**

Bloomington, Indiana

## Detail of Adjustments

(1)

To adjust "Metered Sales - Commercial" for billing correction.

Adjustment - Increase	<u>\$ 485,042</u>
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(2)

To adjust "Operation and Maintenance Expenses" for the increase in salaries and wages.

Pro Forma Salaries and Wages	\$ 4,813,587
Less: Test Year	<u>(4,624,741)</u>

Adjustment - Increase	<u>\$ 188,846</u>
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(3)

To adjust "Operation and Maintenance Expenses" for the estimated change in annual PERF expense due to the change in salaries and wages.

Pro Forma Salaries and Wages	\$ 4,813,587
Less: Pro Forma Salaries and Wages not eligible for PERF benefits	<u>(69,594)</u>
Pro Forma Salaries and Wages (PERF Eligible)	4,743,993
Times: PERF Rate	<u>14.2%</u>
Pro Forma PERF Expense	673,647
Less: Test Year	<u>(637,393)</u>

Adjustment - Increase	<u>\$ 36,254</u>
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(4)

To adjust "Operation and Maintenance Expenses" to annualize the General Services expense allocated to the Utility for shared services.

Pro Forma General Services Expense	\$ 569,880
Less: Test Year (Includes Seven Quarters of Payments)	<u>(907,258)</u>

Adjustment - Decrease	<u>\$ (337,378)</u>
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(5)

To adjust "Operation and Maintenance Expenses" for the increase in Insurance Services allocated to the Utility.

Pro Forma Insurance Services Expense	\$ 1,204,525
Less: Test Year	<u>(1,188,666)</u>

Adjustment - Increase	<u>\$ 15,859</u>
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**BLOOMINGTON MUNICIPAL SEWAGE WORKS**

Bloomington, Indiana

Detail of Adjustments

(6)

To Adjust "Depreciation Expense" for the increase in Utility Plant in Service.

Utility Plant in Service (Sewage Works) as of December 31, 2015	\$ 159,001,455	
Add: Construction Work in Progress (Sewage Works)	2,467,165	
Add: Construction Proceeds from 2016 Revenue Bonds	6,500,000	
Less: Land and Land Rights	(1,029,932)	
Depreciable Utility Plant in Service	<u>166,938,688</u>	
Times: Depreciation Rate	2.5%	
Pro Forma Depreciation Expense	<u>4,173,467</u>	
Less: Test Year	<u>(3,282,877)</u>	
Adjustment - Increase		<u>\$ 890,590</u>

(7)

To adjust "Taxes Other Than Income Taxes" for the estimated change in FICA tax due to the change in salaries and wages.

Pro Forma Salaries and Wages	\$ 4,813,587	
Times: FICA Tax Rate	7.65%	
Pro Forma FICA Tax	<u>368,239</u>	
Less: Test Year	<u>(329,949)</u>	
Adjustment - Increase		<u>\$ 38,290</u>

(8)

To adjust "Taxes Other Than Income Taxes" for the estimated Pro Forma Payment in Lieu of Taxes (PILOT).

Net Utility Plant in Service (Sewage Works) as of December 31, 2015	\$ 77,335,800	
Net Utility Plant in Service (Stormwater Utility) as of December 31, 2015	15,579,975	
Add: Construction Work in Progress (Sewage Works)	2,467,165	
Add: Construction Work in Progress (Stormwater Utility)	243,632	
Less: Outside City Utility Plant in Service	<u>(52,485,756)</u>	
Inside City Net Utility Plant as of December 31, 2015	43,140,816	
Times: Gross Corporate Tax Rate (per \$100 Assessed Valuation)	0.8546	
Pro Forma PILOT Payments	<u>368,681</u>	
Less: Test Year (Includes Seven Quarters of Payments)	<u>(679,474)</u>	
Adjustment - Decrease		<u>\$ (310,793)</u>

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**  
Bloomington, Indiana

Proposed Sewage Works Revenue Bonds, Series 2016  
Estimated Sources and Uses of Funds

Sources of Funds:

Par Amount	\$ 7,210,000
	<hr/>
Total Sources of Funds	\$ 7,210,000
	<hr/> <hr/>

Uses of Funds:

SSO Reduction Project (1)	\$ 6,500,000
Debt Service Reserve Fund (2)	526,703
Underwriter's Discount (1% of Par)	72,100
Cost of Issuance	111,197
	<hr/>
Total Uses of Funds	\$ 7,210,000
	<hr/> <hr/>

(1) Provided by the Utility.

(2) Funded at Maximum Annual Debt Service.

## BLOOMINGTON MUNICIPAL SEWAGE WORKS

Bloomington, Indiana

Proposed Sewage Works Revenue Bonds, Series 2016  
Estimated Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon (1)</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/17			\$ 113,649	\$ 113,649	
1/1/18			113,649	113,649	\$ 227,298
7/1/18			113,649	113,649	
1/1/19	\$ 295,000	1.65 %	113,649	408,649	522,298
7/1/19			111,215	111,215	
1/1/20	300,000	1.85	111,215	411,215	522,430
7/1/20			108,440	108,440	
1/1/21	305,000	2.05	108,440	413,440	521,880
7/1/21			105,314	105,314	
1/1/22	315,000	2.20	105,314	420,314	525,628
7/1/22			101,849	101,849	
1/1/23	320,000	2.40	101,849	421,849	523,698
7/1/23			98,009	98,009	
1/1/24	330,000	2.60	98,009	428,009	526,018
7/1/24			93,719	93,719	
1/1/25	335,000	2.80	93,719	428,719	522,438
7/1/25			89,029	89,029	
1/1/26	345,000	3.00	89,029	434,029	523,058
7/1/26			83,854	83,854	
1/1/27	355,000	3.10	83,854	438,854	522,708
7/1/27			78,351	78,351	
1/1/28	370,000	3.25	78,351	448,351	526,702
7/1/28			72,339	72,339	
1/1/29	380,000	3.35	72,339	452,339	524,678
7/1/29			65,974	65,974	
1/1/30	390,000	3.45	65,974	455,974	521,948
7/1/30			59,246	59,246	
1/1/31	405,000	3.50	59,246	464,246	523,492
7/1/31			52,159	52,159	
1/1/32	420,000	3.60	52,159	472,159	524,318
7/1/32			44,599	44,599	
1/1/33	435,000	3.70	44,599	479,599	524,198
7/1/33			36,551	36,551	
1/1/34	450,000	3.75	36,551	486,551	523,102
7/1/34			28,114	28,114	
1/1/35	470,000	3.80	28,114	498,114	526,228
7/1/35			19,184	19,184	
1/1/36	485,000	3.85	19,184	504,184	523,368
7/1/36			9,848	9,848	
1/1/37	505,000	3.90	9,848	514,848	524,696
Totals	<u>\$ 7,210,000</u>		<u>\$ 2,970,184</u>	<u>\$ 10,180,184</u>	

(1) Interest rates as of March 4, 2016. Crowe assumed "AA" rates plus 100 basis points. Interest rates are estimated and subject to change.



**BLOOMINGTON MUNICIPAL SEWAGE WORKS**  
Bloomington, Indiana

Estimated Combined Amortization Schedule

Year	2004 SRF Loan	Amended 2006 A-1 Bonds	2006 A-2 Bonds	2006 B SRF Loan	Estimated 2006 C SRF Loan	2012 A Refunding Bonds	2012 B Bonds	2012 C Bonds	2013 Refunding Bonds	Estimated 2016 Bonds	Total
2016	\$ 405,444	\$ 513,591	\$ 53,316	\$ 246,095	\$ 504,936	\$ 523,976	\$ 1,271,002	\$ 328,348	\$ 2,314,760	\$ 227,298	\$ 6,161,468
2017	405,502	572,848		246,094	504,935	522,076	1,274,880	329,936	2,323,358	\$ 227,298	6,406,927
2018	406,216	569,352		246,094	504,935	518,324		330,936	2,321,156	\$ 522,298	5,419,311
2019	405,552	570,070		246,094	504,936	519,450		336,836	2,316,332	522,430	5,423,700
2020	405,544	569,496		246,094	504,936	518,500		336,462	2,319,884	521,880	5,422,796
2021	406,160	567,888		246,094	504,935	517,250		340,962	1,175,724	525,628	4,284,641
2022	406,360	565,200		246,094	504,935	518,774		339,636	1,181,232	523,698	4,285,929
2023	406,148	566,472		246,093	504,935	514,774		343,174	1,191,296	526,018	4,298,910
2024	405,522	566,316		246,094	504,936	514,274		345,824	1,191,296	522,438	4,296,230
2025	405,484	564,970		246,094	504,935	520,300		343,174	1,190,826	523,058	3,108,015
2026		567,444		246,093	504,935	514,550		350,374		522,708	2,706,104
2027						517,530		351,574		526,702	1,395,806
2028						508,958		352,312		524,678	1,385,948
2029								357,282		521,948	879,230
2030								356,432		523,492	879,924
2031								359,832		524,318	884,150
2032								362,688		524,198	886,886
2033										523,102	523,102
2034										526,228	526,228
2035										523,368	523,368
2036										524,696	524,696
<b>Totals</b>	<b>\$ 4,057,932</b>	<b>\$ 6,193,647</b>	<b>\$ 53,316</b>	<b>\$ 2,707,033</b>	<b>\$ 5,554,289</b>	<b>\$ 6,728,736</b>	<b>\$ 2,545,882</b>	<b>\$ 5,865,782</b>	<b>\$ 16,336,568</b>	<b>\$ 10,180,184</b>	<b>\$ 60,223,369</b>

(1) Estimated Combined Maximum Annual Debt Service after 2017

\$ 5,423,700

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**

Bloomington, Indiana

## Statement of Revenue Requirements

	<u>Revenue Requirements</u>
Adjusted Operation and Maintenance Expenses (Exhibit D)	\$ 10,908,432
Adjusted Taxes Other Than Income Taxes (Exhibit D)	736,920
Estimated Combined Maximum Annual Debt Service (Exhibit F)	5,423,700
Annual Capital Lease Payment - 2013 (Schedule B-10)	135,872
Annual Capital Lease Payment - 2014 (Schedule B-11)	234,173
Annual Extensions and Replacements (Depreciation Expense)	4,173,467
Total Revenue Requirements	<u>21,612,564</u>
Less: Adjusted Operating Revenues (Exhibit D)	<u>(17,799,769)</u>
Deficit	3,812,795
Divide by: Adjustable Operating Revenues (Exhibit D)	<u>17,538,622</u>
Percentage Rate Increase Required	<u><u>22%</u></u>

Note: For the calendar year 2017, the Utility would have approximately \$3.2 million available for extensions and replacements since the debt service payment is larger than is being funded by the proposed rates. For calendar year 2018, the Utility's funding of extensions and replacements is being projected at the annual level of approximately \$4.2 million. Test year capital expenditures were approximately \$3.3 million.

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**

Bloomington, Indiana

## Schedule of Present and Proposed Rates and Charges

	<u>Present Rates</u>	<u>Proposed Rates</u>
<b>SEWAGE WORKS RATES (1)</b>		
<u>Monthly Usage Charge (Per 1,000 Gallons)</u>	\$ 6.36	\$ 7.76
<u>Monthly Service Charge (per meter)</u>	\$ 6.52	\$ 7.95
<u>Excess Strength Surcharge</u> <u>Rate per Pound in Excess of 300 ppm</u>		
Biochemical Oxygen Demand (BOD)	\$ 0.309	\$ 0.380
Suspended Solids (SS)	0.251	0.310
<u>Special Laboratory Analysis Monthly Charge</u>		
Strength of BOD and SS Sampling Charge	\$ 136.80	\$ 166.90
Grease and Oil Sampling	128.24	156.45
Metal Sampling (per metal per test)	28.50	34.77
<u>Unmetered Users</u>		
Minimum Annual Charge	\$ 633.99	\$ 773.47
<b>STORMWATER UTILITY RATES (2)</b>		
<u>Stormwater Utility Monthly Charges</u>		
Single Family Residential Customers	\$ 2.70	\$ 2.70

All other customers shall be charged based upon the amount of runoff generated by the customer.

- (1) Sewage Works Present Rates and Charges were approved by the Common Council on December 21, 2011.
- (2) Stormwater Present Rates and Charges were approved by the Common Council on September 25, 2003.

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**

Bloomington, Indiana

## Typical Monthly Bill Analysis

<u>Gallons</u>	<u>Sewage Works Present Charge</u>	<u>Proposed Charge</u>	<u>Difference</u>
1,000	\$ 12.88	\$ 15.71	\$ 2.83
2,000	19.24	23.47	4.23
3,000	25.60	31.23	5.63
4,000	31.96	38.99	7.03
5,000	38.32	46.75	8.43
6,000	44.68	54.51	9.83
7,000	51.04	62.27	11.23
8,000	57.40	70.03	12.63
9,000	63.76	77.79	14.03
10,000	70.12	85.55	15.43
11,000	76.48	93.31	16.83
12,000	82.84	101.07	18.23
13,000	89.20	108.83	19.63
14,000	95.56	116.59	21.03
15,000	101.92	124.35	22.43
16,000	108.28	132.11	23.83
17,000	114.64	139.87	25.23
18,000	121.00	147.63	26.63
19,000	127.36	155.39	28.03
20,000	133.72	163.15	29.43

## BLOOMINGTON MUNICIPAL UTILITIES

Bloomington, Indiana

Survey of Combined Water and Sewer Rates  
Indiana Cities and Towns Over 25,000 Population  
As of April 1, 2016

<u>City/Town</u>	<u>2010 Census Population</u>	<u>County</u>	<u>Combined Rate</u>
Jeffersonville	44,953	Clark	\$ 108.93
New Albany	36,372	Floyd	91.63
Terre Haute (2)	60,785	Vigo	91.23
Hobart	29,059	Lake	85.65
Westfield	30,068	Hamilton	84.51
Muncie (2)	70,085	Delaware	83.95
Richmond (2)	36,812	Wayne	83.45
Valparaiso	31,730	Porter	81.81
Noblesville	51,969	Hamilton	79.48
Crown Point	27,317	Lake	78.15
Evansville	117,429	Vanderburgh	77.06
Gary (2)	80,294	Lake	74.30
Greenwood	49,791	Johnson	74.13
<b>Bloomington Proposed</b>	<b>80,405</b>	<b>Monroe</b>	<b>73.68</b>
Kokomo	45,468	Howard	71.75
West Lafayette (1)	29,596	Tippecanoe	70.70
Indianapolis (1)	820,445	Marion	69.77
Merrillville	35,246	Lake	68.53
Goshen	31,719	Allen	67.93
Fort Wayne	253,691	Allen	67.20
Anderson (1)(2)	56,129	Madison	66.17
Portage	36,828	Porter	65.30
Lawrence	46,001	Marion	63.01
South Bend (1)	101,168	St. Joseph	61.99
Michigan City	31,479	La Porte	60.81
<b>Bloomington</b>	<b>80,405</b>	<b>Monroe</b>	<b>60.41</b>
Fishers (1)	76,794	Hamilton	60.00
Mishawaka (3)	48,252	St. Joseph	59.39
Marion (1)	29,948	Grant	56.40
Carmel	79,191	Hamilton	53.87
Columbus	44,061	Bartholomew	50.85
Elkhart	50,949	Elkhart	49.86
Plainfield	27,631	Hendricks	47.94
Schererville	29,243	Lake	47.62
Lafayette (1)	67,140	Tippecanoe	45.03
Hammond (2)	80,830	Lake	16.38

(1) Rate increase pending.

(2) Subsidized by property tax.

(3) Subsidized by tax increment financing (TIF) revenues.

**BLOOMINGTON MUNICIPAL WATER UTILITY**

Bloomington, Indiana

Survey of Water Rates

Indiana Cities and Towns Over 25,000 Population

As of April 1, 2016

<u>City/Town</u>		<u>2010 Census Population</u>	<u>County</u>	<u>Type of Ownership</u>	<u>Effective Date of Water Rate</u>	<u>Water Rate</u>
Crown Point		27,317	Lake	Municipal	2012	\$ 46.50
Gary		80,294	Lake	Private	2016	41.80
Greenwood		49,791	Johnson	Private	2016	41.80
Hobart		29,059	Lake	Private	2016	41.80
Jeffersonville		44,953	Clark	Private	2016	41.80
Kokomo		45,468	Howard	Private	2016	41.80
Merrillville		35,246	Lake	Private	2016	41.80
Muncie		70,085	Delaware	Private	2016	41.80
New Albany		36,372	Floyd	Private	2016	41.80
Noblesville		51,969	Hamilton	Private	2016	41.80
Portage		36,828	Porter	Private	2016	41.80
Richmond		36,812	Wayne	Private	2016	41.80
Terre Haute		60,785	Vigo	Private	2016	41.80
West Lafayette	(1)	29,596	Tippecanoe	Private	2016	41.80
Valparaiso		31,730	Porter	Municipal	2016	34.04
Westfield		30,068	Hamilton	Trust	2016	33.41
Fishers	(1)	76,794	Hamilton	Trust	2014	29.00
Indianapolis	(1)	820,445	Marion	Trust	2014	29.00
Lawrence		46,001	Marion	Municipal	2008	28.99
Schererville		29,243	Lake	Municipal	2014	27.11
Michigan City		31,479	La Porte	Municipal	2015	27.04
Marion		29,948	Grant	Municipal	2005	27.01
<b>Bloomington Proposed</b>		<b>80,405</b>	<b>Monroe</b>	<b>Municipal</b>		<b>26.93</b>
Goshen		31,719	Allen	Municipal	2016	26.12
Fort Wayne		253,691	Allen	Municipal	2015	25.66
Carmel		79,191	Hamilton	Municipal	2016	25.16
Anderson	(1)	56,129	Madison	Municipal	2015	23.00
<b>Bloomington</b>		<b>80,405</b>	<b>Monroe</b>	<b>Municipal</b>	<b>2011</b>	<b>22.09</b>
Evansville		117,429	Vanderburgh	Municipal	2016	22.01
Mishawaka		48,252	St. Joseph	Municipal	2013	20.93
Plainfield		27,631	Hendricks	Municipal	2009	17.69
Elkhart		50,949	Elkhart	Municipal	2007	14.97
South Bend		101,168	St. Joseph	Municipal	2006	13.33
Columbus		44,061	Bartholomew	Municipal	1992	13.08
Lafayette		67,140	Tippecanoe	Municipal	2007	12.13
Hammond		80,830	Lake	Municipal	1985	3.00

(1) Rate increase pending.

## BLOOMINGTON MUNICIPAL SEWAGE WORKS

Bloomington, Indiana

Survey of Sewer Rates  
Indiana Cities and Towns Over 25,000 Population  
As of April 1, 2016

<u>City/Town</u>		<u>2010 Census Population</u>	<u>County</u>	<u>Type of Ownership</u>	<u>Effective Date of Sewer Rate</u>	<u>Sewer Rate</u>
Jeffersonville		44,953	Clark	Municipal	2015	\$ 67.13
Evansville		117,429	Vanderburgh	Municipal	2015	55.05
Westfield		30,068	Hamilton	Trust	2016	51.10
New Albany		36,372	Floyd	Municipal	2012	49.83
Terre Haute	(2)	60,785	Vigo	Municipal	2015	49.43
South Bend	(1)	101,168	St. Joseph	Municipal	2016	48.66
Valparaiso		31,730	Porter	Municipal	2016	47.77
<b>Bloomington Proposed</b>		<b>80,405</b>	<b>Monroe</b>	<b>Municipal</b>		<b>46.75</b>
Hobart		29,059	Lake	Municipal	2011	43.85
Anderson	(2)	56,129	Madison	Municipal	2009	43.17
Muncie	(2)	70,085	Delaware	Municipal	2016	42.15
Goshen		31,719	Allen	Municipal	2011	41.81
Richmond	(2)	36,812	Wayne	Municipal	2014	41.65
Fort Wayne		253,691	Allen	Municipal	2016	41.54
Indianapolis	(1)	820,445	Marion	Trust	2015	40.77
Mishawaka	(3)	48,252	St. Joseph	Municipal	2011	38.46
<b>Bloomington</b>		<b>80,405</b>	<b>Monroe</b>	<b>Municipal</b>	<b>2012</b>	<b>38.32</b>
Columbus		44,061	Bartholomew	Municipal	2009	37.77
Noblesville		51,969	Hamilton	Municipal	2015	37.68
Elkhart		50,949	Elkhart	Municipal	2015	34.89
Lawrence	(4)	46,001	Marion	Municipal	2009	34.02
Michigan City		31,479	La Porte	Municipal	2012	33.77
Lafayette	(1)	67,140	Tippecanoe	Municipal	2015	32.90
Gary	(2)	80,294	Lake	Municipal	2008	32.50
Greenwood		49,791	Johnson	Municipal	2015	32.33
Crown Point		27,317	Lake	Municipal	2009	31.65
Fishers		76,794	Hamilton	Municipal	2016	31.00
Plainfield		27,631	Hendricks	Municipal	2015	30.25
Kokomo		45,468	Howard	Municipal	2006	29.95
Marion	(1)	29,948	Grant	Municipal	2016	29.39
West Lafayette		29,596	Tippecanoe	Municipal	2016	28.90
Carmel		79,191	Hamilton	Municipal	2016	28.71
Merrillville		35,246	Lake	Municipal	2014	26.73
Portage		36,828	Porter	Municipal	2009	23.50
Schererville		29,243	Lake	Municipal	2009	20.51
Hammond	(2)	80,830	Lake	Municipal	2008	13.38

(1) Rate increase pending.

(2) Subsidized by property tax.

(3) Subsidized by tax increment financing (TIF) revenues.

(4) Includes 2016 tracking factor of approximately \$.72 per 1,000 gallons.



Rate and Financing Report  
Bloomington Municipal Sewage Works  
Bloomington, Indiana

As of May 11, 2016



Crowe Horwath®



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## Purpose of the Report

Crowe Horwath LLP has performed a study and analysis of the operating and financial reports, budgets, and other data pertaining to the City of Bloomington Municipal Sewage Works ("Utility"). The results of our analysis are contained in this Rate and Financing Report ("Report").

The purpose of the Report is to estimate the Utility's cash flow and financial capacity to meet its on-going revenue requirements for operation and maintenance expenses, present and proposed debt service, and make capital improvements to the Utility's system. This Report is based on data for the twelve months ended December 31, 2015. The historical information used in this Report was taken from the books and records of the Utility and was adjusted as necessary for fixed, known, and measurable items as discussed in the Exhibits and Schedules of this Report.

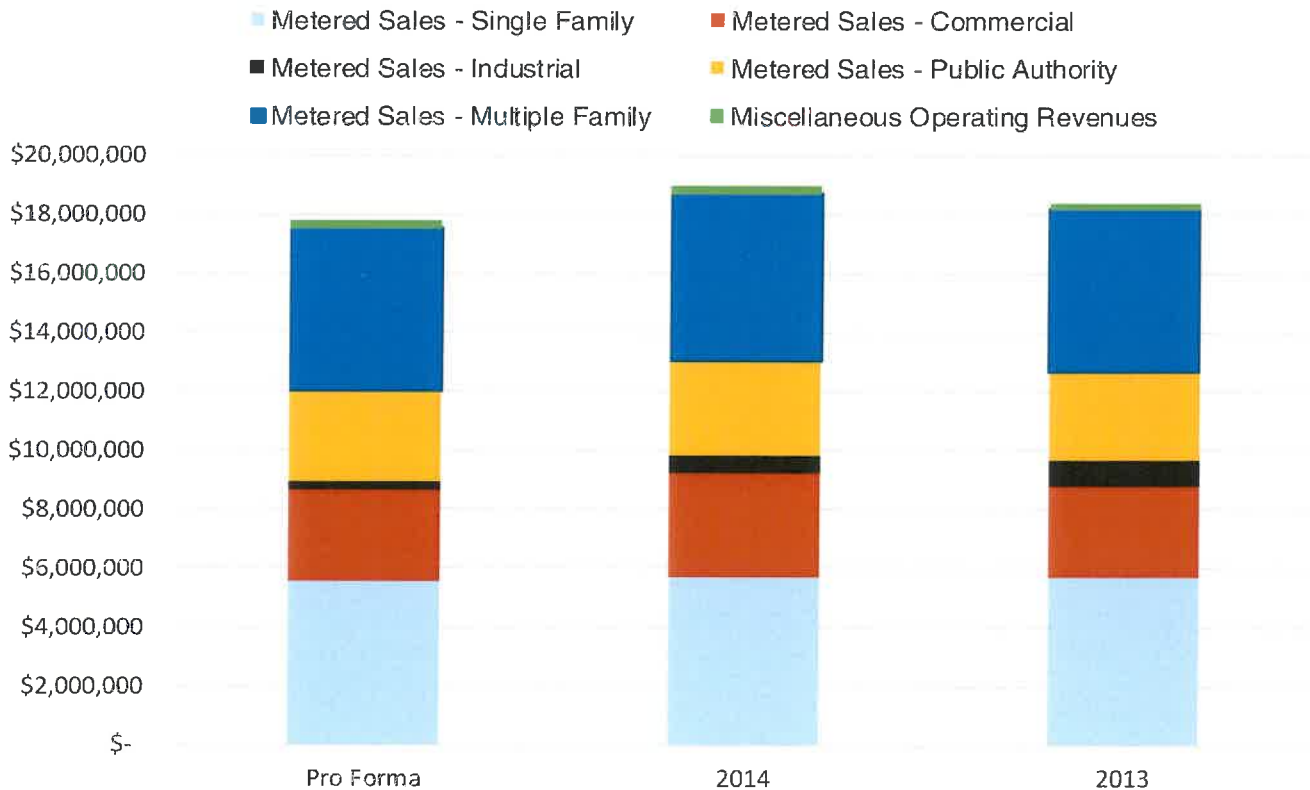
In the course of preparing this Report, we have not conducted an audit of any financial or supplemental data used in the accompanying Exhibits and Schedules. We have made certain projections that may vary from actual results because events and circumstances frequently do not occur as estimated and such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

If you have any questions regarding this Report, please call John Skomp (317) 269-6699 or Angie Steeno (317) 269-2367.

## Operating Revenue Analysis

**Chart 1** and the corresponding table below compare Operating Revenues of the Utility for the twelve months ended December 31, 2013 and 2014, and the Pro Forma 2015 revenues. Pro Forma 2015 revenues are revenues from the year ended December 31, 2015, adjusted for a 2014 billing error that was corrected in 2015. Operating Revenues for the Utility have remained relatively consistent between 2013 and 2015, with moderate declines between 2014 and Pro Forma 2015 across a few revenue classes. Metered Sales – Commercial appears to dramatically decrease between 2014 and Pro Forma 2015; the decrease is almost entirely due to the aforementioned billing error that resulted in the overstatement of 2014 revenues by approximately \$485,000. Metered Sales – Industrial declined over \$150,000 between 2014 and Pro Forma 2015. Management of the Utility attributes the decrease to consumption efficiencies achieved by GE and Cook Pharmica. See Exhibit C and D in Appendix B for additional detail.

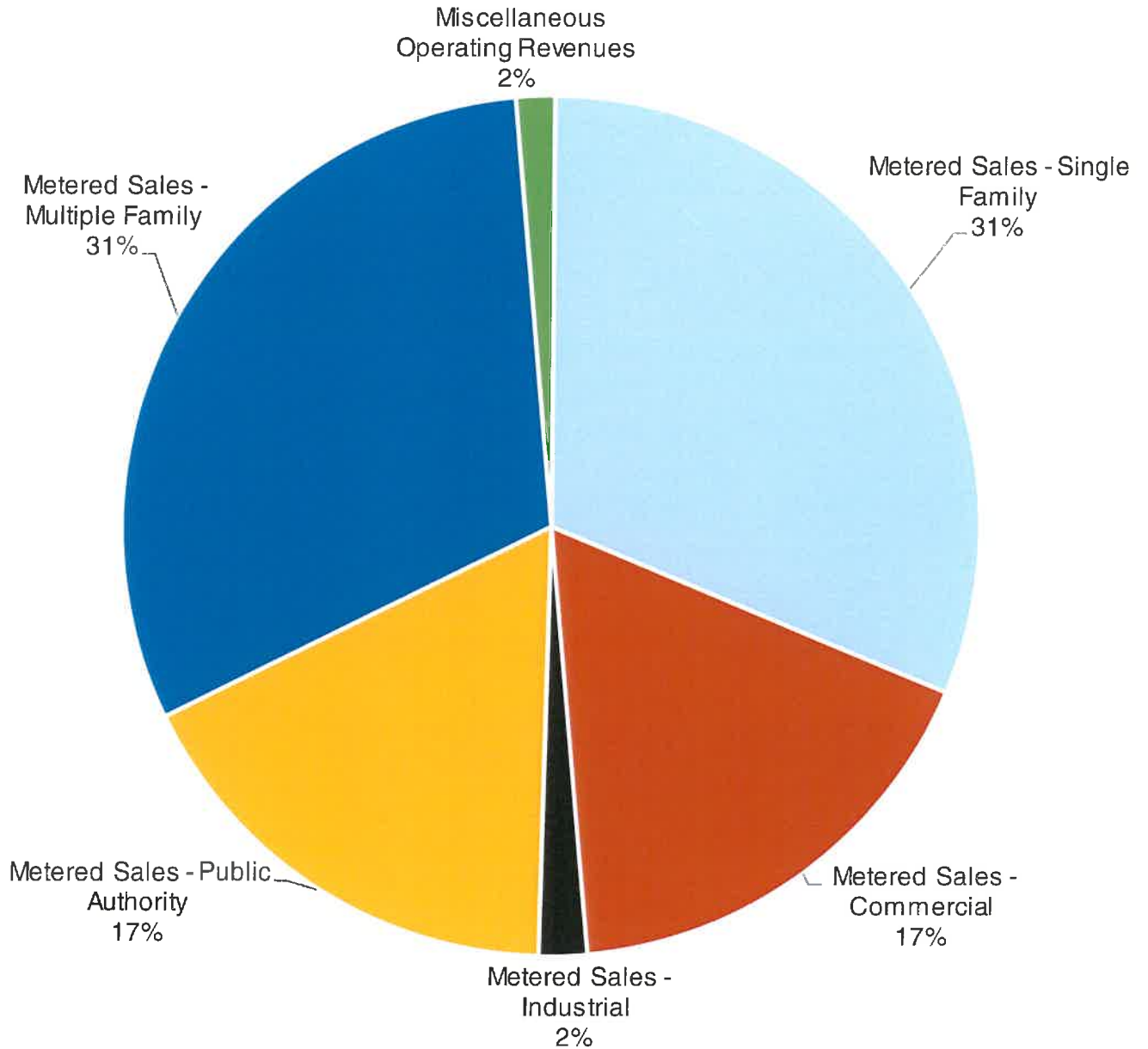
**Chart 1: Historical 2013 to 2014 and Pro Forma Revenues**



	<u>Pro Forma</u>	<u>2014</u>	<u>2013</u>
Metered Sales - Single Family	\$ 5,565,808	\$ 5,731,542	\$ 5,682,884
Metered Sales - Commercial	3,070,887	3,546,016	3,087,188
Metered Sales - Industrial	324,446	581,361	921,435
Metered Sales - Public Authority	3,083,954	3,179,668	2,995,728
Metered Sales - Multiple Family	5,493,527	5,662,835	5,514,051
Miscellaneous Operating Revenues	261,147	253,057	227,409
<b>Totals</b>	<b>\$ 17,799,769</b>	<b>\$ 18,954,479</b>	<b>\$ 18,428,695</b>

Chart 2, below provides a pictorial representation of the percentage of revenues by class of revenue for Pro Forma Revenues. As can be seen, Metered Sales – Single Family and Metered Sales - Multiple Family Dwellings each comprise thirty-one percent (31%) of the total Pro Forma 2015 revenues.

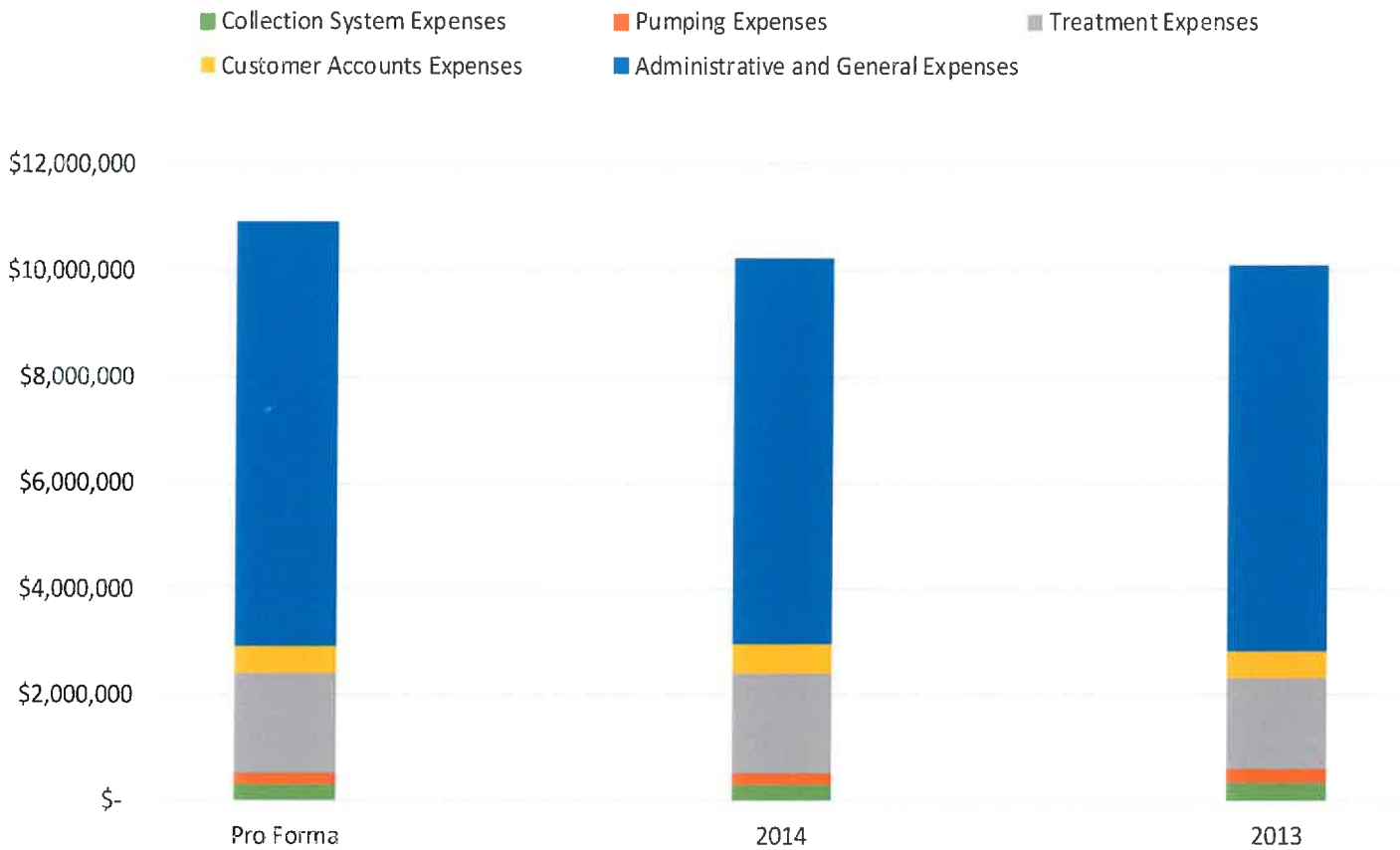
**Chart 2: Pro Forma Revenues**



## Operating Expenses Analysis

**Chart 3**, below shows the historical disbursements for 2013 through 2014 as well as the Pro Forma 2015 expenses. Pro Forma 2015 expenses are the operating expenses for the year ending December 31, 2015, adjusted for expected increases in salaries and wages and related salary expenses, as well as the removal on non-recurring expenses in order to reflect a more predictive amount of annual expense. See Exhibit C and D in Appendix B for additional detail.

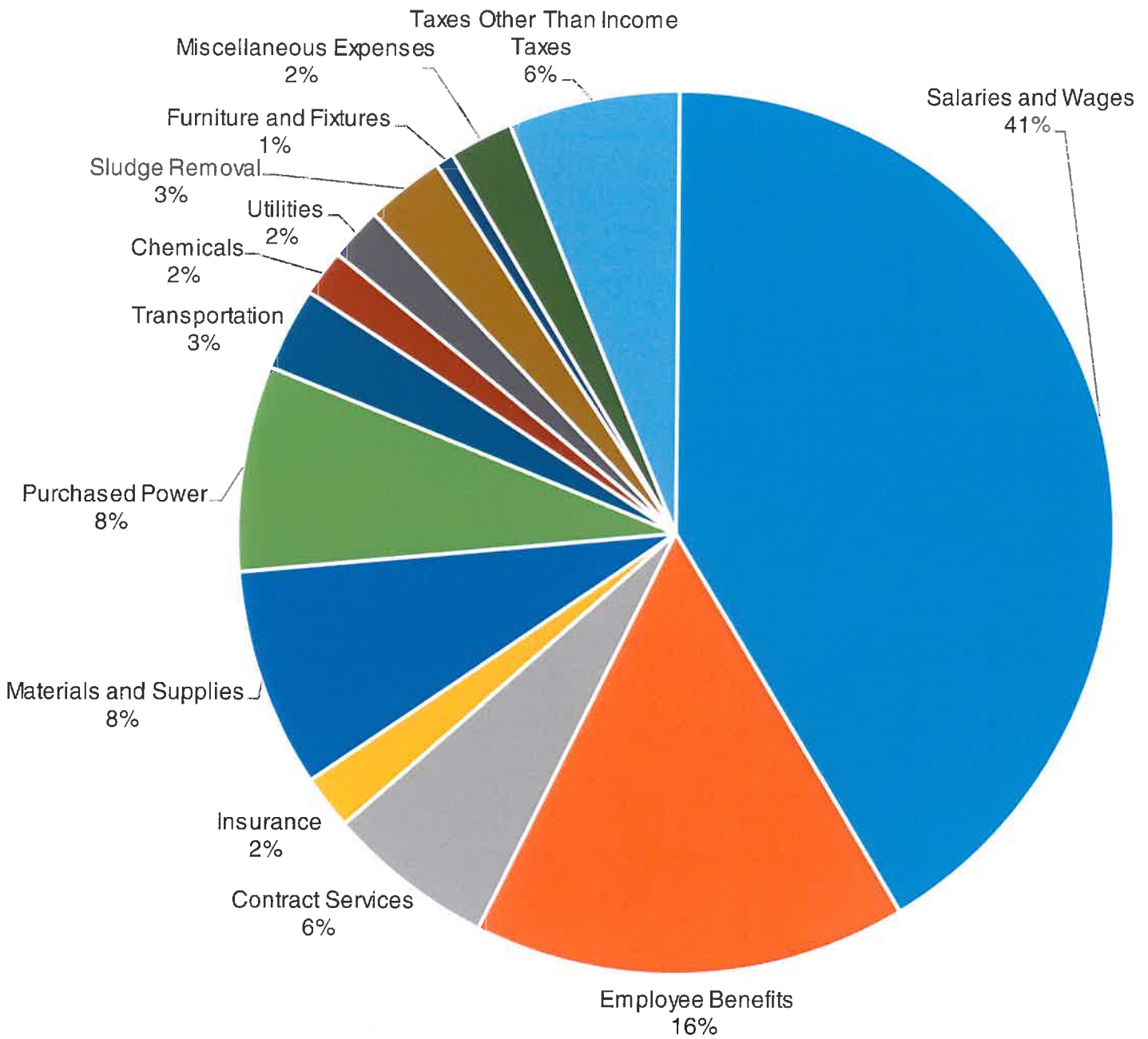
**Chart 3: Historical 2013 to 2014 and Pro Forma Expenses**



	<u>Pro Forma</u>	<u>2014</u>	<u>2013</u>
Collection System Expenses	\$ 303,106	\$ 289,763	\$ 368,813
Pumping Expenses	200,738	222,415	223,776
Treatment Expenses	1,903,095	1,877,184	1,733,856
Customer Accounts Expenses	507,183	556,253	521,534
Administrative and General Expenses	7,994,310	7,315,217	7,266,815
<b>Total Operating</b>	<b>\$ 10,908,432</b>	<b>\$ 10,260,832</b>	<b>\$ 10,114,794</b>

Chart 4, below shows the Pro Forma operation and maintenance expenses and taxes other than income taxes of \$11,645,352. As can be seen, the largest expenses of the Utility are Salaries and Wages and Employee Benefits.

Chart 4: Pro Forma Operating Expenses and Taxes Other Than Income Taxes

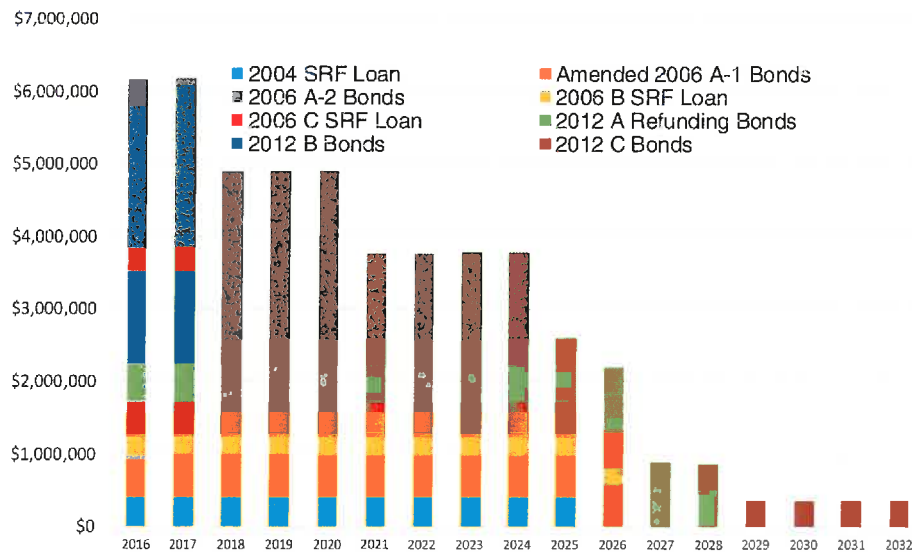


	<u>Pro Forma</u>
Salaries and Wages	\$ 4,813,587
Employee Benefits	1,862,313
Contract Services	719,728
Insurance	233,907
Materials and Supplies	937,715
Purchased Power	877,981
Transportation	353,403
Chemicals	197,269
Utilities	226,718
Sludge Removal	334,344
Furniture and Fixtures	75,820
Miscellaneous Expenses	275,647
Taxes Other Than Income Taxes	<u>736,920</u>
 Total Operation and Maintenance Expenses and Taxes	 <u><u>\$ 11,645,352</u></u>

## Outstanding Debt Service

**Chart 5**, below, shows the annual principal and interest payments for the Utility’s outstanding obligations. The annual debt service is approximately \$6.1 million per year until the year 2017 at which time the 2012 B Bonds mature. Annual debt service steadily declines through the year 2028, leveling out at approximately \$350,000 in 2029. See Exhibit B and accompanying schedules in Appendix B for additional detail.

**Chart 5: Current Annual Debt Service**

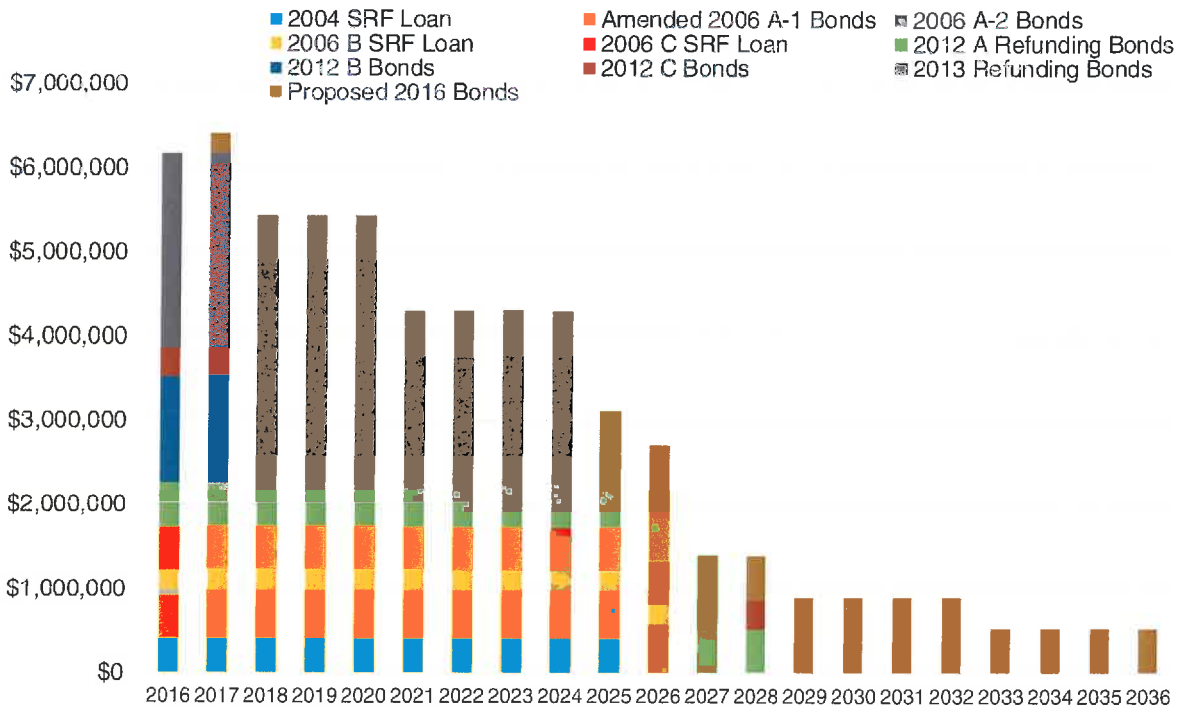


# Proposed Sewage Works Revenue Bonds, Series 2016

The Utility is proposing new debt to be issued in 2016 ("2016 Bonds") for the purpose of constructing improvements and repairs to the Utility's Plant in Service. The Net Interest Rate for the 2016 Bonds is estimated to be 3.54% and the estimated annual debt service is approximately \$525,000 until January 1, 2037. The 2016 Bonds are structured so that only interest is paid in 2017. See Exhibit E and accompanying schedule in Appendix B for additional detail. Below is the estimated sources and uses. **Chart 6**, below, shows estimated annual principal and interest payments with inclusion of the 2016 Bonds.

<u>Sources of Funds:</u>	
Par Amount	<u>\$ 7,210,000</u>
Total Sources of Funds	<u>7,210,000</u>
<u>Uses of Funds:</u>	
SSO Reduction Project	\$ 6,500,000
Debt Service Reserve Fund	526,703
Underwriter's Discount (1% of Par)	72,100
Cost of Issuance	<u>111,197</u>
Total Uses of Funds	<u>7,210,000</u>

**Chart 6: Estimated Annual Debt Service after issuance of 2016 Bonds**



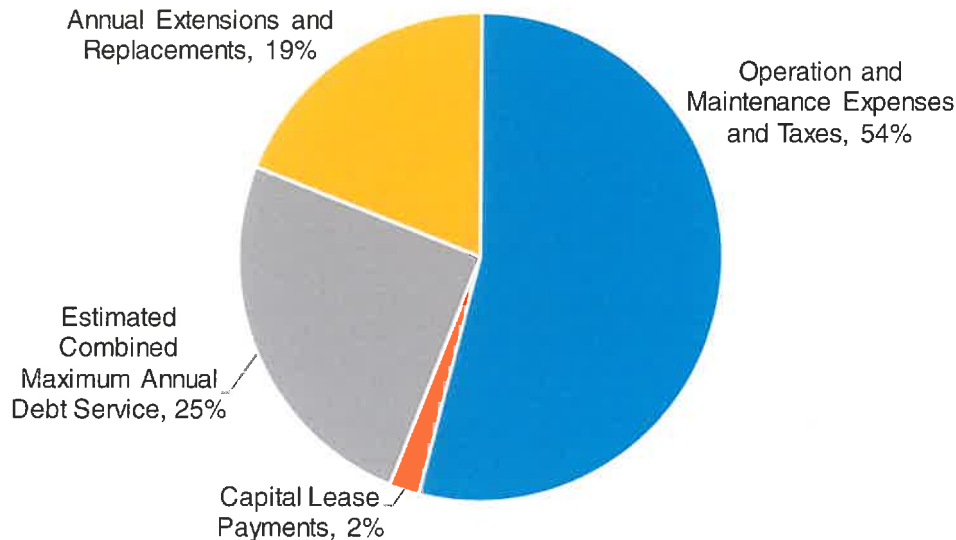


## Proposed Rate Increase

The following is the calculation of the projected deficit of \$3,812,795 and the recommended rate increase of twenty-two percent (22%). For the calendar year 2017, the Utility would have approximately \$3.2 million available for extensions and replacements since the debt service payment in 2017 is larger than is being funded by the proposed rates. The proposed rates reflect debt service payments subsequent to the roll-off of the 2012 B Bonds which mature in January of 2018. For calendar year 2018, the Utility’s funding of extensions and replacements is being projected at the annual level of approximately \$4.2 million. Test year capital expenditures were approximately \$3.3 million. See Exhibit G in Appendix B for additional detail.

	<u>Revenue Requirements</u>
Adjusted Operation and Maintenance Expenses (Exhibit D)	\$ 10,908,432
Adjusted Taxes Other Than Income Taxes (Exhibit D)	736,920
Estimated Combined Maximum Annual Debt Service (Exhibit F)	5,423,700
Annual Capital Lease Payment - 2013 (Schedule B-10)	135,872
Annual Capital Lease Payment - 2014 (Schedule B-11)	234,173
Annual Extensions and Replacements (Depreciation Expense)	4,173,467
Total Revenue Requirements	<u>21,612,564</u>
Less: Adjusted Operating Revenues (Exhibit D)	<u>(17,799,769)</u>
Deficit	3,812,795
Divide by: Adjustable Operating Revenues (Exhibit D)	<u>17,538,622</u>
Percentage Rate Increase Required	<u><u>22%</u></u>

**Chart 7: Composition of Revenue Requirements**



## Rate Increase Effect on Rate Structure and Typical Monthly Bill Analysis

The current rate structure is a user charge of \$6.36 per 1,000 gallons, in addition to a base monthly charge per meter of \$6.52. The current rates were approved by the Common Council on December 21, 2011.

A twenty-two percent increase (22%) would increase the user charge to \$7.76 per 1,000 gallons, with the base monthly charge per meter increasing to \$7.95. See Exhibits H and I in Appendix B for additional detail.

The following table details the monthly effect the rate increase would have on a small user (user of up to 2,000 gallons), an average City user (user of up to 3,000 gallons), and an average Indiana user (user of up to 5,000 gallons).

<u>Monthly Usage</u>	<u>Monthly Current Charge</u>	<u>22% Proposed Increase</u>	<u>Difference</u>
Small User 2,000 gallons	\$ 19.24	\$ 23.47	\$ 4.23
Average Bloomington User 3,000 gallons	25.60	31.23	5.63
Average Indiana User 5,000 gallons	38.32	46.75	8.43

## Appendix B: Supporting Financial Statements

## BLOOMINGTON MUNICIPAL SEWAGE WORKS

Bloomington, Indiana

Balance Sheets as of December 31, 2015, 2014, and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS AND OTHER DEBITS</b>			
<u>Utility Plant - Sewage Works</u>			
Utility Plant in Service	\$ 159,001,455	\$ 158,367,766	\$ 157,038,249
Less: Accumulated Depreciation	(81,665,655)	(78,952,445)	(76,010,185)
Net Utility Plant in Service	<u>77,335,800</u>	<u>79,415,321</u>	<u>81,028,064</u>
Add: Construction Work in Progress	2,467,165	105,751	218,023
Net Utility Plant - Sewage Works	<u>79,802,965</u>	<u>79,521,072</u>	<u>81,246,087</u>
<u>Utility Plant - Stormwater Utility</u>			
Utility Plant in Service	17,759,220	17,527,752	17,463,040
Less: Accumulated Depreciation	(2,179,245)	(1,930,014)	(1,712,961)
Net Utility Plant in Service	<u>15,579,975</u>	<u>15,597,738</u>	<u>15,750,079</u>
Add: Construction Work in Progress	243,632	263,021	19,127
Net Utility Plant - Stormwater Utility	<u>15,823,607</u>	<u>15,860,759</u>	<u>15,769,206</u>
<u>Restricted Assets</u>			
Sinking Fund	391	4,911	42,456
Debt Service Reserve Fund	6,690,833	6,724,836	6,724,527
Cash with Fiscal Agent	5,550,269	5,522,604	4,572,515
Construction Fund - Sewage Works	457,953	1,813,160	2,996,446
Total Restricted Assets	<u>12,699,446</u>	<u>14,065,511</u>	<u>14,335,944</u>
<u>Current and Accrued Assets</u>			
Operation and Maintenance Fund - Sewage Works	5,932,234	6,121,434	3,250,087
Operation and Maintenance Fund - Stormwater Utility	686,000	628,574	659,908
Accounts Receivable - Net	520,866	811,252	859,443
Total Current and Accrued Assets	<u>7,139,100</u>	<u>7,561,260</u>	<u>4,769,438</u>
<u>Deferred Debits</u>			
Unamortized Bond Issuance Costs	310,258	255,720	286,585
Unamortized Bond Discount	86,941	90,456	94,146
Deferral Loss on Advance Refunding	768,638	939,446	1,024,850
Total Deferred Debits	<u>1,165,837</u>	<u>1,285,622</u>	<u>1,405,581</u>
Total Assets and Other Debits	<u>\$ 116,630,955</u>	<u>\$ 118,294,224</u>	<u>\$ 117,526,256</u>

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**  
Bloomington, Indiana

Balance Sheets as of December 31, 2015, 2014, and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>LIABILITIES AND OTHER CREDITS</b>			
<u>Equity Capital</u>			
Unappropriated Retained Earnings	\$ 22,377,211	\$ 17,596,383	\$ 14,270,546
Current Year Earnings	2,125,908	4,741,196	3,325,834
Total Equity Capital	<u>24,503,119</u>	<u>22,337,579</u>	<u>17,596,380</u>
<u>Long Term Debt</u>			
Revenue Bonds Payable	32,109,283	36,730,000	36,730,000
SRF Loans Payable	10,208,678	10,995,598	10,995,598
Capital Lease Obligations	1,055,715	392,447	517,667
Compensated Absences Payable - Long Term	225,409	246,516	267,623
Total Long Term Debt	<u>43,599,085</u>	<u>48,364,561</u>	<u>48,510,888</u>
<u>Current and Accrued Liabilities</u>			
Accounts Payable	506,412	355,756	358,307
Revenue Bonds - Current	4,100,000	4,030,000	7,100,000
SRF Loans - Current	786,920	761,584	1,498,358
Capital Lease Obligations - Current	279,326	62,951	61,594
Accounts Payable to Associated Company	7,209	11,381	10,999
Unearned Revenue	683,431	190,996	209,741
Accrued Payroll	164,497	139,636	112,747
Compensated Absences Payable - Short Term	66,392	77,822	79,739
Total Current and Accrued Liabilities	<u>6,594,187</u>	<u>5,630,126</u>	<u>9,431,485</u>
<u>Deferred Credits</u>			
Unamortized Bond Premium	308,445	335,839	361,384
Other Deferred Liabilities	19,000	19,000	19,000
Total Deferred Credits	<u>327,445</u>	<u>354,839</u>	<u>380,384</u>
<u>Contributions in Aid of Construction</u>	<u>41,607,119</u>	<u>41,607,119</u>	<u>41,607,119</u>
Total Liabilities and Other Credits	<u>\$ 116,630,955</u>	<u>\$ 118,294,224</u>	<u>\$ 117,526,256</u>

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**  
Bloomington, Indiana

Combined Amortization Schedule

Year	2004 SRF Loan	Amended 2006 A-1 Bonds	2006 A-2 Bonds	2006 B SRF Loan	2006 C SRF Loan	2012 A Refunding Bonds	2012 B Bonds	2012 C Bonds	2013 Refunding Bonds	Total
2016	\$ 405,444	\$ 513,591	\$ 53,316	\$ 246,095	\$ 504,936	\$ 523,976	\$ 1,271,002	\$ 328,348	\$ 2,314,760	\$ 6,161,468
2017	405,502	572,848		246,094	504,935	522,076	1,274,880	329,936	2,323,358	6,179,629
2018	406,216	569,352		246,094	504,935	518,324		330,936	2,321,156	4,897,013
2019	405,552	570,070		246,094	504,936	519,450		336,836	2,318,332	4,901,270
2020	405,544	569,496		246,094	504,936	518,500		336,462	2,319,884	4,900,916
2021	406,160	567,888		246,094	504,935	517,250		340,962	1,175,724	3,759,013
2022	406,360	565,200		246,094	504,935	518,774		339,636	1,181,232	3,762,231
2023	406,148	566,472		246,093	504,935	514,774		343,174	1,191,296	3,772,892
2024	405,522	566,316		246,094	504,936	514,274		345,824	1,190,826	3,773,792
2025	405,484	564,970		246,094	504,935	520,300		343,174		2,584,957
2026		567,444		246,093	504,935	514,550		350,374		2,183,396
2027						517,530		351,574		869,104
2028						508,958		352,312		861,270
2029								357,282		357,282
2030								356,432		356,432
2031								359,832		359,832
2032								362,688		362,688
<b>Totals</b>	<b>\$ 4,057,932</b>	<b>\$ 6,193,647</b>	<b>\$ 53,316</b>	<b>\$ 2,707,033</b>	<b>\$ 5,554,289</b>	<b>\$ 6,728,736</b>	<b>\$ 2,545,882</b>	<b>\$ 5,865,782</b>	<b>\$ 16,336,568</b>	<b>\$ 50,043,185</b>

(1) Combined Maximum Annual Debt Service (2017)

\$ 6,179,629

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**  
Bloomington, Indiana

Sewage Works Revenue Bonds of 2004  
State Revolving Fund Loan (SRF) Loan  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16			\$ 58,222	\$ 58,222	
1/1/17	\$ 289,000	3.44 %	58,222	347,222	\$ 405,444
7/1/17			53,251	53,251	
1/1/18	299,000	3.44	53,251	352,251	405,502
7/1/18			48,108	48,108	
1/1/19	310,000	3.44	48,108	358,108	406,216
7/1/19			42,776	42,776	
1/1/20	320,000	3.44	42,776	362,776	405,552
7/1/20			37,272	37,272	
1/1/21	331,000	3.44	37,272	368,272	405,544
7/1/21			31,580	31,580	
1/1/22	343,000	3.44	31,580	374,580	406,160
7/1/22			25,680	25,680	
1/1/23	355,000	3.44	25,680	380,680	406,360
7/1/23			19,574	19,574	
1/1/24	367,000	3.44	19,574	386,574	406,148
7/1/24			13,261	13,261	
1/1/25	379,000	3.44	13,261	392,261	405,522
7/1/25			6,742	6,742	
1/1/26	392,000	3.44	6,742	398,742	405,484
<b>Totals</b>	<b>\$ 3,385,000</b>		<b>\$ 672,932</b>	<b>\$ 4,057,932</b>	

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**

Bloomington, Indiana

Amended Sewage Works Revenue Bonds of 2006, Series A-1  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16			\$ 112,354	\$ 112,354	
1/1/17	\$ 288,883	4.59 %	112,354	401,237	\$ 513,591
7/1/17			105,724	105,724	
1/1/18	361,400	4.62	105,724	467,124	572,848
7/1/18			97,376	97,376	
1/1/19	374,600	4.64	97,376	471,976	569,352
7/1/19			88,685	88,685	
1/1/20	392,700	4.73	88,685	481,385	570,070
7/1/20			79,398	79,398	
1/1/21	410,700	4.75	79,398	490,098	569,496
7/1/21			69,644	69,644	
1/1/22	428,600	4.78	69,644	498,244	567,888
7/1/22			59,400	59,400	
1/1/23	446,400	4.80	59,400	505,800	565,200
7/1/23			48,686	48,686	
1/1/24	469,100	4.83	48,686	517,786	566,472
7/1/24			37,358	37,358	
1/1/25	491,600	4.83	37,358	528,958	566,316
7/1/25			25,485	25,485	
1/1/26	514,000	4.83	25,485	539,485	564,970
7/1/26			13,072	13,072	
1/1/27	<u>541,300</u>	4.83	<u>13,072</u>	<u>554,372</u>	567,444
Totals	<u>\$ 4,719,283</u>		<u>\$ 1,474,364</u>	<u>\$ 6,193,647</u>	

Note: The 2006 A-1 Bonds were issued through the Indiana Bond Bank. The amortization schedule was amended March 26, 2015, and resulted in a reduction in the overall payments of approximately \$720,000.



**BLOOMINGTON MUNICIPAL SEWAGE WORKS**  
 Bloomington, Indiana

Taxable Sewage Works Revenue Bonds of 2006, Series A-2  
 Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16			\$ 1,658	\$ 1,658	
1/1/17	\$ 50,000	6.63 %	1,658	51,658	\$ 53,316
Totals	<u>\$ 50,000</u>		<u>\$ 3,316</u>	<u>\$ 53,316</u>	

The 2006 A-2 Bonds were issued through the Indiana Bond Bank.

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**  
Bloomington, Indiana

Sewage Works Revenue Bonds of 2006, Series B  
State Revolving Fund (SRF) Loan  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16			\$ 37,229	\$ 37,229	
1/1/17	\$ 171,637	3.33 %	37,229	208,866	\$ 246,095
7/1/17			34,371	34,371	
1/1/18	177,352	3.33	34,371	211,723	246,094
7/1/18			31,418	31,418	
1/1/19	183,258	3.33	31,418	214,676	246,094
7/1/19			28,367	28,367	
1/1/20	189,360	3.33	28,367	217,727	246,094
7/1/20			25,214	25,214	
1/1/21	195,666	3.33	25,214	220,880	246,094
7/1/21			21,956	21,956	
1/1/22	202,182	3.33	21,956	224,138	246,094
7/1/22			18,590	18,590	
1/1/23	208,914	3.33	18,590	227,504	246,094
7/1/23			15,111	15,111	
1/1/24	215,871	3.33	15,111	230,982	246,093
7/1/24			11,517	11,517	
1/1/25	223,060	3.33	11,517	234,577	246,094
7/1/25			7,803	7,803	
1/1/26	230,488	3.33	7,803	238,291	246,094
7/1/26			3,965	3,965	
1/1/27	238,163	3.33	3,965	242,128	246,093
<b>Totals</b>	<b>\$ 2,235,951</b>		<b>\$ 471,082</b>	<b>\$ 2,707,033</b>	

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**  
Bloomington, Indiana

Sewage Works Revenue Bonds of 2006, Series C  
State Revolving Fund (SRF) Loan  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16			\$ 76,386	\$ 76,386	
1/1/17	\$ 352,164	3.33 %	76,386	428,550	\$ 504,936
7/1/17			70,522	70,522	
1/1/18	363,891	3.33	70,522	434,413	504,935
7/1/18			64,463	64,463	
1/1/19	376,009	3.33	64,463	440,472	504,935
7/1/19			58,203	58,203	
1/1/20	388,530	3.33	58,203	446,733	504,936
7/1/20			51,734	51,734	
1/1/21	401,468	3.33	51,734	453,202	504,936
7/1/21			45,049	45,049	
1/1/22	414,837	3.33	45,049	459,886	504,935
7/1/22			38,142	38,142	
1/1/23	428,651	3.33	38,142	466,793	504,935
7/1/23			31,005	31,005	
1/1/24	442,925	3.33	31,005	473,930	504,935
7/1/24			23,631	23,631	
1/1/25	457,674	3.33	23,631	481,305	504,936
7/1/25			16,010	16,010	
1/1/26	472,915	3.33	16,010	488,925	504,935
7/1/26			8,136	8,136	
1/1/27	488,663	3.33	8,136	496,799	504,935
<b>Totals</b>	<b>\$ 4,587,727</b>		<b>\$ 966,562</b>	<b>\$ 5,554,289</b>	

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**  
Bloomington, Indiana

Sewage Works Refunding Revenue Bonds, Series 2012 A  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16			\$ 89,488	\$ 89,488	
1/1/17	\$ 345,000	2.00 %	89,488	434,488	\$ 523,976
7/1/17			86,038	86,038	
1/1/18	350,000	2.50	86,038	436,038	522,076
7/1/18			81,662	81,662	
1/1/19	355,000	2.50	81,662	436,662	518,324
7/1/19			77,225	77,225	
1/1/20	365,000	3.00	77,225	442,225	519,450
7/1/20			71,750	71,750	
1/1/21	375,000	3.00	71,750	446,750	518,500
7/1/21			66,125	66,125	
1/1/22	385,000	3.50	66,125	451,125	517,250
7/1/22			59,387	59,387	
1/1/23	400,000	3.50	59,387	459,387	518,774
7/1/23			52,387	52,387	
1/1/24	410,000	5.00	52,387	462,387	514,774
7/1/24			42,137	42,137	
1/1/25	430,000	3.25	42,137	472,137	514,274
7/1/25			35,150	35,150	
1/1/26	450,000	3.50	35,150	485,150	520,300
7/1/26			27,275	27,275	
1/1/27	460,000	3.70	27,275	487,275	514,550
7/1/27			18,765	18,765	
1/1/28	480,000	(1)	18,765	498,765	517,530
7/1/28			9,479	9,479	
1/1/29	490,000	(2)	9,479	499,479	508,958
<b>Totals</b>	<b>\$ 5,295,000</b>		<b>\$ 1,433,736</b>	<b>\$ 6,728,736</b>	

<u>Reference</u>	<u>Principal Amount</u>	<u>Coupon</u>	<u>Principal Amount</u>	<u>Coupon</u>
(1)	\$ 165,000	4.00 %	\$ 315,000	3.80 %
(2)	170,000	4.00	320,000	3.80

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**

Bloomington, Indiana

Taxable Sewage Works Revenue Bonds, Series 2012 B  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16			\$ 28,001	\$ 28,001	
1/1/17	\$ 1,215,000	2.15 %	28,001	1,243,001	\$ 1,271,002
7/1/17			14,940	14,940	
1/1/18	<u>1,245,000</u>	2.40	<u>14,940</u>	<u>1,259,940</u>	1,274,880
Totals	<u>\$ 2,460,000</u>		<u>\$ 85,882</u>	<u>\$ 2,545,882</u>	

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**  
Bloomington, Indiana

Sewage Works Revenue Bonds, Series 2012 C  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16			\$ 66,674	\$ 66,674	
1/1/17	\$ 195,000	1.750 %	66,674	261,674	\$ 328,348
7/1/17			64,968	64,968	
1/1/18	200,000	2.000	64,968	264,968	329,936
7/1/18			62,968	62,968	
1/1/19	205,000	2.000	62,968	267,968	330,936
7/1/19			60,918	60,918	
1/1/20	215,000	2.500	60,918	275,918	336,836
7/1/20			58,231	58,231	
1/1/21	220,000	2.500	58,231	278,231	336,462
7/1/21			55,481	55,481	
1/1/22	230,000	2.750	55,481	285,481	340,962
7/1/22			52,318	52,318	
1/1/23	235,000	2.750	52,318	287,318	339,636
7/1/23			49,087	49,087	
1/1/24	245,000	3.000	49,087	294,087	343,174
7/1/24			45,412	45,412	
1/1/25	255,000	3.000	45,412	300,412	345,824
7/1/25			41,587	41,587	
1/1/26	260,000	3.000	41,587	301,587	343,174
7/1/26			37,687	37,687	
1/1/27	275,000	3.200	37,687	312,687	350,374
7/1/27			33,287	33,287	
1/1/28	285,000	3.250	33,287	318,287	351,574
7/1/28			28,656	28,656	
1/1/29	295,000	3.400	28,656	323,656	352,312
7/1/29			23,641	23,641	
1/1/30	310,000	3.500	23,641	333,641	357,282
7/1/30			18,216	18,216	
1/1/31	320,000	3.625	18,216	338,216	356,432
7/1/31			12,416	12,416	
1/1/32	335,000	3.625	12,416	347,416	359,832
7/1/32			6,344	6,344	
1/1/33	350,000	3.625	6,344	356,344	362,688
Totals	<u>\$ 4,430,000</u>		<u>\$ 1,435,782</u>	<u>\$ 5,865,782</u>	

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**

Bloomington, Indiana

Sewage Works Refunding Revenue Bonds, Series 2013  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/16			\$ 134,880	\$ 134,880	
1/1/17	\$ 2,045,000	1.78 %	134,880	2,179,880	\$ 2,314,760
7/1/17			116,679	116,679	
1/1/18	2,090,000	1.78	116,679	2,206,679	2,323,358
7/1/18			98,078	98,078	
1/1/19	2,125,000	1.78	98,078	2,223,078	2,321,156
7/1/19			79,166	79,166	
1/1/20	2,160,000	1.78	79,166	2,239,166	2,318,332
7/1/20			59,942	59,942	
1/1/21	2,200,000	1.78	59,942	2,259,942	2,319,884
7/1/21			40,362	40,362	
1/1/22	1,095,000	1.78	40,362	1,135,362	1,175,724
7/1/22			30,616	30,616	
1/1/23	1,120,000	1.78	30,616	1,150,616	1,181,232
7/1/23			20,648	20,648	
1/1/24	1,150,000	1.78	20,648	1,170,648	1,191,296
7/1/24			10,413	10,413	
1/1/25	<u>1,170,000</u>	1.78	<u>10,413</u>	<u>1,180,413</u>	1,190,826
Totals	<u>\$ 15,155,000</u>		<u>\$ 1,181,568</u>	<u>\$ 16,336,568</u>	

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**

Bloomington, Indiana

Vehicle and Equipment Lease - 2013  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>	<u>Sewer Portion (1)</u>
7/15/16	\$ 103,191	2.19 %	\$ 5,775	\$ 108,966		
1/15/17	104,320	2.19	4,645	108,965	\$ 217,931	\$ 135,870
7/15/17	105,463	2.19	3,503	108,966		
1/15/18	106,618	2.19	2,348	108,966	217,932	135,872
7/15/18	<u>107,785</u>	2.19	<u>1,180</u>	<u>108,965</u>	108,965	67,937
Totals	<u>\$ 527,377</u>		<u>\$ 17,451</u>	<u>\$ 544,828</u>		

(1) The Vehicle and Equipment Lease payments are allocated between the Utility and the Bloomington Municipal Water Utility. The Utility's allocated share is approximately sixty-two percent (62%).



**BLOOMINGTON MUNICIPAL SEWAGE WORKS**

Bloomington, Indiana

Vehicle and Equipment Lease - 2014  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>	<u>Sewer Portion (1)</u>
7/1/16	\$ 155,809	2.28 %	\$ 14,790	\$ 170,599		
1/1/17	157,585	2.28	13,014	170,599	\$ 341,198	\$ 234,173
7/1/17	159,382	2.28	11,217	170,599		
1/1/18	161,199	2.28	9,400	170,599	341,198	234,144
7/1/18	163,037	2.28	7,563	170,600		
1/1/19	164,895	2.28	5,704	170,599	341,199	234,115
7/1/19	166,775	2.28	3,824	170,599		
1/1/20	<u>168,676</u>	2.28	<u>1,923</u>	<u>170,599</u>	341,198	234,092
Totals	<u>\$ 1,297,358</u>		<u>\$ 67,435</u>	<u>\$ 1,364,793</u>		

(1) The Vehicle and Equipment Lease - 2014 payments are allocated between the Utility, the Bloomington Municipal Water Utility, and the Bloomington Municipal Stormwater Utility. The Utility's allocated share is approximately sixty-nine percent (69%).

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**  
Bloomington, Indiana

Statements of Income for the Twelve Months Ended  
December 31, 2015, 2014, and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Operating Revenues</u>			
Metered Sales - Single Family	\$ 5,565,808	\$ 5,731,542	\$ 5,682,884
Metered Sales - Commercial	2,585,845	3,546,016	3,087,188
Metered Sales - Industrial	324,446	581,361	921,435
Metered Sales - Public Authority	3,083,954	3,179,668	2,995,728
Metered Sales - Multiple Family	5,493,527	5,662,835	5,514,051
Miscellaneous Operating Revenues	261,147	253,057	227,409
Total Operating Revenues	<u>17,314,727</u>	<u>18,954,479</u>	<u>18,428,695</u>
<u>Operating Expenses</u>			
<u>Operation and Maintenance Expenses</u>			
Collection System Expenses	303,106	289,763	368,813
Pumping Expenses	200,738	222,415	223,776
Treatment Expenses	1,903,095	1,877,184	1,733,856
Customer Accounts Expenses	497,967	556,253	521,534
Administrative and General Expenses	8,099,945	7,315,217	7,266,815
Total Operation and Maintenance Expenses	<u>11,004,851</u>	<u>10,260,832</u>	<u>10,114,794</u>
Depreciation Expense	<u>3,282,877</u>	<u>3,257,099</u>	<u>3,204,574</u>
<u>Taxes Other Than Income Taxes</u>			
FICA	329,949	327,272	322,505
Payment in Lieu of Property Taxes	679,474	85,183	255,548
Total Taxes Other Than Income Taxes	<u>1,009,423</u>	<u>412,455</u>	<u>578,053</u>
Total Operating Expenses	<u>15,297,151</u>	<u>13,930,386</u>	<u>13,897,421</u>
Net Operating Income	<u>2,017,576</u>	<u>5,024,093</u>	<u>4,531,274</u>

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**

Bloomington, Indiana

Statements of Income for the Twelve Months Ended  
December 31, 2015, 2014, and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Other Income</u>			
Interest Income	\$ 1,710	\$ 3,598	\$ 12,101
Metered Sales - Stormwater	1,411,811	1,418,817	1,424,547
Connection Charges	275,498	462,577	565,144
Miscellaneous Other Income	329,398	205,046	87,236
Extraordinary Income	520,717	-	-
Total Other Income	<u>2,539,134</u>	<u>2,090,038</u>	<u>2,089,028</u>
<u>Other Expenses</u>			
Stormwater Expenses	673,702	577,671	587,338
Stormwater Depreciation Expense	249,231	217,053	216,406
Interest Expense	1,505,769	1,576,111	2,194,759
Bond Issuance Costs	2,100	2,100	266,345
Transfers to City	-	-	29,620
	<u>2,430,802</u>	<u>2,372,935</u>	<u>3,294,468</u>
Net Income	<u>\$ 2,125,908</u>	<u>\$ 4,741,196</u>	<u>\$ 3,325,834</u>

## BLOOMINGTON MUNICIPAL SEWAGE WORKS

Bloomington, Indiana

Adjusted Statement of Income  
Sewage Works

	December 31, <u>2015</u>	<u>Adjustments</u>		<u>Adjusted</u>
		<u>Amount</u>	<u>Ref.</u>	
<u>Operating Revenues</u>				
Metered Sales - Single Family	\$ 5,565,808			\$ 5,565,808
Metered Sales - Commercial	2,585,845	\$ 485,042	(1)	3,070,887
Metered Sales - Industrial	324,446			324,446
Metered Sales - Public Authority	3,083,954			3,083,954
Metered Sales - Multiple Family	5,493,527			5,493,527
Miscellaneous Operating Revenues	261,147			261,147
Total Operating Revenues	<u>17,314,727</u>	<u>485,042</u>		<u>17,799,769</u>
<u>Operating Expenses</u>				
Operation and Maintenance Expenses	11,004,851	188,846	(2)	10,908,432
		36,254	(3)	
		(337,378)	(4)	
		15,859	(5)	
Depreciation Expense	3,282,877	890,590	(6)	4,173,467
Taxes Other Than Income Taxes	1,009,423	38,290	(7)	736,920
		(310,793)	(8)	
Total Operating Expenses	<u>15,297,151</u>	<u>521,668</u>		<u>15,818,819</u>
Net Operating Income	<u>\$ 2,017,576</u>	<u>\$ (36,627)</u>		<u>\$ 1,980,949</u>

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**

Bloomington, Indiana

## Detail of Adjustments

(1)

To adjust "Metered Sales - Commercial" for billing correction.

Adjustment - Increase	<u>\$ 485,042</u>
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(2)

To adjust "Operation and Maintenance Expenses" for the increase in salaries and wages.

Pro Forma Salaries and Wages	\$ 4,813,587
Less: Test Year	<u>(4,624,741)</u>

Adjustment - Increase	<u>\$ 188,846</u>
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(3)

To adjust "Operation and Maintenance Expenses" for the estimated change in annual PERF expense due to the change in salaries and wages.

Pro Forma Salaries and Wages	\$ 4,813,587
Less: Pro Forma Salaries and Wages not eligible for PERF benefits	<u>(69,594)</u>
Pro Forma Salaries and Wages (PERF Eligible)	4,743,993
Times: PERF Rate	<u>14.2%</u>
Pro Forma PERF Expense	673,647
Less: Test Year	<u>(637,393)</u>

Adjustment - Increase	<u>\$ 36,254</u>
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(4)

To adjust "Operation and Maintenance Expenses" to annualize the General Services expense allocated to the Utility for shared services.

Pro Forma General Services Expense	\$ 569,880
Less: Test Year (Includes Seven Quarters of Payments)	<u>(907,258)</u>

Adjustment - Decrease	<u>\$ (337,378)</u>
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(5)

To adjust "Operation and Maintenance Expenses" for the increase in Insurance Services allocated to the Utility.

Pro Forma Insurance Services Expense	\$ 1,204,525
Less: Test Year	<u>(1,188,666)</u>

Adjustment - Increase	<u>\$ 15,859</u>
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**BLOOMINGTON MUNICIPAL SEWAGE WORKS**

Bloomington, Indiana

Detail of Adjustments

(6)

To Adjust "Depreciation Expense" for the increase in Utility Plant in Service.

Utility Plant in Service (Sewage Works) as of December 31, 2015	\$ 159,001,455	
Add: Construction Work in Progress (Sewage Works)	2,467,165	
Add: Construction Proceeds from 2016 Revenue Bonds	6,500,000	
Less: Land and Land Rights	<u>(1,029,932)</u>	
Depreciable Utility Plant in Service	166,938,688	
Times: Depreciation Rate	<u>2.5%</u>	
Pro Forma Depreciation Expense	4,173,467	
Less: Test Year	<u>(3,282,877)</u>	
Adjustment - Increase		<u>\$ 890,590</u>

(7)

To adjust "Taxes Other Than Income Taxes" for the estimated change in FICA tax due to the change in salaries and wages.

Pro Forma Salaries and Wages	\$ 4,813,587	
Times: FICA Tax Rate	<u>7.65%</u>	
Pro Forma FICA Tax	368,239	
Less: Test Year	<u>(329,949)</u>	
Adjustment - Increase		<u>\$ 38,290</u>

(8)

To adjust "Taxes Other Than Income Taxes" for the estimated Pro Forma Payment in Lieu of Taxes (PILOT).

Net Utility Plant in Service (Sewage Works) as of December 31, 2015	\$ 77,335,800	
Net Utility Plant in Service (Stormwater Utility) as of December 31, 2015	15,579,975	
Add: Construction Work in Progress (Sewage Works)	2,467,165	
Add: Construction Work in Progress (Stormwater Utility)	243,632	
Less: Outside City Utility Plant in Service	<u>(52,485,756)</u>	
Inside City Net Utility Plant as of December 31, 2015	43,140,816	
Times: Gross Corporate Tax Rate (per \$100 Assessed Valuation)	<u>0.8546</u>	
Pro Forma PILOT Payments	368,681	
Less: Test Year (Includes Seven Quarters of Payments)	<u>(679,474)</u>	
Adjustment - Decrease		<u>\$ (310,793)</u>

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**  
Bloomington, Indiana

Proposed Sewage Works Revenue Bonds, Series 2016  
Estimated Sources and Uses of Funds

Sources of Funds:

Par Amount	\$ 7,210,000
	<hr/>
Total Sources of Funds	\$ 7,210,000
	<hr/> <hr/>

Uses of Funds:

SSO Reduction Project (1)	\$ 6,500,000
Debt Service Reserve Fund (2)	526,703
Underwriter's Discount (1% of Par)	72,100
Cost of Issuance	111,197
	<hr/>
Total Uses of Funds	\$ 7,210,000
	<hr/> <hr/>

(1) Provided by the Utility.

(2) Funded at Maximum Annual Debt Service.

## BLOOMINGTON MUNICIPAL SEWAGE WORKS

Bloomington, Indiana

Proposed Sewage Works Revenue Bonds, Series 2016  
Estimated Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon (1)</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/17			\$ 113,649	\$ 113,649	
1/1/18			113,649	113,649	\$ 227,298
7/1/18			113,649	113,649	
1/1/19	\$ 295,000	1.65 %	113,649	408,649	522,298
7/1/19			111,215	111,215	
1/1/20	300,000	1.85	111,215	411,215	522,430
7/1/20			108,440	108,440	
1/1/21	305,000	2.05	108,440	413,440	521,880
7/1/21			105,314	105,314	
1/1/22	315,000	2.20	105,314	420,314	525,628
7/1/22			101,849	101,849	
1/1/23	320,000	2.40	101,849	421,849	523,698
7/1/23			98,009	98,009	
1/1/24	330,000	2.60	98,009	428,009	526,018
7/1/24			93,719	93,719	
1/1/25	335,000	2.80	93,719	428,719	522,438
7/1/25			89,029	89,029	
1/1/26	345,000	3.00	89,029	434,029	523,058
7/1/26			83,854	83,854	
1/1/27	355,000	3.10	83,854	438,854	522,708
7/1/27			78,351	78,351	
1/1/28	370,000	3.25	78,351	448,351	526,702
7/1/28			72,339	72,339	
1/1/29	380,000	3.35	72,339	452,339	524,678
7/1/29			65,974	65,974	
1/1/30	390,000	3.45	65,974	455,974	521,948
7/1/30			59,246	59,246	
1/1/31	405,000	3.50	59,246	464,246	523,492
7/1/31			52,159	52,159	
1/1/32	420,000	3.60	52,159	472,159	524,318
7/1/32			44,599	44,599	
1/1/33	435,000	3.70	44,599	479,599	524,198
7/1/33			36,551	36,551	
1/1/34	450,000	3.75	36,551	486,551	523,102
7/1/34			28,114	28,114	
1/1/35	470,000	3.80	28,114	498,114	526,228
7/1/35			19,184	19,184	
1/1/36	485,000	3.85	19,184	504,184	523,368
7/1/36			9,848	9,848	
1/1/37	505,000	3.90	9,848	514,848	524,696
Totals	<u>\$ 7,210,000</u>		<u>\$ 2,970,184</u>	<u>\$ 10,180,184</u>	

(1) Interest rates as of March 4, 2016. Crowe assumed "AA" rates plus 100 basis points. Interest rates are estimated and subject to change.



**BLOOMINGTON MUNICIPAL SEWAGE WORKS**  
Bloomington, Indiana

Estimated Combined Amortization Schedule

Year	2004 SRF Loan	Amended 2006 A-1 Bonds	2006 A-2 Bonds	2006 B SRF Loan	Estimated 2006 C SRF Loan	2012 A Refunding Bonds	2012 B Bonds	2012 C Bonds	2013 Refunding Bonds	Estimated 2016 Bonds	Total
2016	\$ 405,444	\$ 513,591	\$ 53,316	\$ 246,095	\$ 504,936	\$ 523,976	\$ 1,271,002	\$ 328,348	\$ 2,314,760	\$ 227,298	\$ 6,161,468
2017	405,502	572,848		246,094	504,935	522,076	1,274,880	329,936	2,323,358	\$	6,406,927
2018	406,216	569,352		246,094	504,935	518,324		330,936	2,321,156	\$	5,419,311
2019	405,552	570,070		246,094	504,936	519,450		336,836	2,316,332	522,430	5,423,700
2020	405,544	569,496		246,094	504,936	518,500		336,462	2,319,884	521,880	5,422,796
2021	406,160	567,888		246,094	504,935	517,250		340,962	1,175,724	525,628	4,284,641
2022	406,360	565,200		246,094	504,935	518,774		339,636	1,181,232	523,698	4,285,929
2023	406,148	566,472		246,093	504,935	514,774		343,174	1,191,296	526,018	4,298,910
2024	405,522	566,316		246,094	504,936	514,274		345,824	1,191,296	522,438	4,296,230
2025	405,484	564,970		246,094	504,935	520,300		343,174	1,190,826	523,058	3,108,015
2026		567,444		246,093	504,935	514,550		350,374		522,708	2,706,104
2027						517,530		351,574		526,702	1,395,806
2028						508,958		352,312		524,678	1,385,948
2029								357,282		521,948	879,230
2030								356,432		523,492	879,924
2031								359,832		524,318	884,150
2032								362,688		524,198	886,886
2033										523,102	523,102
2034										526,228	526,228
2035										523,368	523,368
2036										524,696	524,696
Totals	\$ 4,057,932	\$ 6,193,647	\$ 53,316	\$ 2,707,033	\$ 5,554,289	\$ 6,728,736	\$ 2,545,882	\$ 5,865,782	\$ 16,336,568	\$ 10,180,184	\$ 60,223,369

(1) Estimated Combined Maximum Annual Debt Service after 2017

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**

Bloomington, Indiana

## Statement of Revenue Requirements

	<u>Revenue Requirements</u>
Adjusted Operation and Maintenance Expenses (Exhibit D)	\$ 10,908,432
Adjusted Taxes Other Than Income Taxes (Exhibit D)	736,920
Estimated Combined Maximum Annual Debt Service (Exhibit F)	5,423,700
Annual Capital Lease Payment - 2013 (Schedule B-10)	135,872
Annual Capital Lease Payment - 2014 (Schedule B-11)	234,173
Annual Extensions and Replacements (Depreciation Expense)	4,173,467
Total Revenue Requirements	<u>21,612,564</u>
Less: Adjusted Operating Revenues (Exhibit D)	<u>(17,799,769)</u>
Deficit	3,812,795
Divide by: Adjustable Operating Revenues (Exhibit D)	<u>17,538,622</u>
Percentage Rate Increase Required	<u><u>22%</u></u>

Note: For the calendar year 2017, the Utility would have approximately \$3.2 million available for extensions and replacements since the debt service payment is larger than is being funded by the proposed rates. For calendar year 2018, the Utility's funding of extensions and replacements is being projected at the annual level of approximately \$4.2 million. Test year capital expenditures were approximately \$3.3 million.

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**

Bloomington, Indiana

## Schedule of Present and Proposed Rates and Charges

	<u>Present Rates</u>	<u>Proposed Rates</u>
<b>SEWAGE WORKS RATES (1)</b>		
<u>Monthly Usage Charge (Per 1,000 Gallons)</u>	\$ 6.36	\$ 7.76
<u>Monthly Service Charge (per meter)</u>	\$ 6.52	\$ 7.95
<u>Excess Strength Surcharge</u>		
<u>Rate per Pound in Excess of 300 ppm</u>		
Biochemical Oxygen Demand (BOD)	\$ 0.309	\$ 0.380
Suspended Solids (SS)	0.251	0.310
<u>Special Laboratory Analysis Monthly Charge</u>		
Strength of BOD and SS Sampling Charge	\$ 136.80	\$ 166.90
Grease and Oil Sampling	128.24	156.45
Metal Sampling (per metal per test)	28.50	34.77
<u>Unmetered Users</u>		
Minimum Annual Charge	\$ 633.99	\$ 773.47
<b>STORMWATER UTILITY RATES (2)</b>		
<u>Stormwater Utility Monthly Charges</u>		
Single Family Residential Customers	\$ 2.70	\$ 2.70

All other customers shall be charged based upon the amount of runoff generated by the customer.

- (1) Sewage Works Present Rates and Charges were approved by the Common Council on December 21, 2011.
- (2) Stormwater Present Rates and Charges were approved by the Common Council on September 25, 2003.

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**

Bloomington, Indiana

## Typical Monthly Bill Analysis

<u>Gallons</u>	<u>Sewage Works Present Charge</u>	<u>Proposed Charge</u>	<u>Difference</u>
1,000	\$ 12.88	\$ 15.71	\$ 2.83
2,000	19.24	23.47	4.23
3,000	25.60	31.23	5.63
4,000	31.96	38.99	7.03
5,000	38.32	46.75	8.43
6,000	44.68	54.51	9.83
7,000	51.04	62.27	11.23
8,000	57.40	70.03	12.63
9,000	63.76	77.79	14.03
10,000	70.12	85.55	15.43
11,000	76.48	93.31	16.83
12,000	82.84	101.07	18.23
13,000	89.20	108.83	19.63
14,000	95.56	116.59	21.03
15,000	101.92	124.35	22.43
16,000	108.28	132.11	23.83
17,000	114.64	139.87	25.23
18,000	121.00	147.63	26.63
19,000	127.36	155.39	28.03
20,000	133.72	163.15	29.43

## BLOOMINGTON MUNICIPAL UTILITIES

Bloomington, Indiana

Survey of Combined Water and Sewer Rates  
Indiana Cities and Towns Over 25,000 Population  
As of April 1, 2016

<u>City/Town</u>	<u>2010 Census Population</u>	<u>County</u>	<u>Combined Rate</u>
Jeffersonville	44,953	Clark	\$ 108.93
New Albany	36,372	Floyd	91.63
Terre Haute (2)	60,785	Vigo	91.23
Hobart	29,059	Lake	85.65
Westfield	30,068	Hamilton	84.51
Muncie (2)	70,085	Delaware	83.95
Richmond (2)	36,812	Wayne	83.45
Valparaiso	31,730	Porter	81.81
Noblesville	51,969	Hamilton	79.48
Crown Point	27,317	Lake	78.15
Evansville	117,429	Vanderburgh	77.06
Gary (2)	80,294	Lake	74.30
Greenwood	49,791	Johnson	74.13
<b>Bloomington Proposed</b>	<b>80,405</b>	<b>Monroe</b>	<b>73.68</b>
Kokomo	45,468	Howard	71.75
West Lafayette (1)	29,596	Tippecanoe	70.70
Indianapolis (1)	820,445	Marion	69.77
Merrillville	35,246	Lake	68.53
Goshen	31,719	Allen	67.93
Fort Wayne	253,691	Allen	67.20
Anderson (1)(2)	56,129	Madison	66.17
Portage	36,828	Porter	65.30
Lawrence	46,001	Marion	63.01
South Bend (1)	101,168	St. Joseph	61.99
Michigan City	31,479	La Porte	60.81
<b>Bloomington</b>	<b>80,405</b>	<b>Monroe</b>	<b>60.41</b>
Fishers (1)	76,794	Hamilton	60.00
Mishawaka (3)	48,252	St. Joseph	59.39
Marion (1)	29,948	Grant	56.40
Carmel	79,191	Hamilton	53.87
Columbus	44,061	Bartholomew	50.85
Elkhart	50,949	Elkhart	49.86
Plainfield	27,631	Hendricks	47.94
Schererville	29,243	Lake	47.62
Lafayette (1)	67,140	Tippecanoe	45.03
Hammond (2)	80,830	Lake	16.38

(1) Rate increase pending.

(2) Subsidized by property tax.

(3) Subsidized by tax increment financing (TIF) revenues.

**BLOOMINGTON MUNICIPAL WATER UTILITY**

Bloomington, Indiana

Survey of Water Rates

Indiana Cities and Towns Over 25,000 Population

As of April 1, 2016

<u>City/Town</u>	<u>2010 Census Population</u>	<u>County</u>	<u>Type of Ownership</u>	<u>Effective Date of Water Rate</u>	<u>Water Rate</u>
Crown Point	27,317	Lake	Municipal	2012	\$ 46.50
Gary	80,294	Lake	Private	2016	41.80
Greenwood	49,791	Johnson	Private	2016	41.80
Hobart	29,059	Lake	Private	2016	41.80
Jeffersonville	44,953	Clark	Private	2016	41.80
Kokomo	45,468	Howard	Private	2016	41.80
Merrillville	35,246	Lake	Private	2016	41.80
Muncie	70,085	Delaware	Private	2016	41.80
New Albany	36,372	Floyd	Private	2016	41.80
Noblesville	51,969	Hamilton	Private	2016	41.80
Portage	36,828	Porter	Private	2016	41.80
Richmond	36,812	Wayne	Private	2016	41.80
Terre Haute	60,785	Vigo	Private	2016	41.80
West Lafayette	(1) 29,596	Tippecanoe	Private	2016	41.80
Valparaiso	31,730	Porter	Municipal	2016	34.04
Westfield	30,068	Hamilton	Trust	2016	33.41
Fishers	(1) 76,794	Hamilton	Trust	2014	29.00
Indianapolis	(1) 820,445	Marion	Trust	2014	29.00
Lawrence	46,001	Marion	Municipal	2008	28.99
Schererville	29,243	Lake	Municipal	2014	27.11
Michigan City	31,479	La Porte	Municipal	2015	27.04
Marion	29,948	Grant	Municipal	2005	27.01
<b>Bloomington Proposed</b>	<b>80,405</b>	<b>Monroe</b>	<b>Municipal</b>		<b>26.93</b>
Goshen	31,719	Allen	Municipal	2016	26.12
Fort Wayne	253,691	Allen	Municipal	2015	25.66
Carmel	79,191	Hamilton	Municipal	2016	25.16
Anderson	(1) 56,129	Madison	Municipal	2015	23.00
<b>Bloomington</b>	<b>80,405</b>	<b>Monroe</b>	<b>Municipal</b>	<b>2011</b>	<b>22.09</b>
Evansville	117,429	Vanderburgh	Municipal	2016	22.01
Mishawaka	48,252	St. Joseph	Municipal	2013	20.93
Plainfield	27,631	Hendricks	Municipal	2009	17.69
Elkhart	50,949	Elkhart	Municipal	2007	14.97
South Bend	101,168	St. Joseph	Municipal	2006	13.33
Columbus	44,061	Bartholomew	Municipal	1992	13.08
Lafayette	67,140	Tippecanoe	Municipal	2007	12.13
Hammond	80,830	Lake	Municipal	1985	3.00

(1) Rate increase pending.

## BLOOMINGTON MUNICIPAL SEWAGE WORKS

Bloomington, Indiana

Survey of Sewer Rates  
Indiana Cities and Towns Over 25,000 Population  
As of April 1, 2016

<u>City/Town</u>		<u>2010 Census Population</u>	<u>County</u>	<u>Type of Ownership</u>	<u>Effective Date of Sewer Rate</u>	<u>Sewer Rate</u>
Jeffersonville		44,953	Clark	Municipal	2015	\$ 67.13
Evansville		117,429	Vanderburgh	Municipal	2015	55.05
Westfield		30,068	Hamilton	Trust	2016	51.10
New Albany		36,372	Floyd	Municipal	2012	49.83
Terre Haute	(2)	60,785	Vigo	Municipal	2015	49.43
South Bend	(1)	101,168	St. Joseph	Municipal	2016	48.66
Valparaiso		31,730	Porter	Municipal	2016	47.77
<b>Bloomington Proposed</b>		<b>80,405</b>	<b>Monroe</b>	<b>Municipal</b>		<b>46.75</b>
Hobart		29,059	Lake	Municipal	2011	43.85
Anderson	(2)	56,129	Madison	Municipal	2009	43.17
Muncie	(2)	70,085	Delaware	Municipal	2016	42.15
Goshen		31,719	Allen	Municipal	2011	41.81
Richmond	(2)	36,812	Wayne	Municipal	2014	41.65
Fort Wayne		253,691	Allen	Municipal	2016	41.54
Indianapolis	(1)	820,445	Marion	Trust	2015	40.77
Mishawaka	(3)	48,252	St. Joseph	Municipal	2011	38.46
<b>Bloomington</b>		<b>80,405</b>	<b>Monroe</b>	<b>Municipal</b>	<b>2012</b>	<b>38.32</b>
Columbus		44,061	Bartholomew	Municipal	2009	37.77
Noblesville		51,969	Hamilton	Municipal	2015	37.68
Elkhart		50,949	Elkhart	Municipal	2015	34.89
Lawrence	(4)	46,001	Marion	Municipal	2009	34.02
Michigan City		31,479	La Porte	Municipal	2012	33.77
Lafayette	(1)	67,140	Tippecanoe	Municipal	2015	32.90
Gary	(2)	80,294	Lake	Municipal	2008	32.50
Greenwood		49,791	Johnson	Municipal	2015	32.33
Crown Point		27,317	Lake	Municipal	2009	31.65
Fishers		76,794	Hamilton	Municipal	2016	31.00
Plainfield		27,631	Hendricks	Municipal	2015	30.25
Kokomo		45,468	Howard	Municipal	2006	29.95
Marion	(1)	29,948	Grant	Municipal	2016	29.39
West Lafayette		29,596	Tippecanoe	Municipal	2016	28.90
Carmel		79,191	Hamilton	Municipal	2016	28.71
Merrillville		35,246	Lake	Municipal	2014	26.73
Portage		36,828	Porter	Municipal	2009	23.50
Schererville		29,243	Lake	Municipal	2009	20.51
Hammond	(2)	80,830	Lake	Municipal	2008	13.38

(1) Rate increase pending.

(2) Subsidized by property tax.

(3) Subsidized by tax increment financing (TIF) revenues.

(4) Includes 2016 tracking factor of approximately \$.72 per 1,000 gallons.

## ORDINANCE 16-11

### **AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, INDIANA, AUTHORIZING THE ACQUISITION, CONSTRUCTION, INSTALLATION AND EQUIPPING BY THE CITY OF BLOOMINGTON, INDIANA, OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE CITY'S SEWAGE WORKS, THE ISSUANCE AND SALE OF REVENUE BONDS TO PROVIDE FUNDS FOR THE PAYMENT OF THE COSTS THEREOF, THE ISSUANCE AND SALE OF BOND ANTICIPATION NOTES IN ANTICIPATION OF THE ISSUANCE AND SALE OF SUCH BONDS, AND THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SUCH SEWAGE WORKS AND OTHER RELATED MATTERS**

WHEREAS, the City of Bloomington, Indiana (the "City") has heretofore established and constructed and currently owns and operates a sewage works for the collection and treatment of sewage and other wastes (the "Sewage Works"), pursuant to the provisions of Indiana Code 36-9-23, as amended (the "Act"); and

WHEREAS, the Utility Service Board of the City (the "Board") has represented to the Common Council of the City (the "Common Council"), and the Common Council hereby finds, that certain improvements and extensions to the Sewage Works are necessary; and Greeley and Hansen, of Indianapolis, Indiana, the consulting engineers employed by the City, and/or such other engineers as may be employed by the City (collectively, the "Consulting Engineers"), have prepared and filed or will prepare and file plans, specifications and detailed descriptions and estimates of the costs of the necessary improvements and extensions to the Sewage Works, which plans, specifications, descriptions and estimates, to the extent required by law, have been or will be duly submitted to and approved by the Board and all governmental authorities having jurisdiction thereover (the improvements and extensions to the Sewage Works as described in the Consulting Engineers' plans and specifications and below in Section 2 hereof are referred to herein as the "Project"), including, without limitation, the Indiana Department of Environmental Management (the "Department"); and

WHEREAS, the Common Council further finds that the estimates prepared with respect to the costs (as described in Indiana Code 36-9-23-11) of acquisition, construction, installation and equipping of such improvements and extensions to the Sewage Works (as defined in Indiana Code 36-9-1-8, as amended, and in the Act), and including all authorized costs relating thereto, including the costs of issuance of bonds and, if necessary, bond anticipation notes (the "BANs") on account of the financing of all or a portion thereof, will be in the estimated amount not to exceed Seven Million Three Hundred Thousand Dollars (\$7,300,000); and

WHEREAS, the Common Council finds that to provide funds necessary to pay for all or a portion of the costs of the Project, it will be necessary for the City to issue sewage works revenue bonds in an amount not to exceed Seven Million Three Hundred Thousand Dollars (\$7,300,000) and, if necessary, BANs in an amount not to exceed Seven Million Three Hundred Thousand Dollars (\$7,300,000); and

WHEREAS, the City desires to authorize the issuance of the BANs, if necessary, to provide interim financing of the Project in the maximum aggregate principal amount not to exceed Seven Million Three Hundred Thousand Dollars (\$7,300,000) and the issuance of sewage works revenue bonds, in one or more series, payable from the Net Revenues (as hereinafter defined) of the Sewage Works, in the maximum aggregate principal amount of Seven Million Three Hundred Thousand Dollars (\$7,300,000) issued to finance all or a portion of the aforementioned costs of the Project and to refund the BANs, if issued; and



WHEREAS, pursuant to Ordinance No. 00-35, adopted by the Common Council on September 13, 2000, as amended (as amended, the "2004 Ordinance"), the City has heretofore issued its sewage works revenue bonds payable from the Net Revenues of the Sewage Works, designated "Sewage Works Revenue Bonds of 2004," currently outstanding in the aggregate principal amount of Three Million Three Hundred Eighty-Five Thousand Dollars (\$3,385,000), bearing interest at the per annum rate of 3.44% and maturing annually on January 1 in the years 2017 to 2026, inclusive (the "2004 Bonds"); and

WHEREAS, pursuant to Ordinance No. 05-35, adopted by the Common Council on December 21, 2005, as amended (as amended, the "2006 Ordinance"), the City has heretofore issued its sewage works revenue bonds payable from the Net Revenues of the Sewage Works, (i) designated "Sewage Works Revenue Bonds of 2006, Series A-1" (as amended), currently outstanding in the aggregate principal amount of Four Million Seven Hundred Nineteen Thousand Two Hundred Eighty-Three Dollars (\$4,719,283), bearing interest at per annum rates ranging from 4.59% to 4.83%, and maturing annually on January 1 in the years 2017 to 2027, inclusive, (ii) designated "Taxable Sewage Works Revenue Bonds of 2006, Series A-2," currently outstanding in the aggregate principal amount of Fifty Thousand Dollars (\$50,000), bearing interest at the per annum rate of 6.63%, and maturing on January 1, 2017, (iii) designated "Sewage Works Revenue Bonds of 2006, Series B," currently outstanding in the aggregate principal amount of Two Million Two Hundred Thirty-Five Thousand Nine Hundred Fifty-One Dollars (\$2,235,951), bearing interest at the per annum rate of 3.33%, and maturing annually on January 1 in the years 2017 to 2027, inclusive, and (iv) designated "Sewage Works Revenue Bonds of 2006, Series C," currently outstanding in the aggregate principal amount of Four Million Five Hundred Eighty-Seven Thousand Seven Hundred Twenty-Seven Dollars (\$4,587,727), bearing interest at the per annum rate of 3.33%, and maturing annually on January 1 in the years 2017 to 2027, inclusive (collectively, the "2006 Bonds"); and

WHEREAS, pursuant to Ordinance No. 11-14, adopted by the Common Council on December 21, 2011 (the "2012 Ordinance"), the City has heretofore issued its sewage works revenue bonds payable from the Net Revenue of the Sewage Works, (i) designated "Sewage Works Refunding Revenue Bonds, Series 2012 A," currently outstanding in the aggregate principal amount of Five Million Two Hundred Ninety-Five Thousand Dollars (\$5,295,000), bearing interest at per annum rates ranging from 2.00% to 5.00%, and maturing annually on January 1 in the years 2017 to 2029, inclusive, (ii) designated "Taxable Sewage Works Revenue Bonds, Series 2012 B," currently outstanding in the aggregate principal amount of Two Million Four Hundred Sixty Thousand Dollars (\$2,460,000), bearing interest at per annum rates ranging from 2.15% to 2.40%, and maturing annually on January 1 in the years 2017 to 2028, inclusive, and (iii) designated "Sewage Works Revenue Bonds, Series 2012 C," currently outstanding in the aggregate principal amount of Four Million Four Hundred Thirty Thousand Dollars (\$4,430,000), bearing interest at per annum rates ranging from 1.750% to 3.625%, and maturing annually on January 1 in the years 2017 to 2033, inclusive (collectively, the "2012 Bonds"); and

WHEREAS, pursuant to Ordinance No. 13-08, adopted by the Common Council on April 3, 2013 (the "2013 Ordinance"), the City has heretofore issued its sewage works revenue bonds payable from the Net Revenues of the Sewage Works, designated "Sewage Works Refunding Revenue Bonds, Series 2013," currently outstanding in the aggregate principal amount of Fifteen Million One Hundred Fifty-Five Thousand Dollars (\$15,155,000), bearing interest at the per annum rate of 1.78%, and maturing annually on January 1 in the years 2017 to 2025, inclusive (the "2013 Bonds"); and

WHEREAS, the 2004 Ordinance, the 2006 Ordinance, the 2012 Ordinance and the 2013 Ordinance (collectively, the "Prior Ordinances") permit the issuance of additional bonds ranking on a parity with the outstanding 2004 Bonds, 2006 Bonds, 2012 Bonds and 2013 Bonds (collectively, the "Prior Bonds"), provided that certain conditions are met, and the City finds that the finances of the Sewage Works will enable the City to meet the conditions for the issuance of additional parity bonds and that, accordingly, the revenue bonds authorized herein shall constitute a first charge on the Net Revenues of the Sewage Works, on parity with the Prior Bonds; and

WHEREAS, the Common Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of one or more series of sewage works revenue bonds, on a parity basis with the Prior Bonds, and BANs, if necessary, to provide the necessary funds to be applied to the costs of the Project and all authorized costs relating thereto, and the refunding of the BANs, if issued, have been complied with in accordance with the provisions of the Prior Ordinances, the Act and other applicable laws; and

WHEREAS, the Common Council consequently seeks to authorize the issuance of sewage works revenue bonds and BANs to finance the acquisition, construction, installation and equipping of the Project pursuant to the Act and other applicable laws, the sale of one or more series of such revenue bonds at public sale pursuant to the provisions of Indiana Code 5-1-11 or to the Indiana Finance Authority (the "Authority") pursuant to the provisions of Indiana Code 4-4-11 and 13-18-13, and the sale of such BANs pursuant to the provisions of the Act and other applicable laws, subject to and dependent upon the terms and conditions hereinafter set forth; and

WHEREAS, if the Bonds are sold to the Authority, the City would expect to enter into a Financial Assistance Agreement (as hereinafter defined) with the Authority, pertaining to the Project and the financing thereof; and

WHEREAS, the Board has considered the matter of the financing of the Project and has adopted a resolution approving the same; and

WHEREAS, certain preliminary expenditures related to the payment of the costs of the Project have been or will be incurred by or on behalf of the City prior to the issuance and delivery of such sewage works revenue bonds and BANs; and

WHEREAS, the Common Council desires to express its intention to reimburse such expenditures as have been or may be incurred prior to the issuance of such sewage works revenue bonds and BANs, pursuant to Indiana Code 5-1-14-6 and in compliance with Section 1.150-2 of the U.S. Treasury Regulations promulgated by the Internal Revenue Service (the "Treasury Regulations"); now, therefore,

BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, INDIANA, THAT:

SECTION 1. Acquisition, Construction, Installation and Equipping of the Project. The City is hereby authorized to acquire any and all necessary property and proceed with the acquisition, construction, installation and equipping of improvements and extensions to the Sewage Works, pursuant to the Act and in accordance with the plans, specifications and cost estimates heretofore prepared and filed with the Board and the Common Council by the Consulting Engineers and/or City engineering, which plans, specifications and cost estimates are hereby adopted and approved and, by reference, incorporated fully into this Ordinance, and two copies of which are now on file in the office of the Clerk of the City (the "Clerk") and are open for public inspection. The actions of the City in connection with the acquisition of any and all necessary property and the acquisition, construction, installation, equipping and financing of such improvements and extensions to the Sewage Works are hereby authorized, approved, ratified and confirmed.

Where used in this Ordinance, the term "City" shall be construed also to include any department, board, commission or officer or officers of the City or of any City department, board or commission. The terms "Sewage Works," "sewage works," "works" and similar terms used in this Ordinance shall be construed to mean and include the existing structures and property of the Sewage Works, and all enlargements, improvements, extensions and additions thereto, and replacements thereof, now or subsequently constructed or acquired, whether from the proceeds of the bonds and BANs authorized herein or otherwise. Such improvements and extensions shall be constructed and the bonds and BANs herein authorized shall be issued pursuant to the provisions of this Ordinance, the Act and other applicable laws.

SECTION 2. Description of the Project. The Project is more fully described in, and shall be in accordance with the plans and specifications and cost estimates heretofore prepared and filed with the Board and the Common Council by the Consulting Engineers and/or City engineering referenced in Section 1 hereof. In summary, the Project consists of the acquisition, construction, installation and equipping of additions and improvements to the Sewage Works, including prevention and elimination of SSOs, replacing aging infrastructure, and replacing or upgrading treatment facility components.

The City shall proceed with the acquisition, construction, installation and equipping of the Project and shall enter into all contracts necessary or appropriate for such purpose, in conformity with and subject to the requirements and conditions set forth in this Ordinance and in the Act.

SECTION 3. The Bonds. In accordance with the Act and for the purpose of providing funds with which to pay the costs of the Project, together with all authorized costs relating thereto, including the costs of issuance of the Bonds, as hereinafter defined, on account thereof, and refunding the BANs, if any, described below, the City shall issue its sewage works revenue bonds, in one or more series, in an aggregate principal amount not to exceed Seven Million Three Hundred Thousand Dollars (\$7,300,000) (the "Bonds"). The total principal amount of Bonds issued pursuant to this Ordinance shall not exceed Seven Million Three Hundred Thousand Dollars (\$7,300,000). The principal of and redemption premium, if any, and interest on the Bonds shall be payable solely out of the Sewage Works Sinking Fund referred to below, on a parity with the Prior Bonds.

Any other provisions of this Ordinance to the contrary notwithstanding, the Bonds shall be issued on a parity with the Prior Bonds, and none of the provisions of this Ordinance shall be construed to affect the rights of the holders of the Prior Bonds. The Controller of the City (the "Controller") is authorized to employ Crowe Horwath LLP, Indianapolis, Indiana, the financial advisor to the City (the "Financial Advisor"), or any other certified public accountant or firm of certified public accountants to perform any and all computations necessary to confirm the preliminary evidence and findings demonstrating compliance with the conditions set forth in the Prior Ordinances for the issuance of additional revenue bonds on parity with the Prior Bonds. The City shall not issue the Bonds without first receiving a certificate from the Financial Advisor or other certified public accountant or firm of certified public accountants in form and substance satisfactory to the Controller and Faegre Baker Daniels LLP, Indianapolis, Indiana, bond counsel for the City, and to the effect that the City and the Sewage Works are in complete compliance with the conditions set forth in the Prior Ordinances for the issuance of additional revenue bonds on parity with the Prior Bonds.

The Bonds shall be designated as the "City of Bloomington, Indiana, Sewage Works Revenue Bonds of 201\_\_" (with the blank to be filled in with the last digit of the calendar year in which such series of the Bonds is issued, with an appropriate series designation in the event more than one series of Bonds is expected to be issued in such calendar year). Each series of the Bonds shall be issued as fully registered bonds in denomination or denominations of Five Thousand Dollars (\$5,000) and any integral multiples thereof not exceeding the aggregate principal amount of such Bonds maturing in any one year, or in the event that any series of the Bonds is sold to the Authority pursuant to Section 9 hereof, the Bonds of such series shall be in multiples of One Dollar (\$1) or such other denomination as is acceptable to the Authority. The Bonds shall be numbered consecutively from \_\_R-1 upward (with the blank to be filled in with the last two digits of the calendar year in which such series of the Bonds is issued, with an appropriate series designation in the event more than one series of Bonds is expected to be issued in such calendar year) and shall bear interest at a rate or rates not exceeding five percent (5.0%) per annum, the exact rate or rates to be determined by negotiation with the Authority (with such rate to be set

forth in the Financial Assistance Agreement with respect to any series of the Bonds that is sold to the Authority) or by bidding. Said interest rate or rates on the Bonds shall be in multiples of one-eighth (1/8) or one-hundredth (1/100) of one percent (1%). Interest on each series of the Bonds shall be calculated on the basis of twelve (12) thirty (30)-day months for a three hundred sixty (360)-day year and shall be payable semiannually on January 1 and July 1 of each year (each, an "Interest Payment Date"), commencing not earlier than July 1, 2017, with the first interest payment date to be determined by (i) the Controller with the advice of the Financial Advisor and set forth in the Controller's Certificate (as hereinafter defined) if such series of Bonds is sold by public bidding or (ii) negotiation with the Authority (as provided in the Financial Assistance Agreement between the City and the Authority (the "Financial Assistance Agreement")), until principal is fully paid. The principal of each series of the Bonds shall mature serially and annually on January 1 of each year, commencing not earlier than January 1, 2018 (or commencing on such other date as provided in the Financial Assistance Agreement, if such series of the Bonds is sold to the Authority) and ending not later than January 1, 2037, on the dates and in the principal amounts as set forth in the Controller's Certificate. The Bonds will mature in such amounts that will produce, on an aggregate basis, as level annual debt service as practicable, except as otherwise provided in the Financial Assistance Agreement if the Bonds are sold to the Authority.

The Bonds shall bear an original issue date which shall be the date of delivery of the Bonds or the first day of the month in which the Bonds are delivered, as determined by the Controller with the advice of the Financial Advisor and set forth in the Controller's Certificate (unless otherwise provided in the Financial Assistance Agreement in the event the Bonds are sold to the Authority), and each Bond shall also bear the date of its authentication. Any Bond authenticated on or before the fifteenth day of the calendar month immediately preceding the first Interest Payment Date shall pay interest from its original issue date (unless otherwise provided in the Financial Assistance Agreement in the event the Bonds are sold to the Authority). Any Bond authenticated thereafter shall pay interest from the Interest Payment Date next preceding the date of authentication of such Bond to which interest thereon has been paid or duly provided for, unless such Bond is authenticated after the fifteenth day of the calendar month immediately preceding an Interest Payment Date and on or before such Interest Payment Date, in which case interest thereon shall be paid from such Interest Payment Date.

In the event that the Bonds or the BANs of any series are sold to the Authority or any other purchaser who so agrees pursuant to Section 9 of this Ordinance, it is understood that principal shall not be payable and interest shall not accrue on such series of the Bonds or the BANs until such principal amount has been advanced pursuant to requests made by the City to the Authority or to any such other purchaser, with advances to be allocable to the Bonds in order of maturity. If the Bonds of any series are sold to the Authority, to the extent that (a) the total principal amount of such series of the Bonds is not paid by the purchaser or drawn down by the City or (b) proceeds remain in the Construction Account established under Section 10 of this Ordinance and are not applied to the Project (or any modifications or additions thereto approved by the Authority), the City shall reduce the principal amount of such Bonds' maturities to effect such reduction in a manner that will still achieve as level an annual debt service as practicable as described in this Section 3 subject to and upon the terms forth in the Financial Assistance Agreement.

The Controller is hereby authorized to appoint a registrar and a paying agent for any series of the Bonds or BANs (the "Registrar" and the "Paying Agent," and in both such capacities, the "Registrar and Paying Agent"). The Registrar and Paying Agent shall be charged with and shall by appropriate agreement undertake the performance of all of the duties and responsibilities customarily associated with each such position, including, without limitation, the authentication of the Bonds and BANs. The Controller is authorized and directed to enter into such agreements and understandings with the Registrar and Paying Agent and any subsequent Registrar and Paying Agent as will enable and facilitate the performance of its duties and responsibilities, and is authorized and directed to pay such fees as the Registrar and Paying Agent may reasonably charge for its services in such capacity, and such fees may be paid from the Sewage Works Sinking Fund created under the Prior Ordinances and continued herein.

If the Bonds or the BANs are registered in the name of any purchaser that does not object to such designation, the Controller shall be designated as the Registrar and Paying Agent and shall be charged with the performance of all of the duties and responsibilities of Registrar and Paying Agent.

The Registrar and Paying Agent, if not the Controller, may at any time resign as Registrar and Paying Agent upon giving thirty (30) days' notice in writing to the City and by first-class mail to each registered owner of the Bonds or BANs then outstanding, and such resignation will take effect at the end of such thirty (30) days or upon the earlier appointment of a successor Registrar and Paying Agent by the City. Any such notice to the City may be served personally or sent by certified mail. The Registrar and Paying Agent may also be removed at any time as Registrar and Paying Agent by the City, in which event the City may appoint a successor Registrar and Paying Agent. The City shall notify each registered owner of the Bonds or BANs then outstanding by first-class mail of the removal of the Registrar and Paying Agent. Notices to registered owners of the Bonds or BANs shall be deemed to be given when mailed by first-class mail to the addresses of such registered owners as they appear on the registration books kept by the Registrar. Any predecessor Registrar and Paying Agent shall deliver all of the Bonds or BANs and cash in its possession with respect thereto, together with the registration books, to the successor Registrar and Paying Agent. The Controller is hereby authorized to act on behalf of the City with regard to any of the aforementioned actions of the City relating to the resignation or removal of the Registrar and Paying Agent and appointment of a successor Registrar and Paying Agent.

Principal of and any redemption premium on the Bonds, and principal and interest on the BANs, shall be payable at the principal corporate trust office of the Paying Agent. Interest on the Bonds shall be paid by check or draft mailed or delivered by the Paying Agent to the registered owner thereof at the address as it appears on the registration books kept by the Registrar as of the fifteenth day of the calendar month immediately preceding the Interest Payment Date or at such other address as may be provided to the Paying Agent in writing by such registered owner. Notwithstanding anything in this Ordinance to the contrary, so long as The Depository Trust Company, New York, New York ("DTC"), or its nominee, or any successor thereto, is the registered owner of any series of the Bonds or BANs, the principal of and premium, if any, and interest on such series of the Bonds or BANs will be paid directly to DTC or successor depository by wire transfer on the payment date in same-day funds by the Paying Agent. Notwithstanding the foregoing, principal of and interest on the Bonds or BANs, if registered in the name of the Authority, shall be paid by wire transfer to a financial institution if and as directed by the Authority, on the due date of such payment or, if such date is a day when financial institutions are not open for business, on the business day immediately preceding such due date. So long as the Authority is the registered owner of the Bonds or BANs, the Bonds or BANs shall be presented for payment as directed by the Authority. All payments on the Bonds and the BANs shall be made in any coin or currency of the United States of America which, on the dates of such payments, shall be legal tender for the payment of public or private debt.

Each Bond or BAN shall be transferable or exchangeable only on the books of the City maintained for such purpose at the principal corporate trust office of the Registrar, by the registered owner thereof in person, or by his or her attorney duly authorized in writing, upon surrender of such Bond or BAN together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner or his or her attorney duly authorized in writing, and thereupon a new fully registered Bond or Bonds or BAN or BANs in the same aggregate principal amount and of the same maturity and series shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. Each Bond or BAN may be transferred or exchanged without cost to the registered owner, except for any tax or other governmental charge which may be required to be paid with respect to such transfer or exchange. The Registrar shall not be obligated to make any transfer or exchange of any Bond or BAN (i) during the fifteen (15) days immediately preceding an Interest Payment Date or (ii) after the mailing of notice calling such Bond or BAN for redemption. The City, the Registrar and the Paying Agent may treat and consider the person in whose name any Bond or BAN is registered as the absolute owner thereof for all purposes including the purpose of receiving payment of, or on account of, the principal thereof, and redemption premium, if any, and interest thereon.

In the event any Bond or BAN is mutilated, lost, stolen or destroyed, the City may cause to be executed and the Registrar may authenticate a new Bond or BAN of like date, maturity, series and denomination as the mutilated, lost, stolen or destroyed Bond or BAN, which new Bond or BAN shall be marked in a manner to distinguish it from the Bond or BAN for which it was issued; provided, that in the case of any mutilated Bond or BAN, such mutilated Bond or BAN shall first be surrendered to the Registrar, and in the case of any lost, stolen or destroyed Bond or BAN there shall be first furnished to the Registrar evidence of such loss, theft or destruction satisfactory to the City and the Registrar, together with indemnity satisfactory to them. In the event that any such mutilated, lost, stolen or destroyed Bond or BAN shall have matured or been called for redemption, instead of causing to be issued a duplicate Bond or BAN, the Registrar and Paying Agent may pay the same upon surrender of the mutilated Bond or BAN or upon satisfactory indemnity and proof of loss, theft or destruction in the case of a lost, stolen or destroyed Bond or BAN. The City and the Registrar and Paying Agent may charge the owner of any such Bond or BAN with their reasonable fees and expenses in connection with the above. Every substitute Bond or BAN issued by reason of any Bond or BAN being lost, stolen or destroyed shall, with respect to such Bond or BAN, constitute a substitute contractual obligation of the City pursuant to this Ordinance, whether or not the lost, stolen or destroyed Bond or BAN shall be found at any time, and shall be entitled to all the benefits of this Ordinance, equally and proportionately with any and all other Bonds or BANs duly issued hereunder.

In the event that any Bond or BAN is not presented for payment or redemption on the date established therefor, the City may deposit in trust with the Paying Agent an amount sufficient to pay such Bond or BAN or the redemption price thereof, as appropriate, and thereafter the owner of such Bond or BAN shall look only to the funds so deposited in trust with the Paying Agent for payment and the City shall have no further obligation or liability with respect thereto.

Any series of Bonds or BANs may, in compliance with all applicable laws, be issued and held in book-entry form on the books of the central depository system, DTC, its successors, or any successor central depository system appointed by the City from time to time (the "Clearing Agency"). The City and the Registrar may, in connection therewith, do or perform or cause to be done or performed any acts or things not adverse to the rights of the holders of the Bonds or BANs, as are necessary or appropriate to accomplish or recognize such book-entry form Bonds or BANs.

During any time that a series of Bonds or BANs is held in book-entry form on the books of a Clearing Agency (a) any such Bonds or BANs may be registered upon the books kept by the Registrar in the name of such Clearing Agency, or any nominee thereof, including Cede & Co., as nominee of DTC; (b) the Clearing Agency in whose name such Bonds or BANs are so registered shall be, and the City and the Registrar and Paying Agent may deem and treat such Clearing Agency as, the absolute owner and holder of such Bonds or BANs for all purposes of this Ordinance, including, without limitation, the receiving of payment of the principal of and premium, if any, and interest on such Bonds or BANs, the receiving of notice, and the giving of consent; (c) neither the City nor the Registrar and Paying Agent shall have any responsibility or obligation hereunder to any direct or indirect participant, within the meaning of Section 17A of the Securities Exchange Act of 1934, as amended, of such Clearing Agency, or any person on behalf of which, or otherwise in respect of which, any such participant holds any interest in any Bonds or BANs, including, without limitation, any responsibility or obligation hereunder to maintain accurate records of any interest in any Bonds or BANs or any responsibility or obligation hereunder with respect to the receiving of payment of principal of or premium, if any, or interest on any Bonds or BANs, the receiving of notice, or the giving of consent; (d) the Clearing Agency is not required to present any Bonds or BANs called for partial redemption prior to receiving payment so long as the Registrar and Paying Agent and the Clearing Agency have agreed to the method for noting such partial redemption; and (e) payment of the principal of and premium, if any, and interest on any Bonds or BANs may be made by wire transfer or other method acceptable to the Clearing Agency, as indicated in a Certificate of the Controller to such effect.

If either (i) the City receives notice from the Clearing Agency which is currently the registered owner of any Bonds or BANs to the effect that such Clearing Agency is unable or unwilling to discharge its responsibility as a Clearing Agency for such Bonds or BANs or (ii) the City elects to discontinue its use of such Clearing Agency as a Clearing Agency for such Bonds or BANs, then the City and the Registrar and Paying Agent each shall do or perform or cause to be done or

performed all acts or things, not adverse to the rights of the holders of such Bonds or BANs, as are necessary or appropriate to discontinue use of such Clearing Agency as a Clearing Agency for such Bonds or BANs and to transfer the ownership of each of such Bonds or BANs to such person or persons, including any other Clearing Agency, as the holder of such Bonds or BANs may direct in accordance with this Ordinance. Any expenses of such discontinuance and transfer, including expenses of printing new certificates to evidence such Bonds or BANs, shall be paid by the City.

During any time that any series of the Bonds or BANs is held in book-entry form on the books of a Clearing Agency, the Registrar and Paying Agent shall be entitled to request and rely upon a certificate or other written representation from the Clearing Agency or any participant or indirect participant with respect to the identity of any beneficial owners of such Bonds or BANs as of a record date selected by the Registrar and Paying Agent. For purposes of determining whether the consent, advice, direction or demand of a registered owner of such Bonds or BANs has been obtained, the Registrar and Paying Agent shall be entitled to treat the beneficial owners of such Bonds or BANs as the holders of such Bonds or BANs.

During any time that any series of the Bonds or BANs is held in book-entry form on the books of a Clearing Agency, the City is authorized to enter into a Blanket Letter of Representations agreement with the Clearing Agency, and the provisions of any such Blanket Letter of Representations or any successor agreement shall control on the matters set forth herein.

**SECTION 4. The BANs.** In anticipation of the issuance and sale of the Bonds authorized herein, and to provide interim financing to apply to the costs of the Project, the City is hereby authorized to have prepared and to issue and sell negotiable BANs of the City to an eligible purchaser of the BANs under Indiana Code 5-1-14-5 or to the Authority, pursuant to a Bond Anticipation Note Purchase Agreement (the "BAN Purchase Agreement") entered into between the City and the purchaser of the BANs, in one or more series, in an aggregate principal amount not to exceed Seven Million Three Hundred Thousand Dollars (\$7,300,000), to be designated "City of Bloomington, Indiana, Sewage Works Revenue Bond Anticipation Notes of 201\_\_" (with the blank to be filled in with the last digit of the calendar year in which such series of the BANs is issued, with an appropriate series designation in the event more than one series of BANs is expected to be issued in such calendar year). The BANs shall be issued pursuant to Indiana Code 5-1-14-5 if sold to an eligible purchaser thereunder, or pursuant to Indiana Code 4-4-11 and 13-18-13 if sold to the Authority. If the BANs are sold to the Authority, the Financial Assistance Agreement shall serve as the BAN Purchase Agreement. The BANs shall be issued in fully registered form, shall be numbered consecutively from \_\_\_R-1 (with the blank to be filled in with the last two digits of the calendar year in which such series of the BANs is issued, with an appropriate series designation in the event more than one series of BANs is expected to be issued in such calendar year) upwards, shall be in such denominations as the purchaser of the BANs shall request, shall be dated as of the date of delivery of the BANs, and shall bear interest at a rate or rates not exceeding five percent (5.0%) per annum (the exact rate or rates of interest to be determined by negotiations with the purchaser of the BANs and payable as provided in the BAN Purchase Agreement). The initial BANs delivered will mature on the date provided in the BAN Purchase Agreement. The BANs may be subject to renewal or extension, subject to the limitations set forth below, at an interest rate or rates not to exceed five percent (5.0%) per annum, with the exact rate to be negotiated with the purchaser of such BANs. The term of the BANs and all renewal BANs may not exceed five (5) years from the date of delivery of the initial BANs.

The principal of the BANs shall be refunded and retired out of the proceeds from the issuance and sale hereunder of the Bonds. The principal of the BANs, and the principal of and interest on the BANs prepaid in accordance with Section 5 hereof, shall be refunded by the issuance of the Bonds pursuant to, and in the manner prescribed by, the Act. The interest on the BANs shall be payable either from the Net Revenues of the Sewage Works, subject to the prior lien thereon of the Prior Bonds, or from proceeds from the issuance and sale hereunder of the Bonds, as set forth in the BAN Purchase Agreement.

SECTION 5. Optional Prepayment of BANs; Optional Redemption of the Bonds; Term Bonds.

(a) Optional Prepayment of BANs. The BANs are prepayable by the City, in whole or in part, at any time, upon seven (7) days' written notice to the owner of the BANs, without any premium. In the case of prepayment, the principal and accrued interest due on the BANs shall be paid only from proceeds of the Bonds, except that such principal and interest due on the BANs may also be paid from other revenues and funds legally available therefor, if any, including federal or state funds available for application to the Project; provided, however, that such funds are not pledged to the payment of the BANs.

(b) Optional Redemption of the Bonds. Each series of the Bonds shall be subject to redemption at the option of the City, in whole or in part (and if in part, in authorized denominations and in order of maturity determined by the City and by lot within any such maturity or maturities in such manner as may be designated by the Registrar), at times to be determined by the Controller with the advice of the Financial Advisor and set forth in the Controller's Certificate, at a redemption price equal to one hundred percent (100%) of the principal amount of each Bond to be redeemed, plus accrued and unpaid interest on the Bonds so redeemed to the redemption date, and according to premiums to be determined by the Controller with the advice of the Financial Advisor and set forth in the Controller's Certificate, not in excess of two percent (2%) of the par amount of the Bonds to be redeemed; provided, however, if any Bonds are sold to the SRF Program (as hereinafter defined) and registered in the name of the Authority, such Bonds shall not be redeemable at the option of the City unless and until consented by the Authority.

Official notice of such redemption of the Bonds shall be mailed by the Registrar and Paying Agent by certified or registered mail at least thirty (30) days (or, at least sixty (60) days, with respect to any series of the Bonds sold to the Authority) prior to the scheduled redemption date to each of the registered owners of the Bonds called for redemption (unless waived by any such registered owner) at the address shown on the registration books of the Registrar and Paying Agent, or at such other address as is furnished in writing by such registered owner to the Registrar; provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any Bond shall not affect the validity of the proceedings for the redemption of any other Bonds. The notice shall specify the redemption price, the date and place of redemption, and the registration numbers (and, in case of partial redemption, the respective principal amounts) of the Bonds called for redemption. The place of redemption may be at the principal corporate trust office of the Registrar and Paying Agent or as otherwise determined by the City. Interest on the Bonds (or portions thereof) so called for redemption shall cease to accrue on the redemption date fixed in such notice, if sufficient funds are available at the place of redemption to pay the redemption price on the redemption date and when such Bonds (or portions thereof) are presented for payment. Any Bond redeemed in part may be exchanged for a Bond or Bonds of the same maturity in authorized denominations equal to the remaining principal amount thereof.

In addition to the foregoing notice, the City may also direct that further notice of redemption of Bonds be given, including, without limitation, and at the option of the City, notice described in paragraph (i) below given by the Registrar and Paying Agent to the parties described in paragraphs (ii) and (iii) below. No defect in any such further notice and no failure to give all or any portion of any such further notice shall in any manner defeat the effectiveness of any call for redemption of Bonds so long as notice thereof is mailed as prescribed above.

(i) If so directed by the City, each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (1) the CUSIP numbers of all Bonds being redeemed; (2) the date of issue of the Bonds as originally issued; (3) the rate of interest borne by each Bond being redeemed; (4) the maturity date of each Bond being redeemed; and (5) any other descriptive information needed to identify accurately the Bonds being redeemed.

(ii) If so directed by the City, each further notice of redemption shall be sent at least thirty-five (35) days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.



(iii) If so directed by the City, each such further notice shall be published one time in The Bond Buyer of New York, New York or, if the Registrar believes such publication is impractical or unlikely to reach a substantial number of the holders of the Bonds, in some other financial newspaper or journal which regularly carries notices of redemption of other obligations similar to the Bonds, such publication to be made at least thirty (30) days prior to the date fixed for redemption.

Upon the payment of the redemption price of the Bonds (or portions thereof) being redeemed and if so directed by the City, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds (or portions thereof) being redeemed with the proceeds of such check or other transfer.

(c) Term Bonds. All or a portion of the Bonds may be aggregated into one or more term bonds payable from mandatory sinking fund redemption payments (the "Term Bonds") required to be made as set forth below. The Term Bonds shall have a stated maturity or maturities of January 1 in the years consistent with the maturity schedule for the Bonds, and shall be subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest to the redemption date, but without premium, on January 1 of the years and in the principal amounts consistent with the maturity schedule for the Bonds.

The Registrar and Paying Agent shall credit against any mandatory sinking fund redemption requirement for a Term Bond of a particular maturity, any Bonds of such maturity delivered to the Registrar and Paying Agent for cancellation or purchased for cancellation by the City and canceled by the Registrar and Paying Agent and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each Bond so delivered or purchased shall be credited by the Registrar and Paying Agent at one hundred percent (100%) of the principal amount thereof against the mandatory sinking fund redemption requirements for the applicable Term Bond in inverse order of mandatory sinking fund redemption (or final maturity) dates, and the principal amount of such Term Bond to be redeemed on such mandatory sinking fund redemption dates by operation of the mandatory sinking fund requirements shall be reduced accordingly; provided, however, the Registrar and Paying Agent shall only credit Bonds against the mandatory sinking fund requirements to the extent such Bonds are received on or before forty-five (45) days preceding the applicable mandatory sinking fund redemption date.

The Registrar shall determine by lot (treating each \$5,000 principal amount (or other authorized denomination) of each Bond as a separate Bond for such purpose) the Bonds within a Term Bond of a particular maturity to be redeemed pursuant to mandatory sinking fund redemption requirements on January 1 of each year. With respect to optional redemption of Term Bonds, an amount equal to the principal amount of the Term Bonds redeemed will be credited toward the latest scheduled mandatory sinking fund payment or payments with respect to such Term Bonds unless otherwise directed by the City.

Notice of any such mandatory sinking fund redemption shall be given in the same manner as notice of optional redemption is required to be given pursuant to this Section 5. In the event any of the Bonds are issued as Term Bonds, the form of Bond described in Section 8 hereof shall be modified accordingly. Any reference to payment of principal on Bonds shall include payment of scheduled mandatory sinking fund redemption payments.

**SECTION 6. Execution and Authentication of the Bonds and BANs.** The Bonds and the BANs shall be executed in the name of the City by the manual or facsimile signature of the Mayor of the City (the "Mayor") and attested by the manual or facsimile signature of the Clerk, who shall cause the seal of the City or a facsimile thereof to be affixed to each of the Bonds and the BANs. The Bonds and the BANs shall be authenticated by the manual signature of the Registrar, and no Bond or BAN shall be valid or become obligatory for any purpose until the certificate of authentication thereon has been so executed. In case any official whose signature appears on any Bond or BAN shall cease to be such official before the delivery of such Bond or BAN, the signature of such official shall nevertheless be valid and sufficient for all purposes, the same as if such official had been in office at the time of such delivery. Subject to the provisions of this Ordinance regarding the registration of the Bonds and BANs, the Bonds and BANs shall be fully negotiable instruments under the laws of the State of Indiana.

SECTION 7. Security and Sources of Payment for the Bonds. The Bonds, when fully paid for and delivered to the purchaser or purchasers thereof, together with any bonds hereafter issued on a parity therewith (to be referred to hereinafter collectively as the "bonds," unless the context otherwise requires), as to both principal and interest, shall be valid and binding special and limited revenue obligations of the City, payable solely from and secured by an irrevocable pledge of and constituting a first charge, on a parity basis with the Prior Bonds, upon all of the "Net Revenues" (herein defined as gross revenues of the Sewage Works after the deduction only for the payment of the reasonable expenses of operation, repair and maintenance) derived from the Sewage Works, including all such Net Revenues from the existing works, the Project and all additions and improvements thereto and replacements thereof subsequently constructed or acquired, to be set aside into the Sewage Works Sinking Fund as herein provided. The City shall not be obligated to pay the Bonds or the interest thereon except from the Net Revenues of the Sewage Works, and the Bonds shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana.

SECTION 8. Form of the Bonds. The form and tenor of the Bonds shall be substantially as set forth in Appendix A attached hereto and incorporated herein as if set forth at this place (with all blanks to be filled in properly and all necessary additions, modifications and deletions to be made prior to the delivery thereof).

SECTION 9. Issuance, Sale and Delivery of the Bonds and the BANs.

(a) Generally. The Controller is hereby authorized and directed to have the Bonds and the BANs prepared, and the Mayor and the Clerk are each hereby authorized and directed to execute and attest, respectively, the Bonds and the BANs in the form and manner herein provided. The Controller is hereby authorized and directed to deliver the Bonds and the BANs to the purchaser or purchasers thereof after sale made in accordance with the provisions of the Act and this Ordinance, provided that at the time of said delivery the Controller shall collect the full amount which the purchaser or purchasers have agreed to pay therefor, which shall be not less than ninety-nine percent (99.0%) of the par amount of the Bonds (or such higher percentage of the par value of the Bonds as determined by the Controller with the advice of the Financial Advisor of the City and set forth in the Controller's Certificate), plus accrued interest thereon to the date of delivery, if any, and in the case of the BANs, shall not be less than ninety-nine percent (99.0%) of the par amount of the BANs. The City may receive payment for the Bonds and the BANs in installments. The proceeds derived from the sale of the Bonds (or, instead, the BANs, if such BANs are issued), shall be and are hereby set aside for application to the costs of the Project, including all authorized costs relating thereto and the respective costs of issuance of the Bonds and the BANs. The authorized officers of the City are hereby authorized and directed to draw all proper and necessary warrants and to do whatever other acts and things that may be necessary or appropriate to carry out the provisions of this Ordinance.

(b) Issuance, Sale and Delivery of the BANs. The City, having satisfied all the statutory requirements for the issuance of the Bonds, may elect to issue its BAN or BANs to an eligible purchaser under Indiana Code 5-1-14-5 or to the Authority pursuant to the BAN Purchase Agreement, to be entered into between the City and the purchaser of the BANs. The Common Council hereby authorizes the issuance and execution of the BAN or BANs in lieu of initially issuing Bonds to provide interim construction financing for the Project until permanent financing becomes available. It shall not be necessary for the City to repeat the procedures for the issuance of its Bonds, as the procedures followed before the issuance of the BAN or BANs are for all purposes sufficient to authorize the issuance of the Bonds and the use of the proceeds to repay the BAN or BANs. The Mayor, the Controller and/or the Clerk are each hereby authorized and directed to execute and/or attest the BAN Purchase Agreement in such form or substance as they shall approve acting upon the advice of counsel. The Mayor, the Controller and the Clerk may also take such other action or deliver such other certificates as are necessary or desirable in connection with the issuance of the BANs or the Bonds and the other documents needed for the financing as they deem necessary or desirable in connection therewith.

(c) Issuance, Sale and Delivery of the Bonds.

(i) Public Sale. Any series of the Bonds may, in the discretion of the Controller based upon the advice of the Financial Advisor, be sold by public sale. In the event any series of the Bonds is sold by public sale, prior to the sale of such series of the Bonds, the Controller shall cause to be published a notice of intent to sell bonds two (2) times at

least one (1) week apart in the Bloomington Herald Times, a newspaper of general circulation published in the City, and the Court & Commercial Record, a newspaper of general circulation published in Indianapolis, Indiana. The notice of such sale or a summary thereof may also be published in The Bond Buyer, a financial journal published in the City and State of New York and/or in other publications, in the discretion of the Controller. The notice must state that any person interested in submitting a bid for such series of the Bonds may furnish in writing, at the address set forth in the notice, the person's name, address and telephone number, and that any such person may also furnish a telex number. The notice must also state: (A) the amount of the Bonds to be offered; (B) the denominations; (C) the dates of maturity; (D) the maximum rate or rates of interest; (E) the place of sale; and (F) the time within which the name, address and telephone number must be furnished, which time must not be less than seven (7) days after the last publication of the notice. Each person so registered shall be notified of the date and time bids will be received not less than twenty-four (24) hours before the date and time of sale. The notification shall be made by telephone at the number furnished by the person, and also by telex if the person furnishes a telex number. Such notice may also include such other information as the Controller shall deem necessary.

Such notice shall provide, among other things, that each bid shall be accompanied by a certified or cashier's check or a financial surety bond from an insurance company in the amount of one percent (1%) of the principal amount of such series of the Bonds to guarantee performance on the part of the bidder; that if the Bonds are awarded to a bidder who has submitted a financial surety bond to the City, then such bidder must submit the required amount of the good faith deposit to the City in the form of a certified or cashier's check (or a wire transfer consisting of immediately available funds to the City as instructed by the City) not later than 3:00 p.m. (local time) on the next business day following the award by the City; that if such check or wire transfer is not received by that time, the financial surety bond may be drawn upon by the City to satisfy the deposit requirements; and that in the event the successful bidder shall fail or refuse to accept delivery of and pay for the Bonds as soon as the Bonds are ready for delivery, or at the time fixed in the notice of intent to sell bonds, then such check or financial surety bond and the proceeds thereof shall become the property of the City and shall be considered as the City's liquidated damages on account of such default.

All bids for Bonds sold at public sale shall be sealed and shall be presented to the Controller at the Controller's office, and the Controller shall continue to receive all bids offered until the time fixed for the sale of the Bonds, at which time and place the Controller shall open and consider each bid. Bidders for the Bonds shall be required to name the rate or rates of interest which the Bonds are to bear, not exceeding five percent (5.0%) per annum. Such interest rate or rates shall be in multiples of one-eighth (1/8) or one-hundredth (1/100) of one percent (1%). Bids specifying more than one interest rate shall also specify the amount and maturities of the series of Bonds bearing each rate, and all Bonds of a series maturing on the same date shall bear the same rate of interest. The interest rate on a series of Bonds of a given maturity must be at least as great as the interest rate on Bonds of such series of any earlier maturity. Subject to the provisions set forth below, the Controller shall award the Bonds to the bidder offering the lowest net interest cost to the City, to be determined by computing the total interest on all of the Bonds from the date thereof to their maturities and deducting therefrom the premium bid, if any, or adding thereto the amount of any discount. No bid for less than ninety-nine percent (99.0%) of the par value of the Bonds (or such higher percentage of the par value of the Bonds as determined by the Controller with the advice of the Financial Advisor to the City and set forth in the Controller's Certificate), plus accrued interest, if any, at the rate or rates named to the date of delivery, will be considered. The Controller shall have full right to reject any and all bids. In the event no acceptable bid is received at the time fixed for the sale of the Bonds, the Controller shall be authorized to continue to receive bids from day to day thereafter for a period not to exceed thirty (30) days, without readvertising, pursuant to Indiana law.

The Controller is hereby authorized to determine, in the Controller's discretion, to sell the Bonds pursuant to the general provisions of Indiana Code 5-1-11 (rather than Section 2(b) thereof), and in the event of such a determination, those portions of this Section 9 which conflict with such provisions shall be deemed inapplicable.

(ii) Sale to the Authority. Any series of the Bonds may, in the discretion of the Controller based upon the advice of the Financial Advisor, be sold to the Authority. The Mayor and the Controller are hereby authorized to submit an application to the Authority for participation in the wastewater loan program (the "SRF Program") under Indiana Code 4-4-11 and 13-18-13. The Financial Assistance Agreement for the Bonds and the Project shall be executed by the City and the Authority. The form of Financial Assistance Agreement shall be in substantially the form of the financial assistance agreement previously approved by one or more of the Prior Ordinances, and the Mayor, the Controller and/or the Clerk are hereby authorized to execute and/or attest the same on behalf of the City and to approve any changes in form or substance to the Financial Assistance Agreement, such approval to be conclusively evidenced by their execution. The Financial Assistance Agreement may set forth the definitive terms and conditions for such sale including the purchase price and interest rate, but all of such terms and conditions must be consistent with the terms and conditions of this Ordinance, including, without limitation, the interest rates on the Bonds which shall not exceed the maximum rate of interest for the Bonds authorized pursuant to this Ordinance. Bonds sold to the Authority shall be accompanied by all documentation required by the Authority pursuant to Indiana Code 4-4-11 and 13-18-13, and the Financial Assistance Agreement, including, without limitation, an approving opinion of a nationally recognized bond counsel, certification and guarantee of signatures and certification as to no litigation pending, as of the date of delivery of the Bonds to the Authority, challenging the validity or issuance of the Bonds. In the event the Controller determines to sell the Bonds to the Authority, the entry by the City into the Financial Assistance Agreement, the execution of the Financial Assistance Agreement by the Mayor, and, if required, the entry by the City into a purchase agreement or any other agreement with the Authority and the execution thereof by the Mayor, in accordance with this Ordinance are hereby authorized, approved and ratified.

Notwithstanding anything contained herein, the City may accept any other forms of financial assistance, as and if available, from the SRF Program (including without limitation (1) any forgivable loans, grants or other assistance whether available as an alternative to any Bond related provision otherwise provided for herein or as a supplement or addition thereto and (2) one or more series or combination of series of Bonds and/or BANs). If required by the SRF Program to be eligible for such financial assistance, one or more of the series of the Bonds or BANs issued hereunder may be issued on a basis such that the payment of the principal of or interest on (or both) such series of Bonds is junior and subordinate to the payment of the principal of and interest on other series of Bonds issued hereunder (and/or any other revenue bonds secured by a pledge of Net Revenues, whether now outstanding or hereafter issued), all as provided by the terms of such series of Bonds as modified pursuant to this authorization. Such financial assistance, if any, shall be as provided in the Financial Assistance Agreement and the Bonds of each series of Bonds and the BANs of each series of BANs issued hereunder (including any modification made pursuant to the authorization in this paragraph to the form of Bond otherwise contained herein).

(d) Credit Enhancement; Opinion of Bond Counsel. Prior to the delivery of the Bonds and the BANs, the Controller (i) shall be authorized to investigate, negotiate and obtain bond insurance, other forms of credit enhancement and/or credit ratings on the Bonds (and the BANs, if issued) and (ii) shall obtain a legal opinion as to the validity of the Bonds (and the BANs, if issued) from Faegre Baker Daniels LLP, Indianapolis, Indiana, bond counsel for the City, with such opinion or opinions to be furnished to the purchaser or purchasers of the Bonds or to the purchaser of the BANs at the expense of the City. The costs of obtaining any such insurance, other credit enhancement and/or credit ratings, together with bond counsel's fee in preparing and delivering such opinion or opinions and in the performance of related services in connection with the issuance, sale and delivery of the Bonds and the BANs, shall be considered as a part of the cost of the Project and shall be paid out of the proceeds of the Bonds and BANs, respectively.

SECTION 10. Disposition of Proceeds of the Bonds and BANs; City of Bloomington, Sewage Works Construction Account. All accrued interest, if any, received at the time of the delivery of the Bonds shall be deposited in the Sewage Works Sinking Fund. The remaining proceeds from the sale of the Bonds, to the extent not used to refund the BANs, and BAN proceeds shall be deposited in a bank or banks which are legally qualified depositories for the funds of the City, in the special account to be designated as "City of Bloomington, Sewage Works Construction Account" (the "Construction Account"). Amounts in the Construction Account shall be expended only for the purpose of paying the costs of the Project, refunding the BANs, if issued, paying the costs of issuance of the Bonds and the BANs, if the BANs are issued, or as otherwise permitted or required by the Act. Any balance or balances remaining unexpended in the Construction Account after completion of the Project, which are not required to meet unpaid obligations incurred in connection with the acquisition, construction, installation or equipping of the Project, shall be used solely for one or more of the purposes permitted under the provisions of Indiana Code 5-1-13, as amended, or be applied upon the terms set forth in the Financial Assistance Agreement.

Notwithstanding the provisions of this Section 10, if BANs are issued, then the proceeds of the Bonds relating thereto shall be used to refund the BANs or to pay additional Project costs and are hereby pledged for such purposes, and any proceeds of the Bonds remaining after the BANs have been paid in full and after completion of the Project shall be used solely for one or more of the purposes permitted under the provisions of Indiana Code 5-1-13, as amended.

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

Pursuant to the Act, the owners of the Bonds and the BANs shall be entitled to a lien on the proceeds of the Bonds and the BANs, respectively, until such proceeds are applied as required by this Ordinance and by Indiana law.

SECTION 11. Segregation and Application of Sewage Works Revenues. All revenues derived from the operation of the Sewage Works and from the collection of sewage rates and charges shall be deposited in an account previously established and continued hereby and known as the Sewage Works General Account (the "General Account"), and shall be segregated and kept separate and apart from all other funds and bank accounts of the City. Out of said revenues the proper and reasonable expenses of operation, repair and maintenance of the Sewage Works shall be paid, the principal and interest of all bonds and fiscal agency charges of bank paying agents shall be paid, and the costs of replacements, extensions, additions and improvements shall be paid as hereinafter provided.

The balance maintained in the General Account shall be sufficient to pay the expenses of operation, repair and maintenance of the works for the then next succeeding two (2) calendar months. The moneys credited to the General Account shall be used for the payment of the reasonable and proper operation, repair and maintenance expenses of the Sewage Works on a day-to-day basis, including the reasonable legal and professional expenses not taken into account in the definition of Net Revenues, but none of the moneys in the General Account shall be used for depreciation, payments in lieu of taxes, replacements, improvements, extensions or additions. Any moneys in the General Account may be transferred to the Sinking Fund (defined below) if necessary to prevent a default in the payment of principal of or interest on outstanding bonds of the Sewage Works.

Moneys in the General Account shall be transferred from time to time to meet the requirements of the Sinking Fund. Moneys in excess of those transferred to the Sinking Fund may be transferred to the Sewage Works Improvement Fund or may be retained in the General Account, in the discretion of the Board, and in a manner consistent with the requirements of this Ordinance. Moneys in excess of those required to be in the General Account and the Sinking Fund may also be used, in the discretion of the Board, for any other lawful purpose related to the Sewage Works. Notwithstanding the foregoing, in the event any amounts are due to any

providers (including their successors and assigns) of any municipal bond insurance policies or debt service reserve surety policies acquired by the City in connection with any of the Prior Bonds, under such policies, any excess moneys after making all required transfers to the Sinking Fund shall first be used to pay such amounts.

#### SECTION 12. Sewage Works Sinking Fund.

(a) There shall be deposited from the General Account into the Sewage Works Sinking Fund previously established and continued hereby (the "Sinking Fund") for the payment of the interest on and principal of revenue bonds which by their terms are payable from the Net Revenues of the Sewage Works, and the payment of any fiscal agency charges in connection with the payment of such bonds and interest thereon, a sufficient amount of the Net Revenues of said Sewage Works to meet the requirements of the Bond and Interest Account and the Reserve Account previously established and continued hereby in said Sinking Fund. Such payments shall continue until the balance in the Bond and Interest Account, plus the balance in the Reserve Account, equals the principal of and interest on all of the then outstanding bonds of the Sewage Works to the final maturity thereof and provide for payment of all fiscal agency charges.

(b) Bond and Interest Account. There shall be transferred, on or before the last day of each calendar month, from the General Account and credited to the Bond and Interest Account, an amount equal to the sum of one-sixth (1/6) of the interest on all then outstanding bonds of the Sewage Works payable on the then next succeeding Interest Payment Date, and one-twelfth (1/12) of the amount of principal payable on all then outstanding bonds of the Sewage Works payable on the then next succeeding principal payment date, until the amount of interest and principal payable on the next succeeding respective interest and principal payment dates shall have been so credited; provided that such fractional amounts shall be appropriately increased, if necessary, to provide for the first interest and first principal payments on the Bonds. There shall similarly be credited to the Bond and Interest Account any amount necessary to pay the bank fiscal agency charges, if any, for paying the principal of and interest on outstanding bonds of the Sewage Works as the same become payable. The City shall, from the sums deposited in the Sinking Fund and credited to the Bond and Interest Account, remit promptly to the registered owners of the outstanding bonds of the Sewage Works or to the bank fiscal agency sufficient moneys to pay the principal and interest on the due dates thereof together with the amount of any bank fiscal agency charges.

(c) Reserve Account. On the date of delivery of each series of the Bonds or any other bonds payable from the Reserve Account, funds on hand of the Sewage Works, proceeds of the Bonds or such other bonds or a combination thereof shall be deposited into the Reserve Account, so that the balance in the Reserve Account shall equal but not exceed the maximum annual debt service on the Prior Bonds and the Bonds (the "Reserve Requirement").

If the initial deposit into the Reserve Account does not equal the Reserve Requirement, or if no deposit is made, the City shall deposit a sum of Net Revenues into the Reserve Account on the last day of each calendar month until the balance equals the Reserve Requirement. The monthly deposits shall be equal in amount and sufficient to accumulate the Reserve Requirement within five (5) years of the date of delivery of the Bonds.

The Reserve Account shall constitute the margin for safety and protection against default in the payment of principal of and interest on the Prior Bonds, the Bonds and any other bonds payable from the Reserve Account, and the moneys in the Reserve Account shall be used to pay current principal and interest on the Prior Bonds, the Bonds and any other bonds payable from the Reserve Account to the extent that moneys in the Bond and Interest Account are insufficient for that purpose. Any deficiency in the balance maintained in the Reserve Account shall be made up from the next available Net Revenues remaining after credits into the Bond and Interest Account. In the event moneys in the Reserve Account are transferred to the Bond and Interest Account to pay principal and interest on the Prior Bonds or the Bonds, then such depletion of the balance in the Reserve Account shall be made up from the next available Net Revenues after the credits to the Bond and Interest Account. Any moneys in the Reserve Account in excess of the Reserve Requirement shall, at the direction of the Board, either be transferred to the General Account or be used for the purchase of outstanding bonds or installments of principal of fully registered bonds at a price not exceeding par and accrued interest, and redemption premium, if any.

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

SECTION 13. Sewage Works Improvement Fund. As set forth in Section 11 hereof, Net Revenues may be transferred or credited from the General Account to a fund designated the Sewage Works Improvement Fund, hereby continued (the "Improvement Fund"). Said fund shall be used for improvements, replacements, additions and extensions of the Sewage Works, and for payments in lieu of taxes. Moneys in the Improvement Fund shall be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal and interest on the then outstanding bonds or if necessary to eliminate any deficiencies in credits to or minimum balance in the Reserve Account of the Sinking Fund. Moneys in the Sewage Works Improvement Fund also may be transferred to the General Account to meet unforeseen contingencies in the operation, repair and maintenance of the Sewage Works.

SECTION 14. Investment of Funds. All of the amounts in the funds and accounts created pursuant to this Ordinance shall be deposited in lawful depositories of the State of Indiana, and shall be continuously held and secured or invested as provided by the laws of the State of Indiana relating to the depositing, securing, holding and investing of public funds, including particularly Indiana Code 5-13, as amended and supplemented, including pursuant to Indiana Code 4-4-11 and Indiana Code 13-18-13. The amounts in the Sinking Fund shall be deposited in and maintained as a separate account or accounts from all other bank accounts of the City. The General Account and the Improvement Fund may be maintained in a single account, or accounts, but such account or accounts shall likewise be maintained separate and apart from all other bank accounts of the City and apart from the Sinking Fund account or accounts. In no event shall any of the Net Revenues of the Sewage Works be transferred or used for any purpose not authorized by this Ordinance so long as any of the bonds of the Sewage Works issued pursuant to the provisions of this Ordinance shall be outstanding. Investment income earned on moneys in the funds and accounts established by this Ordinance shall become a part of the funds and accounts invested (except as otherwise provided in Section 12 hereof) and shall be used only as provided in this Ordinance and the Prior Ordinances.

SECTION 15. Books of Record and Accounts. The City shall keep proper books of record and accounts, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues collected from said works and deposited in said funds, and all disbursements made therefrom on account of the operation of the works, and to meet the requirements of the Sinking Fund, and all other financial transactions relating to said works. There shall be prepared and furnished, upon written request, to any owner of the Bonds or BANs at the time then outstanding, not more than ninety (90) days after the close of each fiscal year, complete financial statements of the works, covering the preceding fiscal year. Copies of all such statements and reports shall be kept on file in the office of the Assistant Director of Finance of the Sewage Works. Any owner or owners of the Bonds or BANs then outstanding shall have the right at all reasonable times to inspect the works and all records, accounts and data of the City relating thereto. Such inspections may be made by representatives duly authorized by written instrument.

If the Bonds or BANs are sold to the Authority, the City shall establish and maintain the books and other financial records of the Project (including the establishment of a separate account or subaccount for the Project) and the Sewage Works in accordance with (i) generally accepted accounting standards for utilities, on an accrual basis, as promulgated by the Government Accounting Standards Board, and (ii) the rules, regulations and guidance of the State Board of Accounts.

**SECTION 16. Rates and Charges.** The City covenants and agrees that it shall, by ordinance of the Common Council and to the fullest extent permitted by law, establish and maintain just and equitable rates or charges for the use of and the services rendered by said works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses said sewage works by or through any part of the sewage works system of the City, or that in any way uses or is served by such works, at a level adequate to produce and maintain sufficient revenue (including user and other charges, fees, income or revenues available to the City) to provide for the proper operation, repair and maintenance of the works, to comply with and satisfy all covenants contained in this Ordinance and the Financial Assistance Agreement (if entered into), and for the payment of the sums required to be paid into the Sinking Fund by the Act and this Ordinance.

Such rates or charges shall, if necessary, be changed and readjusted from time to time so that the revenues therefrom shall always be sufficient to meet the expenses of operation, repair and maintenance of the Sewage Works and the requirements of the Sinking Fund. The rates or charges so established shall apply to any and all use of such works by and service rendered to the City and all departments thereof and shall be paid by the City as the charges accrue.

**SECTION 17. Defeasance.** If, when the Bonds or BANs issued hereunder (or portions thereof) shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the Bonds or BANs (or portions thereof) for redemption shall have been given, and the whole amount of the principal, the interest and the premium, if any, so due and payable upon all of the Bonds or BANs (or portions thereof) then outstanding shall be paid; or (i) sufficient moneys, or (ii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, the principal of and the interest on which when due will provide sufficient moneys, or (iii) time certificates of deposit fully secured as to both principal and interest by obligations of the kind described in (ii) above of a bank or banks the principal of and interest on which when due will provide sufficient moneys, shall be held in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case the Bonds or BANs, as applicable (or portions thereof), issued hereunder shall no longer be deemed outstanding or entitled to the pledge of the Net Revenues of the City's Sewage Works.

**SECTION 18. Additional BANs and Bonds.** The City will issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on the Net Revenues of the Sewage Works having priority over the Bonds herein authorized.

The City reserves the right to authorize and issue additional BANs at any time ranking on a parity with the BANs so long as the interest is payable only on the same date(s) as that provided in the BAN Purchase Agreement and the principal is payable solely from the Bond proceeds. The City also reserves the right to authorize and issue additional bonds, payable out of the Net Revenues of its Sewage Works, ranking on a parity with the Prior Bonds and with the Bonds authorized by this Ordinance, for the purpose of financing the cost of future additions, extensions and improvements to the Sewage Works, or to refund obligations, subject to the following conditions:

(a) All required payments into the Sinking Fund shall have been made in accordance with the provisions of this Ordinance, and the interest on and principal of all bonds payable from the revenues of the Sewage Works shall have been paid to date in accordance with the terms thereof.

(b) As of the date of issuance of such additional bonds, the balance in the Reserve Account shall equal (i) not less than the Reserve Requirement (not including the increase necessitated by the additional bonds) or (ii) if the additional bonds are to be issued within five (5) years of the date of the issuance of the Bonds, the balance in the Reserve Account equals the amount of aggregate monthly deposits to be made thereto in accordance with Section 12(c) of this Ordinance, and the Reserve Requirement is proportionately increased in accordance with the provisions of Section 12(c) of this Ordinance and the City covenants to make equal monthly deposits into the Sewage Works Sinking Fund over a sixty (60) month period sufficient to equal the increased Reserve Requirement.



(c) (i) The Net Revenues of the Sewage Works in the fiscal year immediately preceding the issuance of any such bonds ranking on a parity with the Bonds shall be not less than one hundred twenty-five percent (125%) of the maximum annual interest and principal requirements of the then outstanding bonds payable from the Net Revenues of the Sewage Works and the additional parity bonds proposed to be issued; or (ii) prior to the issuance of said parity bonds, the sewage rates and charges shall be increased sufficiently so that said increased rates and charges applied to the previous fiscal year's operations would have produced Net Revenues for said year equal to not less than one hundred twenty-five percent (125%) of the maximum annual interest and principal requirements of the then outstanding bonds payable from the Net Revenues of the Sewage Works and the additional parity bonds proposed to be issued. For purposes of this subsection, the records of the Sewage Works shall be analyzed and all showings shall be prepared by a certified public accountant or nationally recognized firm of professionals experienced in analyzing financial records of municipal utilities retained by the City for that purpose.

(d) The principal of said additional parity bonds shall be payable on January 1 and the interest on said additional parity bonds shall be payable semiannually on January 1 and July 1 in the years in which such principal and interest are payable.

(e) If the Bonds are sold to the Authority, (i) the City has obtained the consent of the Authority, (ii) the City has faithfully performed and is in compliance with each of its obligations, agreements and covenants contained in the Financial Assistance Agreement and this Ordinance, and (iii) the City is in compliance with its National Pollutant Discharge Elimination System permits, except for non-compliance for which the bonds are to be issued, including refunding bonds issued prior to, but part of, the overall plan to eliminate such non-compliance.

SECTION 19. Additional Covenants of the City. For the purpose of further safeguarding the interests of the owners of the Bonds and BANs, it is specifically provided as follows:

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

(b) Said additions and improvements shall be constructed under the supervision and subject to the approval of the Consulting Engineers or such other competent engineer as shall be designated by the Common Council. All estimates for work done or material furnished shall first be checked by the Consulting Engineers and approved by the Common Council.

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

(d) So long as any of the Bonds or BANs are outstanding, the City shall maintain insurance coverage (which must be acceptable to the Authority if the Authority owns the Bonds or the BANs), including fidelity bonds, to protect the sewage works and its operations on the insurable parts of said works of a kind and in an amount such as would normally be carried by private companies engaged in a similar type of business. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the State of Indiana. All insurance proceeds and condemnation awards shall be used in replacing or restoring the property destroyed, damaged or taken; alternatively, they may be applied as Net Revenues of the works, but only with the consent of the Authority, if the Bonds or BANs have been sold to the Authority.

(e) So long as any of the Bonds or BANs are outstanding, the City shall not mortgage, pledge or otherwise encumber such works, or any part thereof, nor shall it sell, lease or otherwise dispose of any portion thereof except to replace equipment which may become worn out or obsolete.

(f) If the Bonds or BANs are sold to the Authority to finance Eligible Costs (as defined in the Financial Assistance Agreement), the City shall not borrow any money, enter into any contract or agreement or incur any other liabilities in connection with the Sewage Works, other than for normal operating expenditures, without the prior written consent of the Authority, if such undertaking would involve, commit or use the revenues of the Sewage Works.

(g) Except as hereinbefore provided in Section 18 hereof, so long as any of the Bonds are outstanding, no additional bonds or other obligations pledging any portion of the revenues of said sewage works shall be authorized, executed or issued by the City except such as shall be made subordinate and junior in all respects to the Bonds, unless all of the Bonds are redeemed, retired or defeased pursuant to Section 17 hereof coincidentally with the delivery of such additional bonds or other obligations.

(h) The City shall take all action or proceedings necessary and proper to require connection of all property where liquid and solid waste, sewage, night soil or industrial waste is produced with available sanitary sewers. The City shall, insofar as possible, cause all such sanitary sewers to be connected with said sewage works.

(i) The provisions of this Ordinance shall constitute a contract by and between the City and the owners of the Bonds and BANs, and after the issuance of said Bonds and BANs, subject to the rights of the City under Section 23 hereof, this Ordinance shall not be repealed or amended in any respect which will adversely affect the rights of the owners of said Bonds and BANs, nor shall the Common Council adopt any law, ordinance or resolution which in any way adversely affects the rights of such owners so long as any of said Bonds or BANs or the interest thereon remains unpaid. Except with respect to amendments described in Section 23(a) through (g) hereof, however, this Ordinance may be amended without the consent of the owners of the Bonds or the BANs (i) if, among other things, the Common Council determines, in its sole discretion, that such amendment would not adversely affect the owners of the Bonds or the BANs, respectively, and (ii) as otherwise permitted pursuant to Section 23 hereof; provided, however, that if the Bonds or BANs are sold to the Authority, the City shall obtain the prior written consent of the Authority.

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

#### SECTION 20. Permitted Actions Relating to Preservation of Exclusion of Interest from Federal Gross Income.

(a) The Controller is hereby authorized to invest moneys pursuant to the provisions of this Ordinance and Indiana Code 5-1-14-3 at a restricted yield (subject to applicable requirements of federal law to insure that any such investment is acquired for fair market value) to the extent necessary or advisable to preserve the exclusion from gross income of interest on the Bonds and BANs, or the tax exempt status of interest on the Bonds and BANs, under federal law.

(b) The Controller shall keep full and accurate records of investment earnings and income from moneys held in the funds and accounts created or referenced herein. In order to comply with the provisions of this Ordinance, the Controller is hereby authorized and directed to employ consultants or attorneys from time to time to advise the City as to requirements of federal law to preserve the tax exclusion or exemption.

SECTION 21. Tax Covenants. In order to preserve the exclusion of interest on the Bonds and BANs from gross income for federal income tax purposes and as an inducement to purchasers of the Bonds and BANs, the City represents, covenants and agrees that:

(a) No person or entity or any combination thereof, other than the City or any other governmental unit ("Governmental Unit") within the meaning of Section 141(b)(6) and Section 150(a)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), will use more than ten percent (10%) of the proceeds of the Bonds or BANs or property financed by the Bond or BAN proceeds other than as a member of the general public. No person or entity or combination thereof, other than the City or any other Governmental Unit will own property financed by more than ten percent (10%) of the Bond or BAN proceeds or will have actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract, an arrangement such as a take-or-pay or other type of output contract or any other type of arrangement that differentiates that person's or entity's use of such property from the use by the public at large, except pursuant to a management or similar contract which satisfies the requirements of IRS Revenue Procedure 97-13.

(b) No Bond or BAN proceeds will be loaned to any entity or person. No Bond or BAN proceeds will be transferred, directly or indirectly, or deemed transferred to a nongovernmental person in any manner that would in substance constitute a loan of the Bond or BAN proceeds.

(c) The City will not take, or cause or permit to be taken by it or by any party under its control, or fail to take or cause or permit to fail to be taken by it or by any party under its control, any action with respect to the Bonds or BANs that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Bonds or BANs pursuant to Section 103 of the Code, nor will the City act in any other manner which would adversely affect such exclusion. The City further covenants that it will not make any investment or do any other act or thing during the period that any Bond or BAN is outstanding hereunder which would cause any Bond or BAN to be an "arbitrage bond" within the meaning of Section 148 of the Code and the regulations applicable thereto as in effect on the date of delivery of the Bonds or BANs.

(d) The City will, to the extent necessary to preserve the exclusion of interest on the Bonds and BANs from gross income for federal income tax purposes, rebate all required arbitrage profits on Bond and BAN proceeds or other moneys treated as Bond or BAN proceeds to the federal government and will set aside such moneys in a Rebate Account to be held by the Controller in trust for such purpose.

SECTION 22. Compliance with Tax Sections. Notwithstanding any other provisions of this Ordinance, the covenants and authorizations contained in this Ordinance (the "Tax Sections") which are designed to preserve the tax exempt status of interest on the Bonds and BANs or the exclusion of interest on the Bonds and BANs from gross income under federal law (the "Tax Exemption") need not be complied with if the City receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption. In addition, the City is authorized to issue one or more series of Bonds or BANs, the interest on which is not excludable from gross income under federal law, in which case the Tax Sections of this Ordinance shall not apply to such series of Bonds or BANs.

SECTION 23. Supplemental Ordinances. Without notice to or consent of the owners of the Bonds or BANs herein authorized, the City may, from time to time and at any time, adopt an ordinance or ordinances supplemental hereto (which supplemental ordinance or ordinances shall thereafter form a part hereof) for any of the following purposes:

(i) To cure any ambiguity or formal defect or omission in this Ordinance or in any supplemental ordinance or to make any other change authorized herein;

(ii) To grant to or confer upon the owners of the Bonds and BANs any additional benefits, rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the owners of the Bonds and BANs or to make any change which, in the judgment of the City, is not to the prejudice of the owners of the Bonds or BANs;

(iii) To modify, amend or supplement this Ordinance to permit the qualification of the Bonds or BANs for sale under the securities laws of the United States of America or of any of the states of the United States of America or to obtain or maintain bond insurance or other credit enhancement with respect to payments of principal of and interest on Bonds or BANs;

(iv) To provide for the refunding or advance refunding of the Bonds;

(v) To procure a rating on the Bonds from a nationally recognized securities rating agency or agencies designated in such supplemental ordinance if such supplemental ordinance will not adversely affect the owners of the Bonds or any other bonds ranking on a parity with such Bonds; or

(vi) To accomplish any other purpose which, in the judgment of the City, does not adversely affect the interests of the owners of the Bonds or BANs;

provided, however, that if the Bonds or BANs are sold to the Authority, the City shall obtain the prior written consent of the Authority.

Subject to the terms and provisions contained in this Section 23 and Section 19(i) of this Ordinance, and not otherwise, the owners of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Bonds issued pursuant to this Ordinance and then outstanding shall have the right, from time to time, anything contained in this Ordinance to the contrary notwithstanding, to consent to and approve the adoption by the City of such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this Ordinance, or in any supplemental ordinance; provided, however, that if the Bonds or BANs are sold to the Authority, the City shall obtain the prior written consent of the Authority; and provided, further, that nothing herein contained shall permit or be construed as permitting:

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

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

(c) The creation of a lien upon or a pledge of the Net Revenues of the Sewage Works ranking prior to the pledge thereof created by this Ordinance; or

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

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

(f) A reduction in the Reserve Requirement; or

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

If the owners of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Bonds outstanding at the time of adoption of such supplemental ordinance shall have consented to and approved the adoption thereof by written instrument to be maintained on file in the office of the Controller of the City, no owner of any Bond issued pursuant to this Ordinance shall have any right to object to the adoption of such supplemental ordinance or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City or its officers from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental ordinance pursuant to the provisions of this Section 23, this Ordinance shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Ordinance of the City and all owners of Bonds issued pursuant to the provisions of this Ordinance then outstanding, shall thereafter be

determined, exercised and enforced in accordance with this Ordinance, subject in all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this Ordinance, the rights and obligations of the City and of the owners of the Bonds authorized by this Ordinance, and the terms and provisions of the Bonds and this Ordinance, or any supplemental ordinance, may be modified or altered in any respect with the consent of the City and the consent of the owners of all the Bonds issued pursuant to this Ordinance then outstanding.

SECTION 24. Reimbursement of Preliminary Expenditures. The Common Council hereby declares that, for the purpose of evidencing compliance with Indiana Code 5-1-14-6 and Section 1.150-2 of the Treasury Regulations, it reasonably expects to reimburse with the proceeds of the Bonds or BANs (in an amount not to exceed and payable from the sources set forth above) expenditures for the payment of the costs of the Project made by or on behalf of the City prior to the issuance of the Bonds or BANs during the period beginning on the date sixty (60) days prior to the effective date of this Ordinance until the date of issuance of the Bonds or BANs, as the case may be, which expenditures are expected to be paid initially from other legally available funds of the City.

SECTION 25. Repeal of Conflicting Ordinances. All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions of this Ordinance, are, to the extent of such conflict, hereby repealed; provided, however, that this Ordinance shall not be deemed in any way to repeal, amend, alter or modify any of the Prior Ordinances, nor be construed as adversely affecting the rights of any of the owners of the outstanding Prior Bonds.

SECTION 26. Rates and Charges. The estimate of rates and charges which will be needed and charged to the general classes of users of property to be served by the Sewage Works in order to provide sufficient moneys to make payments of principal of and interest on the Bonds, along with the other payments identified in this Ordinance, is set forth in Ordinance No. 16-10, adopted by the Common Council on June 15, 2016.

SECTION 27. Official Statement. Any series of the Bonds may be offered and sold pursuant to an Official Statement or other offering document with respect to such Bonds (the "Official Statement"), to be made available and distributed in such manner, at such times, for such periods and in such number of copies as may be required pursuant to Rule 15c2-12 promulgated by the United States Securities and Exchange Commission (the "Rule") and any and all applicable rules and regulations of the Municipal Securities Rulemaking Board. The City hereby authorizes the Controller (a) to authorize and approve a Preliminary Official Statement, as the same may be appropriately confirmed, modified and amended for distribution as the Preliminary Official Statement of the City; (b) on behalf of the City, to designate the Preliminary Official Statement a "final" Official Statement with respect to such Bonds, subject to completion as permitted by and otherwise pursuant to the Rule; and (c) to authorize and approve the Preliminary Official Statement to be placed into final form and to enter into such agreements or arrangements as may be necessary or advisable in order to provide for the distribution of a sufficient number of copies of the Official Statement under the Rule. The Mayor and the Controller are further authorized to execute and attest, respectively, an agreement in connection with the offering of such Bonds in accordance with the Rule by which the City agrees to undertake such continuing disclosure obligations as may be required under the Rule.

SECTION 28. Notice of Adoption and Purport of Ordinance. Upon passage of this Ordinance, the Controller shall immediately cause to be published in accordance with Indiana Code 5-3-1 a notice of the adoption and the purport of this Ordinance in accordance with Section 10 of the Act in the event that neither the entire Project nor any portion thereof have been ordered by or subject to the order of the Department. In the event an objecting petition is filed in accordance with Section 12 of the Act, no further proceedings shall be taken by the City relating to the Project until the later of (i) the date on which the court having jurisdiction over such matter confirms the decision of the City to issue bonds relating to the Project, or (ii) if an appeal is taken the date on which the appropriate court of last resort confirms the decision of the City to issue bonds relating to the Project, except as permitted by Section 12(f) of the Act.

SECTION 29. Controller's Certificate. The Controller shall, prior to the sale of the Bonds, set forth in a certificate (the "Controller's Certificate") the principal payment schedule for the Bonds, the percentage of par at which the Bonds shall be sold and any other matters required by this Ordinance to be provided in the Controller's Certificate.

SECTION 30. Payments on Holidays. If the date of making any payment or the last date for performance of any act or the exercising of any right, as provided in this Ordinance, shall be a legal holiday or a day on which banking institutions in the City or in the town or city in which the Registrar and Paying Agent is located are typically closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are typically closed, with the same force and effect as if done on the nominal date provided in this Ordinance, and no interest shall accrue for the period after such nominal date. Notwithstanding the foregoing, with respect to any Bonds sold to the Authority pursuant to Section 9 of this Ordinance, if the date for making any payment is a day when financial institutions are not open for business, such payment shall be made on the business day immediately preceding such payment date.

SECTION 31. Separability. If any section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 32. Captions. The captions in this Ordinance are inserted only as a matter of convenience and reference, and such captions are not intended and shall not be construed to define, limit, establish, interpret or describe the scope, intent or effect of any provision of this Ordinance.

SECTION 33. Effectiveness. This Ordinance shall be in full force and effect from and after its passage.

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this \_\_\_\_ day of \_\_\_\_\_, 2016.

---

ANDY RUFF, President  
Bloomington Common Council

ATTEST:

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NICOLE BOLDEN, Clerk  
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this \_\_\_\_ day of \_\_\_\_\_, 2016.

---

NICOLE BOLDEN, Clerk  
City of Bloomington

This Ordinance SIGNED and APPROVED by me upon this \_\_\_\_ day of \_\_\_\_\_, 2016.

---

JOHN HAMILTON, Mayor  
City of Bloomington

**APPENDIX A**

[Form of Bond]

UNITED STATES OF AMERICA  
STATE OF INDIANA, COUNTY OF MONROE  
CITY OF BLOOMINGTON, INDIANA,  
SEWAGE WORKS REVENUE BOND OF 20\_\_

No. \_\_R-\_\_

<u>Interest Rate</u>	<u>[Maturity Date]</u>	<u>Original Date</u>	<u>Authentication Date</u>	<u>[CUSIP No.]</u>
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Registered Owner:

Principal Amount:

The City of Bloomington (the "City"), in Monroe County, State of Indiana, for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, upon surrender hereof, solely out of the special revenue fund hereinafter referred to, the Principal Amount stated above, [on the Maturity Date stated above][or so much thereof as may be advanced from time to time and be outstanding as evidenced by the records of the registered owner making payment for this Bond, on January 1 in the years and in the amounts as set forth on Schedule A attached hereto] (unless this bond be subject to and shall have been called for redemption prior to maturity as hereinafter provided), and to pay interest hereon until the Principal Amount is fully paid at the Interest Rate per annum stated above from the interest payment date to which interest has been paid next preceding the Authentication Date of this bond unless this bond is authenticated after the fifteenth day of the calendar month immediately preceding an interest payment date and on or before such interest payment date, in which case it shall bear interest from such interest payment date, or unless this bond is authenticated on or before \_\_\_\_\_ 15, 20\_\_, in which case it shall bear interest from the Original Date stated above. Interest on this bond shall be payable semiannually on January 1 and July 1 of each year, commencing \_\_\_\_\_ 1, 20\_\_, and shall be calculated on the basis of twelve (12) thirty (30)-day months for a three hundred sixty (360)-day year.

The principal of and premium, if any, on this bond are payable at the principal office of \_\_\_\_\_ in the \_\_\_\_\_ of \_\_\_\_\_, Indiana, as Registrar and Paying Agent (which term shall include any successor registrar and paying agent). All payments of interest hereon shall be paid by check or draft mailed or delivered by the Paying Agent to the Registered Owner hereof at the address as it appears on the registration books of the Registrar as of the fifteenth day of the calendar month immediately preceding the applicable interest payment date or at such other address as is furnished to the Registrar and Paying Agent in writing by such Registered Owner. All payments on this bond shall be made in any coin or currency of the United States of America which, on the dates of such payments, shall be legal tender for the payment of public and private debts.

[Notwithstanding the foregoing, if payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds.] [Notwithstanding the foregoing paragraph, so long as this bond is registered in the name of the Indiana Finance Authority (the "Authority"), principal of and interest on this bond shall be paid by wire transfer to a financial institution designated by the Authority on the due date of such payment or, if such date is a day when financial institutions are not open for business, on the business day immediately preceding such due date. So long as the Authority is the registered owner of this bond, this bond shall be presented for payment as directed by the Authority.]

[So long as the Authority is the registered owner of this bond, it is understood that the principal hereof shall not be payable and interest hereon shall not accrue until such principal amount has been advanced pursuant to a request made by the City to the Authority.]

This bond and the other bonds of this issue, together with the interest payable hereon and thereon, are payable solely from and secured by an irrevocable pledge of and constitute a first charge upon all of the Net Revenues (herein defined as the gross revenues of the sewage works of the City after the deduction only for the payment of the reasonable expenses of operation, repair and maintenance) of the sewage works of the City, including the existing works, the improvements and extensions acquired or constructed out of the proceeds of this bond and the issue of which it is a part, and all additions and improvements thereto subsequently acquired or constructed. This bond and the other bonds of this issue rank on a parity basis with the Prior Bonds, as defined in the Ordinance. The City shall not be obligated to pay the principal of or interest on this bond except from the special fund, entitled the "Sewage Works Sinking Fund" (heretofore created by ordinance of the City and continued under the Ordinance as hereinafter described), provided from the Net Revenues of such sewage works, and neither this bond nor any of the bonds of the issue of which this bond is a part shall constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana.

This bond is one of an authorized issue of bonds of the City of Bloomington, Indiana, of like tenor and effect, except as to series, numbering, interest rate and date of maturity, in the aggregate principal amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) numbered from \_\_\_R-1 upward, issued for the purpose of providing funds to pay the cost of certain improvements and extensions to the sewage works of the City (the "Sewage Works"), [and to refund notes issued in anticipation of bonds,] and all expenses necessarily incurred in connection with the issuance of such bonds, as authorized by an ordinance adopted by the Common Council of the City on the \_\_\_ day of \_\_\_\_\_, 2016, entitled "An Ordinance of the Common Council of the City of Bloomington, Indiana, Authorizing the Acquisition, Construction, Installation and Equipping by the City of Bloomington, Indiana, of Certain Improvements and Extensions to the City's Sewage Works, the Issuance and Sale of Revenue Bonds to Provide Funds for the Payment of the Costs Thereof, the Issuance and Sale of Bond Anticipation Notes in Anticipation of the Issuance and Sale of Such Bonds, and the Collection, Segregation and Distribution of the Revenues of Such Sewage Works and Other Related Matters" (the "Ordinance"), and in strict compliance with the provisions of Indiana Code, Title 36, Article 9, Chapter 23, and the laws amendatory thereof and supplemental thereto (the "Act").

Reference is hereby made to the Ordinance for a description of the nature and extent of the rights, duties and obligations of the owner of the bonds and the City and the terms on which this bond is issued, and to all the provisions of the Ordinance to which the owner hereof by the acceptance of this bond assents. [Reference is hereby made to the Financial Assistance Agreement between the City and the Authority as to certain terms and covenants pertaining to the sewage works project and this bond (the "Financial Assistance Agreement").]

This bond is issuable only in fully registered form in the denomination of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) or any integral multiple thereof not exceeding the aggregate principal amount of the bonds of this issue maturing in any one year[,unless this bond is of a series of bonds sold to the Authority, in which case it may be of such denomination as directed].

Pursuant to the provisions of the Act and the Ordinance, the principal of and interest on this bond and all other bonds of this issue, together with the Prior Bonds and any bonds hereafter issued on a parity herewith and therewith, are secured by and are payable solely from the Sewage Works Sinking Fund heretofore created, and continued by the Ordinance, to be provided from the Net Revenues derived from the Sewage Works, including the existing works, the improvements and extensions acquired or constructed out of the proceeds of this bond and the issue of which it is a part, and all additions and improvements thereto and replacements thereof subsequently constructed and acquired. This bond does not and shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana, and the City is not and shall not be obligated to pay this bond or the interest thereon except from such special fund provided from such Net Revenues.

The City irrevocably pledges the entire Net Revenues of the Sewage Works to the extent necessary for such purposes, to the prompt payment of the principal of and interest on the bonds of this issue authorized pursuant to the Ordinance, including this bond, the Prior Bonds and any bonds hereafter issued on a parity herewith and therewith. The City covenants that it will to the fullest extent permitted by law cause to be fixed, maintained and collected such rates and charges



for services rendered by such works as are sufficient in each year for the payment of the proper and reasonable expenses of operation and maintenance of said works, to comply with and satisfy all covenants contained in the Ordinance [and the Financial Assistance Agreement], and for the payment of the sums required to be paid into said Sinking Fund under the provisions of said Act and said Ordinance. In the event 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 principal of or interest on this bond, the Registered Owner of this bond shall have all of the rights and remedies provided for in the Act, including the right to have a receiver appointed to administer the works and to charge and collect rates sufficient to provide for the payment of the principal of and interest on this bond.

The City further covenants that it will set aside and pay into its Sewage Works Sinking Fund a sufficient amount of the Net Revenues of the Sewage Works to meet (a) the interest on all bonds payable from the revenues of the Sewage Works, as such interest shall fall due, (b) the necessary fiscal agency charges for paying all bonds and interest, (c) the principal of all bonds payable from the revenues of the Sewage Works, and (d) an additional amount as a margin of safety to create the reserve required by the Ordinance.

The City reserves the right pursuant to the terms and conditions of the Ordinance to authorize and issue additional bonds hereafter payable out of the Net Revenues of the Sewage Works, ranking on a parity herewith or junior hereto for the purpose of financing future extensions and improvements to the Sewage Works or to refund outstanding sewage works revenue bonds.

The bonds of this issue maturing on or after \_\_\_\_\_ 1, 20\_\_\_, are subject to redemption prior to maturity, at the option of the City, in whole or in part (and if in part, only in authorized denominations and in order of maturity determined by the City and by lot within any such maturity or maturities in such manner as may be designated by the Registrar), on any date on or after \_\_\_\_\_ 1, 20\_\_\_, at a redemption price equal to one hundred percent (100%) of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest on the bonds so redeemed to the redemption date, and with the following premium: \_\_\_\_\_ [(provided, however, if the bonds are sold to the SRF Program (as defined in the Ordinance) and registered in the name of the Authority, such bonds shall not be redeemable at the option of the City unless and until consented by the Authority)].

Notice of any such redemption shall be sent by registered or certified mail to the Registered Owner of this bond at least [thirty (30)][sixty (60)] days prior to the date fixed for redemption, unless such notice is waived by the Registered Owner. The notice shall specify the redemption price, the date and place of redemption, and the registration numbers (and in case of partial redemption, the respective principal amounts) of the bonds called for redemption. Interest on bonds so called for redemption shall cease to accrue on the redemption date fixed in such notice, so long as sufficient funds are available at the place of redemption to pay the redemption price on the redemption date or when presented for payment.

If this bond or a portion hereof shall have become due and payable in accordance with its terms or this bond or a portion hereof shall have been duly called for redemption or irrevocable instructions to call this bond or a portion hereof for redemption shall be given and the whole amount of the principal and the premium, if any, and interest, so due and payable upon this bond or such portion hereof shall be paid, or (i) sufficient moneys, or (ii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, the principal of and the interest on which when due will provide sufficient moneys for such purpose, or (iii) time certificates of deposit of a bank or banks, fully secured as to both principal and interest by obligations of the kind described in (ii) above, the principal of and interest on which when due will provide sufficient moneys for such purpose, shall be held in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case this bond or such portion hereof shall no longer be deemed outstanding, entitled to the pledge of the Net Revenues of the Sewage Works or an obligation of the City.

If this bond shall not be presented for payment or redemption on the date fixed therefor, the City may deposit in trust with the Paying Agent an amount sufficient to pay such bond or the redemption price, as appropriate, and thereafter the Registered Owner shall look only to the

funds so deposited in trust with the Paying Agent for payment, and the City shall have no further obligation or liability with respect thereto.

Subject to the provisions of the Ordinance regarding the registration of such bonds, this bond and all other bonds of this issue of which this bond is a part are fully negotiable instruments under the laws of the State of Indiana. This bond is transferable or exchangeable only on the books of the City maintained for such purpose at the principal office of the Registrar, by the Registered Owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the Registered Owner or his attorney duly authorized in writing, and thereupon a new fully registered bond or bonds in the same aggregate principal amount and of the same maturity shall be executed and delivered in the name of the transferee or transferees or the Registered Owner, as the case may be, in exchange therefor. This bond may be transferred or exchanged without cost to the Registered Owner or his attorney duly authorized in writing, except for any tax or other governmental charge which may be required to be paid with respect to such transfer or exchange. The Registrar shall not be obligated to make any exchange or transfer of this bond (i) during the fifteen (15) days immediately preceding an interest payment date on this bond or (ii) after the mailing of any notice calling this bond for redemption. The City, the Registrar and any Paying Agent for this bond may treat and consider the person in whose name this bond is registered as the absolute owner hereof for all purposes including for the purpose of receiving payment of, or on account of, the principal hereof and the redemption premium, if any, and interest due hereon.

In the event this bond is mutilated, lost, stolen or destroyed, the City may cause to be executed and the Registrar may authenticate a new bond of like date, maturity and denomination as this bond, which new bond shall be marked in a manner to distinguish it from this bond; provided, that in the case of this bond being mutilated, this bond shall first be surrendered to the Registrar, and in the case of this bond being lost, stolen or destroyed, there shall first be furnished to the Registrar evidence of such loss, theft or destruction satisfactory to the City and to the Registrar, together with indemnity satisfactory to them. In the event that this bond, being mutilated, lost, stolen or destroyed, shall have matured or been called for redemption, instead of causing to be issued a duplicate bond the Registrar may pay this bond upon surrender of this mutilated bond or upon satisfactory indemnity and proof of loss, theft or destruction in the event this bond is lost, stolen or destroyed. In such event, the City and the Registrar may charge the owner of this bond with their reasonable fees and expenses in connection with the above. Every substitute bond issued by reason of this bond being lost, stolen or destroyed shall, with respect to this bond, constitute a substitute contractual obligation of the City, whether or not this bond, being lost, stolen or destroyed shall be found at any time, and shall be entitled to all the benefits of the Ordinance, equally and proportionately with any and all other bonds duly issued thereunder.

In the manner provided in the Ordinance, the Ordinance and the rights and obligations of the City and the owners of the bonds of this issue authorized thereunder, including this bond, may (with certain exceptions as stated in the Ordinance) be modified or amended with the consent of the owners of at least sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of such bonds exclusive of any such bonds which may be owned by the City.

The Registered Owner of this bond, by the acceptance hereof, hereby agrees to all the terms and provisions contained in the Ordinance.

The City, the Registrar and the Paying Agent may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and the interest due hereon and for all other purposes, and none of the City, the Registrar or the Paying Agent shall be affected by any notice to the contrary.

This bond shall not be valid or become obligatory for any purpose or entitled to any security or benefit under the Ordinance herein described unless and until the certificate of authentication hereon shall have been executed by a duly authorized representative of the Registrar.

The City hereby certifies, recites and declares that all acts, conditions and things required to be done precedent to and in the preparation, execution, issuance and delivery of this bond have been done and performed in regular and due form as required by law.

IN WITNESS WHEREOF, the City of Bloomington, in Monroe County, State of Indiana, has caused this bond to be executed in its corporate name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal to be hereunto affixed or impressed by any means and attested by the manual or facsimile signature of its Clerk.

CITY OF BLOOMINGTON, INDIANA

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

Mayor

(Seal of the City)

ATTEST:

\_\_\_\_\_

City Clerk

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This bond is one of the City of Bloomington, Indiana, Sewage Works Revenue Bonds of 20\_\_\_\_, issued and delivered pursuant to the provisions of the within-mentioned Ordinance.

\_\_\_\_\_

By: \_\_\_\_\_  
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ (insert name and address) the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within bond on the books kept for the registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

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.

Signature Guarantee:

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

[SCHEDULE A

PRINCIPAL PAYMENT SCHEDULE]

[End of Bond Form]



CITY OF BLOOMINGTON UTILITIES DEPARTMENT  
Bloomington, Indiana

REPORT ON  
**WASTEWATER PROJECTS**  
**5 YEAR CAPITAL IMPROVEMENT PLAN**

SUBMITTAL

May 22, 2016

*Prepared by:*  
*Mike Hicks, Capital Projects Manager*  
*City of Bloomington Utilities*  
*Engineering Department*

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**SECTION 1**  
**DILLMAN ROAD WASTEWATER TREATMENT PLANT**  
**IMPROVEMENTS**

**1.1 EFFLUENT FILTER IMPROVEMENTS – PHASE 2 (VALVE ACTUATORS, I&C)**

Filters at Dillman Plant were installed in 1982 with the original plant project. They have been operated 24/7 since then. The original valve actuators have reached the end of their life cycle and need replacement. Control of flow to our filter backwashing is critical to our process and meeting our discharge permit limits.

**1.2 PLANT SCADA UPGRADE**

The SCADA system being use at Dillman has be implemented through three separate projects and exists as three separate systems. They are becoming obsolete and we need to update equipment and consolidate the three into one system.

**1.3 PROCESS AIR SYSTEM IMPROVEMENTS**

Base on the process Air study just completed we need to move ahead on the recommendations of the study to resolve some problems, separate process air for digesters, activated sludge aeration tanks and update instrumentation.

**1.4 BASIN AIR DIFFUSER REPLACEMENT**

Fine bubble aeration was installed in 19\_\_ to replace the original course air system as part of an energy savings project. We must replace the diffuser head as they get plugged with solid. This is regular maintenance but an expensive operation.

**1.5 BACKFLOW PREVENTER INSTALLATION**

We have inspected and discovered that our backflow prevention is not up to recent code requirement.

**1.6 PRESSURE REDUCING VALVE FOR FIRE PREVENTION SYSTEM - FILTER BLDG.**

Water pressure at Dillman plant is 140 psi and we have components in the fire system that have not been able to tolerate that level of pressure. This install will prevent the diaphragm damage that has been happening.

**1.7 DRYING BED IMPROVEMENT**

Over the years we have improved our drying beds by going from and asphalt bed surface to a concrete surface. Our crews have used this as a winter project when other projects slow down. This is our final bed to complete.

## **1.8 ENTRANCE GATE REPLACEMENT AND ASSOCIATED IMPROVEMENTS**

Dillman Campus security for entering and exiting the site has been a problematic system to keep functioning. We need to change to a different and more reliable system.

## **1.9 OPERATIONS AND LABORATORY BUILDING RENOVATIONS**

As regulations change our lab is burdened with more and different required testing, sometimes requiring the addition of more sophisticated lab equipment. The present lab space is the original 1982 project laboratory, we are outgrowing our lab space. We need help planning for the future needs to keep ahead of the changes.

## **1.10 ELECTRICAL SUBSTATION COATING SYSTEM REPLACEMENT**

The original surface coating of the housing for substation electrical gear is failing and need restored to prevent corrosion and maintain the housing's integrity. All power required to run our Dillman facility comes from Duke's grid and passes through this substation.

## **1.11 ELECTRICAL SWITCHGEAR AND TRANSFORMER MAINTENANCE**

The electrical switchgear and transformers for most systems of the plant require preventive maintenance.

## **1.12 MECHANICAL SCREEN NO. 1 RE-BUILD**

The mechanical screening operation is in our plant headworks just preceding our main pumps. They are our first line of defense to prevent damage to very expensive equipment. The screens are of course always running 24/7 in possibly the worst conditions you can think of. They remove bigger items from the flow that may lodge in pumps and other equipment causing costly damage. Screen No. 1 is due for a re-build

## **1.13 SLUDGE PRESS RE-BUILD**

All process sludge not handled by the drying beds are dried using our sludge press. This is a more expensive method to dry the sludge material but is needed to keep up when drying beds are not doing the job because of weather conditions. We are due to re-build these important components of our solids handling area.

## **1.14 FACILITIES PLANNING STUDY AND REPORT**

It is time to engage in another master planning effort for Dillman. We use our master plans to maintain financial plans that properly support our important treatment assets. We believe master planning is money well spent to keep us on track.

## **1.15 CLARIFIER CONCRETE REPAIR AND WEIR COVER INSTALLATION**

Over the years of operation concrete surfaces outside of our clarifier weirs have eroded to expose the concrete aggregate creating a rough surface that is ideal for algae to adhere to. There are new coating systems that can restore the smooth texture of the concrete to a slickness that exceeds the original surface. The new surface makes it



more difficult for the algae to cling and therefore requires less maintenance efforts to clean.

#### **1.16 GRIT REMOVAL SYSTEM REPLACEMENT**

This system is in very poor shape, and is antiquated. It needs a redesign and replacement.

### **SECTION 2**

## **BLUCHER POOLE WASTEWATER TREATMENT PLANT IMPROVEMENTS**

#### **2.1 ELECTRICAL POWER TRANSFER SWITCH IMPROVEMENT**

At present our backup power unit has to be switch from grid power to back up power by hand. Operator are doing this switch over during bad weather usually. An automatic switch will lessen process interruptions and increase operator's safety during those stressful times.

#### **2.2 SECONDARY SPLITTER BOX REHABILITATION**

The splitter box enables operators to direct water to different process tanks and add or remove tanks to match process capacity to the current flow to the plant. The gates in the splitter box need to be replaced and reset in proper position to function correctly.

#### **2.3 BACKFLOW PREVENTER INSTALLATION**

We have inspected and discovered that our backflow prevention is not up to recent code requirement.

#### **2.4 MISCELLANEOUS IMPROVEMENTS (MAINTENENACE & REPLACEMENTS)**

#### **2.5 INFLUENT MECHANICAL SCREEN RE-BUILD**

Our mechanical screening operation is in our plant headworks just preceding our main pumps. They are our first line of defense to prevent damage to very expensive equipment. The screens are of course always running 24/7 in possibly the worst conditions you can think of. They remove bigger items from the flow that may lodge in pumps and other equipment causing costly damage. Our Blucher headworks screen is due for a re-build.

#### **2.6 PARSHALL FLUME CONCRETE REHABILITATION**

The flow rates at the plant are too large to be measured by a conventional meter. This concrete flume has an exact geometric shape that enables us to measure the large flows

associate with treatment plants. Flows over the many years of operation have eroded the surface of the flume. It is time to restore the surface and shape of the flume

## **2.7 ULTRAVIOLET DISINFECTION SYSTEM REPLACEMENT**

Our existing Ultra Violet Disinfection gear is outdated and parts are getting hard to find. To install a new system we need to hire professional services to plan, design and bid a project to update and replace our present system. Many improvements are available on new UV equipment.

## **2.8 PROCESS AIR SYSTEM IMPROVEMENTS**

The largest operating expense at the Dillman Road WWTP is the cost of electricity to power the aeration and digestion processes. Diffused air systems under manual control are generally operated at higher-than-necessary system pressures and flows to assure NPDES permit compliance. Energy savings can be realized when the blower output matches the oxygen requirements of the biological processes. The upgrades include improved instrumentation, fine bubble diffusers, and high efficiency single stage blowers.

## **2.9 PHOSPHOROUS REMOVAL SYSTEM**

Removal of nutrients such as phosphorous from discharge effluent will be necessary to meet requirements of the future NPDES permit.

# **SECTION 3 WASTEWATER COLLECTION SYSTEM IMPROVEMENTS**

## **3.1 INFLOW DISCONNECTION PROGRAM**

Our Wet Weather Program has existed and has been fighting our Sanitary Sewer Overflow (SSO) problem in earnest since 1996. Even though we have resolved our "Agreed Order" with IDEM, there is still more work to do. Our Wet Weather Program began with an emphasis on doing all we could to address the deficiencies in CBU's collection piping, we are now turning to the private side as we had always planned to. We will continue our practice of Televising the interior of our sewers looking to defects and repairing them. Smoke testing will help us find evidence that private properties have gutters and downspouts connected to the sanitary sewer rather than the storm sewer. We are also looking toward passing an ordinance to require building inspector and real estate home inspectors to alert home buyers and builders that it is illegal to connect sump pumps to the sanitary sewer. We feel these two sources are most of our inflow volume.

## **3.2 SANITARY SEWER LINING AND MANHOLE REHABILITATION**

Sanitary sewer lining and manhole rehabilitation are a part of CBU's commitment to significantly reduce (with a goal of eliminating) sanitary sewer overflows.

### **PLYMOUTH LIFT STATION REPLACEMENT**

This is one of our earliest lift station and is what we call a “can” type or a metal prefabricated station complete with pumps and piping. Plymouth is rusted through and is becoming unsafe. Our forces will construct a station current with our latest specifications.

### **GRIMES LANE SSO RELIEF SEWER**

Just North of Grimes Lane and one half block East of Walnut Street is the location of our most chronic SSO. In 2015 throughout Bloomington we had 24 occasions that SSO's occurred. 12 of the SSO's were at the Grimes Street location. We are under design right now and should be ready to bid by early 2016. Completion of the sewer will clear the way for the Switch Yard Park to be built.

**BLOOMINGTON MUNICIPAL SEWAGE WORKS**

Bloomington, Indiana

**5 YEAR CAPITAL IMPROVEMENT PLAN**

Prepared by City of Bloomington Utilities Engineering Department

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>
<b><u>Dillman Road Wastewater Treatment Plant</u></b>						
Effluent Filter Improvements - Phase 2 (Valve Actuators and I&C)						
Planning/Engineering/Configuration	\$ 35,000					\$ 35,000
Construction	\$ 330,000					\$ 330,000
Plant SCADA Upgrade						
Planning/Engineering/Configuration	\$ 95,000					\$ 95,000
Construction		\$ 525,000				\$ 525,000
Process Air System Improvements						
Planning Study (Study completed in 2015)	\$ 57,300					\$ 57,300
Engineering		\$ 85,000				\$ 85,000
Construction		\$ 415,000				\$ 415,000
Basin Air Diffuser Replacement		\$ 80,000				\$ 80,000
Backflow Preventer Installation	\$ 18,000					\$ 18,000
Pressure Reducing Valve for Fire Prevention System at CL Bldg.	\$ 2,600					\$ 2,600
Drying Bed Improvement (Last one)		\$ 40,000				\$ 40,000
Entrance Gate Replacement and Associated Improvements		\$ 53,000				\$ 52,307
Operations and Laboratory Building Renovations						\$ -
Planning		\$ 21,000				\$ 21,000
Architect/Engineer			\$ 105,000	\$ 15,000	\$ 15,000	\$ 135,000
Construction				\$ 450,000	\$ 450,000	\$ 900,000
Electrical Substation Coating System Replacement	\$ 80,000					\$ 80,000
Electrical Switchgear and Transformer Maintenance	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 40,000
Mechanical Screen No. 1 Re-Build		\$ 250,000				\$ 250,000
Sludge Press Re-Built			\$ 180,000			\$ 180,000
Facilities Planning Study and Report			\$ 225,000			\$ 225,000
Miscellaneous Maintenance Improvements	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 375,000
Clarifier Weir Cover Installation			\$ 270,000	\$ 270,000		\$ 540,000
Grit Removal System Replacement						
Engineering		\$ 25,000				\$ 25,000
Construction			\$ 300,000			\$ 300,000

**Blucher Poole Wastewater Treatment Plant**

Electrical Power Transfer Switch Improvement	\$	58,000					\$	58,000	
Secondary Splitter Box Rehabilitation	\$	74,000					\$	74,000	
Backflow Preventer Installation	\$	18,000					\$	18,000	
Miscellaneous Improvements (Maintenance and Replacements)	\$	30,000	\$	60,000	\$	60,000	\$	60,000	
Influent Mechaical Screen Rebuilt			\$	170,000			\$	170,000	
Parshall Flume Concrete Rehabilitation			\$	125,000			\$	125,000	
UV System Replacement			\$	650,000			\$	650,000	
Planning/Engineering	\$	142,500	\$	47,500			\$	190,000	
Construction			\$	950,000			\$	950,000	
Process Air System Improvements							\$	-	
Engineering			\$	60,000	\$	25,000	\$	85,000	
Construction					\$	415,000	\$	415,000	
Phosphorous Removal System									
Engineering					\$	35,000	\$	35,000	
Construction						\$	175,000	\$	175,000

**Wastewater Collection System**

Inflow Disconnection Program	\$	2,000	\$	2,000	\$	2,000	\$	2,000	\$	2,000	\$	10,000
Sanitary Sewer Lining and Manhole Rehabilitation			\$	200,000	\$	200,000	\$	200,000	\$	200,000	\$	800,000
Plymouth Lift Station Replacement			\$	235,000							\$	235,000
Switchyard Relief Sewer												
Planning/Engineering	\$	448,000	\$	75,000	\$	75,000					\$	598,000
Construction			\$	4,000,000	\$	4,000,000					\$	8,000,000

**Other**

Capital Lease for Vehicles and Equipment	\$	343,000	\$	365,000	\$	365,000	\$	365,000	\$	365,000	\$	1,803,000
Software License - New World	\$	14,256										
Meters	\$	90,000	\$	180,000	\$	180,000	\$	180,000	\$	180,000	\$	810,000
GIS Related Costs	\$	17,500	\$	21,200	\$	13,100	\$	11,900	\$	11,900	\$	75,600
Fixed Base Metering System			\$	12,000	\$	2,100,000	\$	2,100,000			\$	4,212,000
Service Center Property Maintenance	\$	50,400	\$	12,000	\$	12,000	\$	12,000	\$	12,000	\$	98,400

Total Capital Improvement Plan	\$	1,988,556	\$	8,741,700	\$	8,645,100	\$	3,923,900	\$	1,378,900	\$	24,663,207
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In the Council Chambers of the Showers City Hall on Wednesday, May 4, 2016 at 7:40 pm with Council President Andy Ruff presiding over a Regular Session of the Common Council.

COMMON COUNCIL  
REGULAR SESSION  
May 4, 2016

Roll Call: Granger, Sturbaum, Mayer, Sandberg, Ruff, Volan, Piedmont-Smith, Chopra, Rollo  
Absent: None

ROLL CALL  
[7:40pm]

Council President Ruff explained that there was going to be a procedural change in the meeting.

AGENDA SUMMATION  
[7:40pm]

Councilmember Volan moved to amend the normal order of business of the regular session to consider legislation in the following order of readings: third readings, second readings and resolutions, and first readings.

The motion to amend the normal order of business received a roll call vote of Ayes: 9, Nays: 0.

Motion to amend [7:42pm]

Ruff then gave an explanation of the reason for the Agenda Revision that was sent out on Monday of that week. He followed up with an Agenda Summation.

It was moved and seconded to approve the Regular Session Minutes of April 6, 2016 and April 20, 2016.

APPROVAL OF MINUTES  
[7:47pm]

The motion to approve the minutes for the Regular Session Minutes of April 6, 2016 and April 20, 2016 was approved by voice vote.

April 6, 2016 (Regular Session)  
April 20, 2016 (Regular Session)

Councilmember Rollo announced a constituent meeting with Councilmember Volan. He said that it would be held at Bear's Place at 5:30pm on May 12th.

REPORTS  
• COUNCIL MEMBERS  
[7:48pm]

Councilmember Chopra cancelled her upcoming constituent meeting. She wished a happy birthday to staff attorney Patty Mulvilhill, and a Happy Mother's Day to colleagues Councilmembers Granger, Sandberg, and especially to her own mother, Flo Smith. She added the same Happy Mother's Day to Nicole Bolden, and to everyone else as well.

Councilmember Volan noted that he missed the chance to remark that April was Autism Awareness Month. He noted that the definition of autism had evolved over the last several years, that new terms were being used to define those on the spectrum as different but not less, and that he encouraged folks to find out more and to be patient. He also reminded people about the constituent meeting on May 12<sup>th</sup> at Bear's Place.

Councilmember Granger thanked people for voting the day before, and reminded people that there was another chance to vote in November.

Councilmember Sturbaum said that democracy worked but you had to get involved.

Councilmember Mayer noted the passing of Dick Bishop, a radio personality for WFIU, who died that week. He said that there would be a memorial show the next day in his honor on WFIU, and encouraged people to tune in to the show.

Mayor John Hamilton gave a brief review of his first quarter in four key areas: Jobs, Affordable Housing, Transparency/Engagement, and Innovation/Operations.

He next discussed current projects: String of Pearls (Trades District, Convention Center, Hospital, Switchyard Park, Regional Academic Health Center), Ongoing Infrastructure (Animal Shelter, West 17th Street, Fullerton Pike), and Legislation (Cell Towers, Demolition Delay, Sign Ordinance).

Mayor Hamilton concluded his remarks by looking toward the future, and discussed: Comprehensive Plan / Growth Policies Plan (GPP), Affordable Housing Strategies, CBU Rate reviews, Sanitation Department review, Annexation considerations, the Public Safety Local Option Income Tax, and lastly, the 2017 Budget Process.

Mayor Hamilton also used his time to tell the council that the city's finances were in good shape.

Council Questions:

Sturbaum asked for clarification about the work being done on the GPP.

Volan asked about the timetable for public scrutiny of the GPP.

Rollo said he does not like the term growth, but preferred the term development.

Councilmember Piedmont-Smith thanked the Mayor for coming and asked about the trade's district.

Rollo stated that he wanted the Mayor to attend to the Bloomington Green Infrastructure Plan in terms of its incorporation into the GPP because he thought it would be beneficial.

It was moved and seconded to extend the Mayor's Report section by ten minutes.

Motion to extend [8:11pm]

The motion to extend the Mayor's Report section by ten minutes was approved by voice vote.

Linda Thompson, Senior Environmental Planner, introduced the students (Jason Wenning, Ari Feldman, Allison Eichele, Katlin Walls, and Kerry Neil) who gave a summary of the SPEA Capstone Project on Green Infrastructure ([http://bloomington.in.gov/documents/viewDocument.php?document\\_id=4549](http://bloomington.in.gov/documents/viewDocument.php?document_id=4549)).

SPEA Capstone Project [8:11pm]

Council Questions:

Rollo asked if the cost-benefit analysis was a conservative estimate, and asked the students to discuss their research in more detail.

Rollo next asked about wildlife corridors, and how they fit into the green infrastructure project.

Volan welcomed all of the students and noted that their names were on the report. He pointed out that the cover of the report was not Bloomington, and asked what the council was supposed to infer from the photo.

Volan next asked what percentage of impervious surface Bloomington should aim for.

- The MAYOR AND CITY OFFICES [7:53pm]

Mayor John Hamilton [7:53pm]

Chopra asked if the council had gone over the 10 minutes allotted by the motion. Volan claimed that he had been tracking it. Chopra stated that there was no way it had been less than 10 minutes.

Volan asked if they considered a public policy of actively encouraging a lower parking ratio.

Ruff thanked the class again.

There were no council reports.

President Ruff called for public comment.

Amanda Figolah, wife of a Bloomington firefighter, spoke about her concerns with the structure of the fire department, the equipment, and its leadership.

Kay Bull read a paragraph titled "Audacity/to Impinge", and spoke about the problems with sound emitters in neighborhoods.

Daniel McMullen read a letter that he wrote to the council that was a call for civility in public discourse.

Matt Seidel, a teacher at Ivy Tech, asked questions about Boards and Commissions.

There were no appointments to Boards or Commissions at this meeting.

It was moved and seconded that Ordinance 16-04 be introduced and read by title and synopsis only. Clerk Nicole Bolden read the legislation and synopsis. She then read the following:

Committee recommendation (March 30, 2016): Do Pass 1-0-5  
Second Reading (April 6, 2016): *Postponed to a Third Reading on April 20, 2016*

Third Reading (April 20, 2016): *Not discussed; Postponed to May 4, 2016*

Am 05: Passed 9-0-0

Am 01: Passed 9-0-0

Am 03: *Postponed to April 20, 2016; Subsequently postponed to May 4, 2016*

Am 04: *Postponed to April 20, 2016; Subsequently postponed to May 4, 2016*

Am 06: *To be introduced and discussed on May 4, 2016*

It was moved and seconded that Ordinance 16-04 be adopted.

Dan Sherman, Council Attorney, explained that several councilmembers and staff had property that would be impacted by the ordinance that they were considering. Sherman said that many councilmembers had structures that were listed as 'Contributing' on the SHAARD, and should make a Conflict of Interest Disclosure, or recuse themselves if they did not feel they could act fairly, objectively, and in the public interest.

Attorney Sherman and Councilmembers Piedmont-Smith, Granger, Mayer, Sandberg, Ruff, and Volan all noted that they had a contributing structure listed on the SHAARD, but that they felt confident they could participate fairly, objectively, and in the public interest, and would not recuse themselves.

• COUNCIL COMMITTEES [8:34pm]

• PUBLIC [8:34pm]

APPOINTMENTS TO BOARDS AND COMMISSIONS [8:48pm]

LEGISLATION FOR SECOND READING AND RESOLUTIONS

Ordinance 16-04 – To Amend Title 20 (Unified Development Ordinance) of the Bloomington Municipal Code - Re: Amending 20.09.230 ("Demolition and Demolition Delay") and 20.11.020 ("Defined Words") to Expedite the Review of Partial Demolition Requests for "Contributing" Structures in Residential Zoning Districts [8:48pm]



It was moved and seconded to introduce Amendment 06 to Ordinance 16-04.

It was moved and seconded that Councilmember Sturbaum be considered a co-sponsor of Amendment 06 for the purpose of discussion, since his Amendment 04 was so similar to Amendment 06, but the passage of one would obviate the passage of the other.

The motion to consider Councilmember Sturbaum a co-sponsor of Amendment 06 for the purpose of discussion received a roll call vote of Ayes: 9, Nays: 0.

Mulvihill stated that the main issue at hand seemed to be which list of properties should be subjected to demolition delay. She said that there seemed to be three schools of thought: one, to use the 2001 interim report as amended in 2007. Two, only using the 2015 updated SHAARD. Third, using some combination of the first two surveys together. She noted that the administration was supportive of Amendment 03, but if that was being withdrawn they were supportive of Amendment 06.

Rollo noted that the amendment addresses some flaws in the 2015 SHAARD, and is a good compromise with the administration.

Sturbaum spoke about Amendment 04 as it contrasted to Amendment 06. He said that it was a continuation of the status quo of demolition delay over the last 12½ years. The main difference was that he combined the old survey with the new survey.

Mulvihill commented that the administration was interested in a compromise. So they took the 2001 report as amended in 2007, and removed everything that was already locally designated. Next, they took out all of the outstanding and notable structures from the 2015 update, which could stand on their own merit for local designation on their architectural characteristics, and added those to the structure listing as well. That originally left the contributing structures unprotected. So, next, they added in a safe-gap for contributing structures that were subject to full demolition. After discussion with some council members, they added the last requirement of substantial removal which said that if property owners removed 50% or more of the property they would be subject to demolition delay.

Mulvihill noted that the amendment represented a compromise the administration was comfortable with. She said that it recognized the greater importance of some of the historical properties that were eligible for individual recognition as stand-alone units, and that it protected those contributing structures from being wholly or significantly demolished. But, it still allowed for homeowners of contributing structures to make modifications and alterations of their properties.

Council questions:

Chopra asked if the fix was due to staff strain. Mulvihill responded that the report added six thousand properties, but the seven-day fix addressed the main problem.

Sturbaum asked if there was an updated time estimate for reviewing the six thousand structures. Mulvihill responded that she did not have one, but she thought it had been expedited based on ongoing conversations with the council.

Amendment 06:

1. Ord 16-04 shall be amended by inserting two clauses at the end of the Whereas clauses, which shall read as follows:

WHEREAS, the current application of the process known as Demolition Delay uses the Indiana State Historic Architectural and Archaeological Research Database, a database which upon being updated in 2015 was not independently reviewed or analyzed by the City's own experts on historic preservation; and

WHEREAS, until the City's own experts on historic preservation can review and provide analysis of the recent 2015 update to the Indiana State Historic Architectural and Archaeological Research Database, it is in the best interests of the Bloomington community to only apply the process known as Demolition

Delay to the following properties: those noted in the 2001 Indiana Historic Sites and Structures Inventory Interim Report, as amended in 2007; those properties listed as Outstanding or Notable on the 2015 updated Indiana State Historic Architectural and Archaeological Research Database; and those Contributing properties listed on the 2015 updated Indiana State Historic Architectural and Archaeological Research Database, but only if these Contributing structures are proposed for substantial demolition;

Volan inquired as to how many demolitions had happened since demolition delay had been enacted, and how many of those should fall under SHAARD. Jim Roach responded that the city saw between 2-3 dozen demolition permits in any given year, which were for full demolition.

Volan clarified that he wondered if there was an epidemic of demolitions. Mulvihill responded that it was an unanswerable question.

Volan asked if we were expecting the SHAARD and when. Mulvihill replied that those in the field were expecting it, but the general public was probably surprised. Emenheiser further clarified that the process was done every ten years, but was specifically funded this time in due to I-69.

Sturbaum queried what the advantage of the compromise was? Mulvihill responded that it is a valid gain from a property rights perspective, and that this was a common middle ground for both sides.

Sturbaum asked for clarification as to who decides whether it is 50% of the façade. Mulvihill answered that it was staff, and then clarified the process that property owners have to go through.

Ruff asked Sherman where the idea for demolition delay came from. Sherman responded that it is used in Minneapolis, and discussed the similarities and differences in the proposed amendment.

Sturbaum asked if partial demolition was created to close the loophole. Sherman confirmed that it was. Sturbaum next asked if the amendment was only necessary to cover a careless piece of legislation. Sherman responded that it was creating a new standard.

Rollo clarified that the amendment was not written at the last minute, that the administration had been responsive and cooperative, and that the 50% designation was a refinement.

Volan asked for clarification on the cost of researching contributing structures. Emenheiser responded that it would be between \$10k-30k depending on the bids that came in.

Volan clarified that the review could be done in a year with the funds, but then asked about the timeline without the funding. Mulvihill responded that it would be years.

Volan asked what portion of the SHAARD was outstanding and notable, and was told by Mulvihill that it was about 500-600.

Volan asked if the administration intended to come to the council with an appropriation ordinance. Mulvihill stated that she could not answer the question. Volan pointed out that the administration would need to do so, and Mulvihill replied that as someone further down in the organization, her understanding was that the administration was committed if the council was as well. She expanded on her answer by saying that the administration would have to issue an RFP to see what a contractor could do and if they could do it in the time frame deemed appropriate.

Chopra asked if there was a provision favoring local businesses in the RFP. Mulvihill replied that she had not written one yet, but could envision writing it in a way that would make it clear preference would be given to someone familiar with Bloomington.

Sturbaum asked why we would work without a safety net. Mulvihill responded that the city was not working without a net, but had worked out a reasonable compromise balancing the multiple interests of multiple parties in the community.

2. Ord. 16-04 shall be further amended in that wherever the phrase "City of Bloomington Survey of Historic Sites and Structures" is referenced in the subsections below, the following shall be added immediately thereafter " and the Indiana State Historic Architectural and Archaeological Research Database":

Volan asked for clarification of the 40% versus 50% standard. He also clarified that the SHAARD only looked at buildings for their architectural value, but that the local review would allow for cultural value.

Ruff questioned why did the administration decided not to embrace Amendment 04. Mulvihill said that she was unaware of any previous support, and could not answer the question.

Sturbaum asked why a new standard was needed when they had a proven standard that worked in the past. Mulvihill responded that the 50% came from council, and the administration agreed to it. Sherman explained that it was more than the difference of percentages, and listed the other areas that were included.

Public comment:

Ann Bono, Chamber of Commerce, asked council to support Amendment 06.

Raina Regan, Indiana Landmarks, spoke about the problems of substantial demolition, and what the next steps will be for the council.

Jan Sorby reminded the council that they were talking about workforce housing, and urged them to be very careful in their deliberations.

Marilyn Hartman urged the council to support Amendment 06 and not support Amendment 04.

Brian Chelius, attorney speaking on behalf of clients affected by demolition delay, spoke in favor of Amendment 06.

Steve Wyatt, Bloomington Restorations Executive Director, clarified that lower income people could buy a more expensive home that qualified for demolition delay.

Jon Lawrence, Chair of Council of Neighborhood Associations and Executive Committee Member of Bryan Park Neighborhood Association, spoke in an unofficial capacity. Lawrence asked the council to preserve the spirit of the SHAARD, to avoid confusing people, and to help protect their housing.

Duncan Campbell spoke in favor of Amendment 04.

Council Questions:

Ruff asked if the local review could be done from the core neighborhoods and working outward, and if those surveyed first could be added as they were done rather than waiting until they were done. Mulvihill replied that starting from the center of the city was the original intent, and that updating along the way was possible, but depended in large part on the council calendar.

Sturbaum asked if it wouldn't be simpler to keep the SHAARD in place and amend it while identifying other properties that needed protection. Mulvihill disagreed.

Section 20.03.060(a)(2);  
Section 20.03.060(c)(2);  
Section 20.03.130(a)(2);  
Section 20.03.130(c)(2);  
Section 20.03.200(a)(2);  
Section 20.03.200(c)(2);  
Section 20.03.270(a)(2);  
Section 20.03.270(c)(2);  
Section 20.03.340(a)(2);  
Section 20.03.340(c)(2);  
Section 20.03.410(a)(2);

and

Section 20.03.410(c) (2).

3. Ord 16-04 shall be further amended by deleting the words "historic survey" in Section 20.09.230(b) and replacing them with the following words "City of Bloomington Survey of Historic Sites and Structures".

4. Ord 16-04 shall be further amended by deleting the defined term "City of Bloomington Survey of Historic Sites and Structures" in Section 20.11.020, entitled "Defined Words", and replacing it with the following:

"City of Bloomington Survey of Historic Sites and Structures" shall refer to those sites and structures listed in the following: the document entitled City of Bloomington Historic Sites and Structures Table, with said Table being incorporated into this Title by reference and made a part thereof, two (2) copies of which are on file in the Office of the Clerk for the legislative body for public inspection; and any "Contributing" structure listed on the Indiana State Historic Architectural and Archaeological Research Database if said structure is the subject of a request constituting a substantial demolition of the structure as defined in Section 20.11.020, Defined Words.

5. Ord 16-04 shall be further amended by inserting the term "substantial demolition" into Section 20.11.020, entitled "Defined Words" which shall read as follows:

"Substantial Demolition" means the moving or razing a

Council Comment:

Rollo commented that he believed that calling the issue political was pejorative. He said that since the SHAARD had been noted to have flaws, it was important to have policy based upon review done by local experts. He noted that the public asked for the same a few weeks prior, and that the administration offered the review. Rollo pointed out that the structures have been waiting for 50 years, and that the local review would be completed in a year to 18 months. He agreed that there was a communication problem, and hoped that the review would help in some manner.

Rollo said that he wanted to see a more stringent application of the SHAARD that focused in on the city core neighborhoods first, but said that it did not receive any support. But he believed that having money applied for this review was very important because it was requested by the public and the council.

Rollo concluded by saying that he was a historic preservationist, that he believed that they were all on the same page, and that the process needed to be done in a manner that allowed the public to buy in.

Sturbaum commented that those who spoke against Amendment 04 only addressed the positive aspects of demolishing properties. But he noted that when he was on the HPC prior to joining the council, they found ways to recycle the buildings and put them in the hands of affordable, qualified owners. He said that keeping those buildings intact was good for the community, rebuilt the community, and brought affordability to the zone.

He noted that he does remodeling for a living, and the only way that you could build a new structure less expensively than remodeling an old structure was if you had volunteer labor.

Sturbaum said that Amendment 06 would be leaving 5k properties needlessly exposed for 18 months. He argued that the best local review would be to have the overlap in the SHAARD reviewed by staff.

He commented that Bloomington may be the only city in Indiana that handled demolition delay in the way that it did, but that it was not the only city in the country that did. He argued that having a rule that allowed a building to be torn down before it could be protected was bad process.

Sturbaum predicted that in one year everything would have calmed down and encouraged the council to stay with the method they had used for the last twelve years.

Chopra asked Sturbaum if it was a conflict of interest for him to consider this legislation with his business interests.

Sturbaum responded that he lived in a full historic district, that he owned another house in another historic district, and he never works on a project that he has voted on or reviewed. He added that he did a relatively small percentage of historic preservation work, and that it was a decreasing part of his business.

Granger reminded people that sometimes amendments could get written during meetings, and she appreciated that the administration got the amendment to them prior to the meeting. She noted that there were concerns about the SHAARD, and thought the administration had made reasonable accommodation to deal with the properties on the SHAARD. Granger said that Amendment 06 spoke to the concerns of citizens and viewed both sides of the issue and saw it as a livable alternative to Amendment 03 or 04.

building including the removal or enclosure of fifty (50) percent or more of the structure.

6. Ord 16-04 shall be further amended by adding a new defined term, "Indiana State Historic Architectural and Archaeological Research Database" which shall read as follows:

"Indiana State Historic Architectural and Archaeological Research Database" means the Indiana State Historic Architectural and Archaeological Research Database, as the same may be amended from time-to-time, created by and/or administered by the State of Indiana's Division of Historic Preservation and Archaeology. [11:02pm]

Ruff said that he was glad Rollo brought up the idea of concentrating on the city center first. He noted, like Rollo, that it was not supported by the conservation folks.

Ruff commented that he thought this amendment was not about putting contributing structures on demolition delay. He said it was about taking more time, and adding a higher level of local review and by extension getting more local confidence, which he thought was good for historic preservation.

Ruff said that Amendment 06 was the best option for multiple interests, and commented that the council was out of time to consider the matter further.

Ruff clarified that the council was trying to protect all they could that truly deserved to be protected, as judged by the most community support overall and involvement that they could get.

Ruff finished by saying that Amendment 06 was a barely reasonable compromise for him.

Mayer asked for clarification on how the vote would proceed. Volan answered that if Amendment 06 did not pass, it would make sense to introduce Amendment 04.

Ord 16-04 (cont'd)

Sandberg stated that the case had been made for her that there were 12 years of success based on their previous standards, and thus she was leaning toward Amendment 04 because of its safety-net features. If she was going to err, she preferred to err on the side of preservation. She did not think that it was going to be an onerous review process for people.

Sandberg noted that all things in life are political. She stressed the need for predictability for the community, and her respect for everyone's views.

Piedmont-Smith stated that she supported Amendment 04 because it provided a greater level of protection to the historic fabric in Bloomington. She said she did not believe that historic preservation would not lead to urban sprawl as there have been studies that show the value and desire for people to buy historic properties with the intention to restore them and sell for a profit. She went on to say that McDoel Gardens being an historic district has had a positive impact on the neighborhood. She concluded by saying that if contributing structures were not protected then it would lead to the loss of those structures and impact the cultural fabric of the community.

Volan stated that he was concerned that there had been fear mongering on both sides. He said that the letters that were sent out to the public without greater information explaining the process were a "Pandora's box". He said he understood the goals of historic preservation, but was concerned that the public may not fully understand those goals as distrust could be sowed. He said that there wasn't a need for so much urgency and was suspicious that the building of Interstate 69 was the antecedent to the feeling of urgency. He said he felt that Amendment 06 was a sufficient compromise and that he supported it.

Mayer said that just because there wasn't greater public outcry in the council chamber didn't mean that there aren't many people that felt that they didn't understand the SHARD and the process of Demolition Delay. He said that there was a lot of confusion, but the council could alleviate that concern by taking a prudent step and that step would be Amendment 06.

Ruff said that he hoped people would remember the need for affordable housing in the future. He said that he was in favor of “Fonzie flats/ Granny flats” and hope that those types of affordable housing options would become available. Additionally, he wanted to state the passionate people that have been in favor of historic preservation are doing it in the interests of the community. The motion to adopt Amendment 06 to Ordinance 16-04 received a roll call vote of Ayes: 6, Nays: 3.

Ord 16-04 (cont'd)

It was moved and seconded to introduce Amendment 02 to Ordinance 16-04.

Amendment 02:

Sponsored by Sturbaum, the amendment would add a change in roof materials to the definition of “partial demolition.” This would have the effect of requiring review of changes in roof materials by the Historic Preservation Commission or staff on structures within the City’s jurisdiction which were subject to demolition delay. Sturbaum was concerned about metal roofs being used on historic structures specifically red and white striped metal roofs. There was discussion on whether the pattern was offensive or if it was the materials. Sturbaum clarified saying that the historic character would be altered if the roofing materials were not consistent with the character of the house.

1. Section 2 of Ord 16-04 shall be amended by striking the word “pitch” and inserting the words “pitch or material” in part 2) so that it reads:

(2) Partial demolition of a roof shall include work that results in any change to the pitch of any portion of the roof, or; covering or otherwise obscuring an existing roof with a new roof of different pitch **or material**, or; adding any gable, dormer or other similar feature to an existing roof; or  
[11:47pm]

Public Comment:

Marilyn Hartman said that when one wants to change their roof currently there is no need for building permits and the only way to enforce this would be retroactively.

Jon Lawrence said that retroactive enforcement was how the City already manages partial demolition.

Mike Dunn said that he lived in the house across the street from the house in question with the striped metal roof and said how the metal reflects sunlight and that it was a disruption.

Duncan Campbell said that this was a matter of community aesthetic and that materials can affect the aesthetics and value of an historic structure.

Jan Sorby said that this would affect not only the value of the house in question but the values of the neighboring houses.

Council Comment:

Volan said he was surprised that roofing materials were just now being considered as being part of the ordinance and that he supported the amendment.

Chopra said that she liked the quirky look and that it added a fun character to the area. She added that she understood that it would be a loss if a historic clay roof was replaced with one of these metal bi-colored roofs. She said that she had not yet made a decision on how she would vote.

Sandberg said that we should respect the character of individual neighborhoods and that in many neighborhoods these types of roofs would not be desired. She said there had been much discussion in her own neighborhood, Matlock Heights, and noted they had even

considered seeking out historic districting in order to prevent such roof from being incorporated in the neighborhood.

Ord 16-04 (cont'd)

Mayer said that he would support the amendment because it wasn't a perfect fix, but necessary. He also said that he knew metal roofs were popular for a variety of reasons, but he had seen many rusty barn roofs, and that a metal roof wasn't maintenance free.

Sturbaum mentioned how the glare affected Mr. Dunn's home and that property rights cut two ways. He noted that Mr. Dunn's property rights were being infringed on by having the metal roof across the street.

Rollo said that he was a supporter of metal roofs and mentioned that metal roofs could be historic siting the historic home of Thomas Jefferson, Monticello. But he agreed that this was a necessary solution.

Ruff said that he understood Chopra's perspective, but also understood the need to respect a neighborhood's community aesthetic. He wanted to say that he agreed with the sustainable nature of metal roofs and didn't want to discourage them.

The motion to adopt Amendment 02 to Ordinance 16-04 received a roll call vote of Ayes: 9, Nays: 0.

The motion to adopt Ordinance 16-04 as amended received a roll call vote of Ayes: 9, Nays: 0.

Vote to adopt Ord 16-04 as amended [11:48pm]

It was moved and seconded to allow staff to correct any discrepancies between the amendments that were passed and to correct any scrivener's errors.

The motion to allow staff to correct any discrepancies between the amendments that were passed and to correct any scrivener's errors received a roll call vote of Ayes: 9, Nays: 0.

It was moved and seconded to not postpone further council action due to the 10:30pm Rule.

The motion to not postpone further council action due to the 10:30pm Rule received a roll call vote of Ayes: 9, Nays: 0.

It was moved and seconded to read Resolution 16-04 by title and synopsis only. Clerk Bolden read Resolution 16-04 by title and synopsis.

LEGISLATION FOR SECOND READING AND RESOLUTIONS

It was moved and seconded to adopt Resolution 16-04.

Resolution 16-04--To Waive the Statutory Five-Year Continuous Service Requirement for the Appointment of Jason Moore as Fire Chief [12:27am]

Deputy Mayor Mick Reneissen spoke about Jason Moore, his background, and the selection process.

Council Questions:

Piedmont-Smith asked if there were concerns about Mr. Moore coming from a smaller community. She also asked Reneissen to speak to his executive and leadership experience.

Granger asked about the five-year requirement.

Res 16-04 (cont'd)

Sandberg asked if the rule was union driven. She followed up by asking when in the process the administration thought to bring in the council sooner than the announcement that came in the Monday before that they would have to approve the hire.

Granger asked if there was something that the administration was looking for in particular that lead them to look outside of the department.

Volan asked a question about the ISO rating.

Chopra asked who was on the hiring committee. She then asked how it was that our internal candidates did not qualify for the position. She followed up by asking why Mr. Moore wanted the job. Chopra then asked what role staff played in the hiring process.

Granger asked what challenges Mr. Moore perceived in the position. She then asked who would mentor Mr. Moore.

Sandberg asked if bringing in an outside hire was a way to remedy safety issues the council may have been unaware of.

Mayer asked at what point in the process the administration knew the five-year rule had to be addressed.

Council Comment:

Volan commented that he was mostly encouraged, but was concerned that all of Mr. Moore's educational attainment was from online, for-profit institutions. He added that he trusted the judgment of the hiring committee.

Granger said that she felt like she had the most questions, and that while she was not questioning the rigor of the process, nor the mayor's right to hire, she felt rushed by the process. She said that she felt uncomfortable putting her name on something when she did not understand all of the factors involved, and she appreciated Deputy Mayor Reneissen coming to share with the council. She concluded by saying that she had to pass because of the timing, and that the administration could have handled the job offer in a way that would have allowed Mr. Moore to know that his offer was contingent on council approval.

Ruff commented that Bob Lovisek, the fire department union representative, contacted him before the meeting and said that he could not be at the meeting. Ruff said that he trusted in the process. Ruff said that he shared in the sentiment to welcome Mr. Moore, but he did not want anyone to think that council supported the expedited process.

Volan added that the reluctance to add the resolution to the agenda was in part due to the lateness of the hour, and that he would not support expediting legislation in the future.

Sandberg said that she welcomed Mr. Moore and thanked Chief Todd Easton for his service.

Granger commented that she fully supported Mr. Moore himself, but she was truly concerned with the process.

Mayer said that he thought the administration missed an opportunity to bring in the council earlier, even though it was the



mayor’s right to pick his department heads, and that he hoped the administration learned a little bit from this process.

Res 16-04 (cont’d)

Ruff thanked Sandberg for remembering to thank Chief Easton for his service.

The motion to adopt Resolution 16-04 received a roll call vote of Ayes: 8, Nays: 0, Pass: 1.

It was moved and seconded that Ordinance 16-01 be introduced and read by title and synopsis. Clerk Bolden read the legislation and synopsis.

LEGISLATION FOR FIRST READING

Ordinance 16-01: To Amend Chapter 20 (Unified Development Ordinance) of the Bloomington Municipal Code Re: Amending 20.05.051 (“Home occupation – General”), 20.05.064 (“Municipal services – General”), 20.05.079 (“Sign standards – General”), 20.05.080 (“Sign standards – Temporary signs”), 20.05.081 (“Sign standards – Residential”), 20.05.082 (“Sign standards – Permanent display cabinets”), 20.05.083 (“Sign standards – Nonresidential”), 20.05.084 (“Sign standards – Commercial limited”), 20.05.085 (“Sign standards – Commercial downtown”), 20.05.086 (“Sign standards – Sandwich board signs”), 20.05.097 (“Special conditions – Community garden”), 20.05.110 (“Temporary uses and structures – Generally”), 20.07.070 (“Easement standards”), 20.07.160 (“Street and right-of-way standards”), 20.07.190 (“Street sign standards – Residential, commercial and industrial”), and 20.11.020 (“Defined Words”) to Render Provisions of the Bloomington Municipal Code Regulating Signs Compliant with the U.S. Supreme Court’s Holding in *Reed v. Town of Gilbert*

There were no comments in this segment of the meeting.

ADDITIONAL PUBLIC COMMENT [12:30am]

There were no changes to the council schedule.

COUNCIL SCHEDULE [12:31am]

The meeting was adjourned at 12:32am.

ADJOURNMENT

APPROVE:

ATTEST:

Andy Ruff, PRESIDENT  
Bloomington Common Council

Nicole Bolden, CLERK  
City of Bloomington

In the Council Chambers of the Showers City Hall on Wednesday, May 18, 2016 at 7:34 pm with Council President Andy Ruff presiding over a Regular Session of the Common Council.

COMMON COUNCIL  
REGULAR SESSION  
May 18, 2016

Roll Call: Granger, Mayer, Sandberg, Ruff, Volan, Piedmont-Smith, Rollo  
Absent: Sturbaum, Chopra

ROLL CALL  
[7:34pm]

Council President Ruff gave the Agenda Summation.

AGENDA SUMMATION  
[7:34pm]

There were no minutes to approve at this meeting.

APPROVAL OF MINUTES  
[7:35pm]

Councilmember Rollo announced a joint constituent meeting with Councilmember Volan. He said that it would be held at Bear's Place at 5:30pm on June 2nd.

REPORTS

- COUNCIL MEMBERS  
[7:37pm]

Councilmember Piedmont-Smith announced a constituent meeting to be held on the last Saturday of the month in the McCloskey Room of City Hall at 10:30am.

Councilmember Mayer reminded the public that mowing lawns and leaving grass in sidewalk and street violated code, was unsightly, and was dangerous for bicyclists and motorcyclists.

There were no reports from the Mayor's office.

- The MAYOR AND CITY OFFICES

There were no council committee reports.

- COUNCIL COMMITTEES

President Ruff called for public comment.

- PUBLIC  
[7:39pm]

Gabe Rivera spoke about the criminal justice system in Monroe County and the United States.

It was moved and seconded to appoint Ryan Conway and Ethan Horvath to the Bloomington Commission on Sustainability.

APPOINTMENTS TO BOARDS AND COMMISSIONS [7:45pm]

The motion was approved by a voice vote.

It was moved and seconded that Ordinance 16-01 be introduced and read by title and synopsis. The motion was approved by a voice vote.

LEGISLATION FOR SECOND READING AND RESOLUTIONS

Clerk Bolden read the legislation and synopsis, giving the committee recommendation do pass 7-0-2.

Ordinance 16-01: To Amend Chapter 20 (Unified Development Ordinance) of the Bloomington Municipal Code Re: Amending 20.05.051 ("Home occupation – General"), 20.05.064 ("Municipal services – General"), 20.05.079 ("Sign standards – General"), 20.05.080 ("Sign standards – Temporary signs"), 20.05.081 ("Sign standards – Residential"), 20.05.082 ("Sign standards – Permanent display cabinets"), 20.05.083 ("Sign standards – Nonresidential"), 20.05.084 ("Sign standards – Commercial limited"),

It was moved and seconded that Ordinance 16-01 be adopted.

Patty Mulvihill introduced the legislation and commented on the three amendments that were scheduled to be introduced later in the meeting.

Mulvihill said there were two main points in *Reed v. Town of Gilbert*. One, you were no longer allowed to single out signs by type, because it was regulating speech. Next, it said that all signs in a public right-of-way had to be treated equally.

Key highlights of the new ordinance included eliminating any reference to 'sign type', with the exception of 'public signs'; prohibiting the placement of all signs except for 'public signs and

sandwich board signs in the commercial downtown and limited zoning districts, in the city's rights-of-way; and last, a by-right-signage allotment, which would allow signs that do not require permits. Mulvihill also noted additional changes in ordinance that were not directly related to signs.

Mulvihill classified the common council amendments as technical amendments, dealing with the definition of "sign" and dealing with the definition of "display cabinet", and as a substantive amendment, related to the wall signage allotment for legal nonconforming, multifamily residential uses.

#### Council Questions:

Volan asked how temporary was defined. Once it was clarified that it was related to the material of the sign, and not to the duration of the sign display, he then asked if it would be regulated by the city.

Volan then commented that the amendment that reduced the sign size would decrease the visual impact.

Piedmont-Smith asked where signs were currently defined in the ordinance. James Roach clarified that the only definitions included in the amendment were the ones which actually changed.

Granger expressed some concern over the fact that what was seen in the summer may differ from what was seen in the winter. Mulvihill acknowledged that it was not a new problem that the city has faced, but that they did not know how to correct it.

Rollo asked a question about the meaning of some proposed wording in Amendment 01. Mulvihill said that staff did not know the policy reason for the language, and that staff did not see any reason to retain the wording.

Volan asked how quickly signs would have to conform if the ordinance passed. Mulvihill replied that the city would focus on a heavy education campaign before enforcement.

Piedmont-Smith suggested a revision to Amendment 01 to read "... to display signage within, for a purpose related to the use or occupant of the premises."

Piedmont-Smith asked about the purpose of the waiver of right to damages section. Roach explained that it was related to the state law that talked about payments to owners of signs if municipalities required a sign to be removed.

Rollo talked about the permanent display cabinet at Samira.

Mulvihill noted that the flyers in the display would be regulated by the proposed changes. She added that if the council wanted to remove the regulation of what was said, and just focused on the usage, it would be fine with the administration, and would be more consistent with the rest of the changes proposed that evening.

Piedmont-Smith agreed that it would be more consistent to remove the clause from Amendment 01. Dan Sherman, council attorney, confirmed that it would have to be in writing once it was introduced, and confirmed how it should be written.

20.05.085 ("Sign standards – Commercial downtown"), 20.05.086 ("Sign standards – Sandwich board signs"), 20.05.097 ("Special conditions – Community garden"), 20.05.110 ("Temporary uses and structures – Generally"), 20.07.070 ("Easement standards"), 20.07.160 ("Street and right-of-way standards"), 20.07.190 ("Street sign standards – Residential, commercial and industrial"), and 20.11.020 ("Defined Words") to Render Provisions of the Bloomington Municipal Code Regulating Signs Compliant with the U.S. Supreme Court's Holding in *Reed v. Town of Gilbert* [7:46pm]

It was moved and seconded to adopt Amendment 01 to Ordinance 16-01.

The motion to adopt Amendment 01 to Ordinance 16-01 received a roll call vote of Ayes: 7, Nays: 0.

Ordinance 16-01 (cont'd)

Amendment 01:

1. Section 42 of Ord 16-01 shall be amended by adding the phrase "that is attached to a building that is" immediately before the word "constructed" so that it reads:

"Permanent display cabinet means a cabinet that is attached to a building that is constructed of durable materials and intended to display signage within. ~~for the duration of time that the use or occupant is located on the premises.~~" [8:20pm]

Amendment 02:

1. Section 5 of Ord 16-01 shall be amended by creating a new subsection (d), entitled "Legal Nonconforming, Multifamily Residential Uses", to read as follows:

- (d) Legal Nonconforming, Multifamily Residential Uses. Legal nonconforming multifamily residential uses in single family zoning districts with at least three (3) units shall be permitted wall signage not to exceed ten (10) square feet.

- (1) This subsection supersedes subsection 20.05.080(b)(2).
- (2) Freestanding signage is prohibited.

2. All remaining subsections in Section 20.05.080 shall be renumbered accordingly. [8:23pm]

Amendment 03:

1. A new Section 46 for Ord 16-01 shall be created which shall modify the definition of the term "sign" so that the definition reads as follows:

"Sign. Any display or device placed on a property in any fashion

It was moved and seconded to adopt Amendment 02 to Ordinance 16-01.

Piedmont-Smith summarized the amendment for the public.

Volan commented that the residents of district 6 would appreciate the amendment and that he endorsed it.

Piedmont-Smith mentioned that her family owned a nonconforming, multifamily building, that had no wall signage, and the thought of how ugly 25 feet of wall signage would have been provided the impetus to bring up this amendment.

The motion to adopt Amendment 02 to Ordinance 16-01 received a roll call vote of Ayes: 7, Nays: 0.

It was moved and seconded to adopt Amendment 03 to Ordinance 16-01.

Ruff explained that the amendment was meant to clarify the definition of a sign.

The motion to adopt Amendment 03 to Ordinance 16-01 received a roll call vote of Ayes: 7, Nays: 0.

that can be seen from a public place or a public right-of-way that is designed, intended, or used to convey any identification, message or information other than an address number.” [8:24pm]

It was moved and seconded to adopt Ordinance 16-01 as amended.

Granger thanked the staff.

Mayer also thanked the staff for their work.

Vote to adopt Ord 16-01 as amended [8:27pm]

Rollo noted that staff had a lot on their plate and also said thank you.

Piedmont-Smith noted that she was proud of staff, the planning commission, and the council for being the first city in Indiana if not the country to revise their sign ordinance in response to *Reed*.

Volan said that it was a shame that not-for-profits were one of the victims of the court case, but that city has sought to ameliorate the problem as best as was possible. He offered kudos to staff.

The motion to adopt Ordinance 16-01 as amended received a roll call vote of Ayes: 7, Nays: 0

It was moved and seconded that Ordinance 16-07 be introduced and read by title and synopsis. The motion was approved by a voice vote.

LEGISLATION FOR FIRST READING

Ordinance 16-07 – To Amend Title 8 of the Bloomington Municipal Code, Entitled “Historic Preservation and Protection” to Establish a Historic District – Re: Kirkwood Manor Historic District Located at 322 East Kirkwood Avenue (The Ellis Company, LP, Petitioner)

Ordinance 16-07  
[8:27pm]

There were no comments in this segment of the meeting.

ADDITIONAL PUBLIC COMMENT

There were no changes to the council schedule.

COUNCIL SCHEDULE [8:28pm]

The meeting was adjourned at 8:31pm.

ADJOURNMENT

APPROVE:

ATTEST:

Andy Ruff, PRESIDENT  
Bloomington Common Council

Nicole Bolden, CLERK  
City of Bloomington