

REFUNDING ISSUE - BOOK-ENTRY-ONLY

The date of this Final Official Statement is February 8, 2012

In the opinion of Bose McKinney & Evans LLP, Indianapolis, Indiana (“Bond Counsel”), under existing laws, regulations, rulings and judicial decisions, interest on the 2012A-2 Bonds (herein defined) is excluded from gross income for federal income tax purposes, except for interest on any 2012A-2 Bond for any period during which such 2012A-2 Bond is held by a “substantial user” of the Waterworks (as defined herein) or a “related person” as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (“Code”). The exclusion from gross income is conditioned on continuing compliance with the Tax Covenants (as defined herein). Interest on the 2012A Bonds (herein defined) will be treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and must be taken into account for purposes of computing certain other federal taxes. Interest on the 2012A-1 Bonds (herein defined) is not excludable from gross income under Section 103 of the Code, for federal income tax purposes. In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the 2012A Bonds is exempt from taxation in the State of Indiana (the “State”) for all purposes except for State inheritance taxes and the franchise tax imposed upon financial institutions. See “TAX MATTERS” and Appendix C herein.

INDIANA BOND BANK
\$1,555,000 TAXABLE WATER UTILITY REFUNDING REVENUE BONDS, SERIES 2012A-1
\$2,085,000 WATER UTILITY REFUNDING REVENUE BONDS, SERIES 2012A-2
(Edwardsville Water Corporation)

Dated: Date of delivery

Due: January 1 and July 1, as shown on inside cover page

The Taxable Water Utility Refunding Revenue Bonds, Series 2012A-1 (Edwardsville Water Corporation) in the amount of \$1,555,000 (the “2012A-1 Bonds”) and the Water Utility Refunding Revenue Bonds, Series 2012A-2 (Edwardsville Water Corporation) in the amount of \$2,085,000 (the “2012A-2 Bonds”) (collectively, the “2012A Bonds”) are being issued by the Indiana Bond Bank (the “Bond Bank”) pursuant to Indiana Code 5-1.5, as amended (the “Act”), for the purpose of providing funds to be used to purchase the Taxable Secured Notes, Series 2012A-1 (the “2012A-1 Notes”) and the Secured Notes, Series 2012A-2 (the “2012A-2 Notes”) (collectively, the “2012A Notes”) from the Edwardsville Water Corporation (the “Qualified Entity” or “Corporation”) and in accordance with the Trust Indenture dated as of February 1, 2012 (the “Trust Indenture”), by and between the Bond Bank and The Bank of New York Mellon Trust Company, N.A., in East Syracuse, New York (the “Trustee”). The 2012A Notes will be issued pursuant to a Trust Indenture, Mortgage, Security Agreement and Financing Statement dated as of February 1, 2012, by and between the Qualified Entity and the Trustee (the “Qualified Entity Indenture”). The proceeds of the 2012A Notes will be used for the purpose of (i) currently refunding the Indiana Bond Bank Water Utility Revenue Bonds (Edwardsville Water Corporation Project), Series 1999B (the “1999B Bonds”), the Indiana Bond Bank Water Utility Refunding Revenue Bonds (Edwardsville Water Corporation), Series 2005A (the “2005A Bonds”) and the Berkadia Commercial Mortgage, LLC (“Berkadia”) promissory note #01-0303106 (“the Refunded Berkadia Note”) and (ii) advance refunding the Indiana Bond Bank Taxable Water Utility Revenue Bonds (Edwardsville Water Corporation Project), Series 1999C (the “1999C Bonds”) (the 1999B Bonds, the 1999C Bonds and the 2005A Bonds, collectively, the “Refunded Bonds”). A portion of the proceeds of the 2012A Bonds will be used to pay the costs of issuing the 2012A Bonds. The lien securing the 2012A Bonds will be junior and subordinate to the lien securing the outstanding promissory notes of the Qualified Entity originally issued to the Farmers Home Administration and currently held by Berkadia, (exclusive of the Refunded Berkadia Note) currently outstanding in the amount of \$69,803.36 and maturing on November 1, 2014 (the “Senior Notes”).

The 2012A Bonds will be issued only as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof and will bear interest from the date of delivery of the 2012A Bonds at the rates per annum and mature semiannually on January 1 and July 1 in the years and in the principal amounts set forth herein. Interest on each 2012A Bond will be payable on January 1 and July 1 of each year, commencing July 1, 2012 (each an “Interest Payment Date”).

When issued, the 2012A Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). Purchases of beneficial interests in the 2012A Bonds will be made in book-entry-only form. Purchasers of beneficial interests in the 2012A Bonds (the “Beneficial Owners”) will not receive physical delivery of certificates representing their interest in the 2012A Bonds. Interest on the 2012A Bonds, together with the principal of and redemption premium, if any, thereon, will be paid directly to DTC, so long as the 2012A Bonds are held in book-entry-only form. The final disbursements of such payments to the Beneficial Owners will be the responsibility of DTC, the Direct Participants and the Indirect Participants, all as defined and more fully described herein. See “BOOK-ENTRY-ONLY SYSTEM.”

Concurrently with the issuance of the 2012A Bonds and the 2012A Notes, the Qualified Entity will issue \$1,312,000 of its Amended Taxable Secured Notes, Series 2008A (the “Amended 2008A Notes”) pursuant to the Qualified Entity Indenture to restructure the Bond Bank’s \$1,312,000 of Taxable Water Utility (Junior) Revenue Bonds (Edwardsville Water Corporation Project), Series 2008A (the “Original 2008A Bonds”). The Amended 2008A Notes will be delivered to the Indiana Finance Authority, the owner of the Original 2008A Bonds, in exchange for the Original 2008A Bonds which will be cancelled. The Amended 2008A Notes will be secured under the Qualified Entity Indenture on a parity with the 2012A Notes.

The 2012A Bonds are offered when, as and if issued by the Bond Bank and received by City Securities Corporation (the “Underwriter”), subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Bose McKinney & Evans LLP, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed on for the Bond Bank by its General Counsel, Barnes & Thornburg LLP, Indianapolis, Indiana, and for the Corporation by its counsel, Bose McKinney & Evans LLP, Indianapolis, Indiana. It is expected that the 2012A Bonds in definitive form will be available for delivery to DTC in New York, New York, on or about February 14, 2012. The 2012A Bonds are not subject to optional redemption prior to maturity. See “REDEMPTION PROVISIONS FOR THE 2012A BONDS.” The 2012A Bonds issued as Term Bonds are subject to mandatory sinking fund redemption as more fully described herein.



This cover page contains certain information for quick reference only. It is not a summary of the 2012A Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE

2012A-1 Bonds
(Base CUSIP*454626)

<u>Maturity</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP</u>
July 1, 2012	\$185,000	1.53%	100.000	QA3	January 1, 2015	\$245,000	2.40%	100.000	QF2
January 1, 2013	225,000	1.85%	100.000	QB1	July 1, 2015	20,000	2.50%	100.000	QQ8
July 1, 2013	240,000	1.90%	100.000	QC9	January 1, 2016	20,000	2.70%	100.000	QR6
January 1, 2014	240,000	2.05%	100.000	QD7	July 1, 2016	20,000	2.85%	100.000	QS4
July 1, 2014	245,000	2.20%	100.000	QE5					

Term Bond

\$115,000 of Term Bonds at 4.00% due January 1, 2019, Price 100.000%, CUSIP QG0

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MATURITY SCHEDULE

2012A-2 Bonds
(Base CUSIP*454626)

<u>Maturity</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP</u>
July 1, 2015	\$195,000	3.00%	102.426	QH8	July 1, 2017	\$210,000	2.50%	99.250	QM7
January 1, 2016	200,000	2.30%	100.000	QJ4	January 1, 2018	210,000	3.00%	100.804	QN5
July 1, 2016	205,000	2.30%	99.585	QK1	July 1, 2018	210,000	3.00%	100.000	QT2
January 1, 2017	210,000	2.50%	99.542	QL9					

Term Bond

\$645,000 of Term Bonds at 3.25% due January 1, 2020, Price 98.968%, CUSIP QP0

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THE 2012A BONDS ARE LIMITED OBLIGATIONS OF THE BOND BANK AND ARE PAYABLE SOLELY FROM PAYMENTS MADE TO THE BOND BANK BY THE CORPORATION PURSUANT TO THE 2012A NOTES, PLEDGED TO THE PAYMENT OF THE 2012A BONDS PURSUANT TO THE TRUST INDENTURE. THE 2012A BONDS DO NOT CONSTITUTE A GENERAL OR MORAL OBLIGATION OF THE BOND BANK, AND, ALTHOUGH A DEBT SERVICE RESERVE ACCOUNT WILL BE ESTABLISHED FOR THE 2012A NOTES, IT WILL NOT CONSTITUTE A RESERVE FUND UNDER INDIANA CODE 5-1.5-5, AS AMENDED. CONSEQUENTLY, THE BOND BANK WILL NOT SEEK AN APPROPRIATION FROM THE INDIANA GENERAL ASSEMBLY TO PAY DEBT SERVICE ON THE 2012A BONDS IN THE EVENT THE CORPORATION FAILS TO MAKE TIMELY PAYMENTS ON THE 2012A NOTES. THE 2012A BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR LOAN OF THE CREDIT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF UNDER THE CONSTITUTION AND LAWS OF THE STATE OR A PLEDGE OF THE FAITH, CREDIT AND TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE SOURCES OF PAYMENT OF, AND SECURITY FOR, THE 2012A BONDS ARE MORE FULLY DESCRIBED IN THIS OFFICIAL STATEMENT UNDER THE CAPTION “SECURITY AND SOURCES OF PAYMENT FOR THE 2012A BONDS.” THE BOND BANK AND THE CORPORATION HAVE NO TAXING POWER.

The information set forth under the captions “THE INDIANA BOND BANK” and “LITIGATION - Bond Bank” has been obtained from the Bond Bank. All other information has been obtained from the Corporation, DTC and other sources (other than the Bond Bank).

No dealer, broker, salesman or other person has been authorized by the Bond Bank or the Corporation to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by the Bond Bank of the Corporation. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the securities described herein by any person in a jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been provided by the Bond Bank and the Corporation and by other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the securities described herein shall, under any circumstances, create any implication that there has been no change in the affairs of the Bond Bank or the Corporation since the date of this Official Statement.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCE OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

In connection with this offering the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the 2012A Bonds offered hereby at a level above that which might otherwise prevail in the open market, and such stabilizing, if commenced, may be discontinued at any time.

THE 2012A BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CORPORATION AND THE TERMS OF THE OFFERING, INCLUDING THE MERIT AND RISK INVOLVED. THE 2012A BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in Securities and Exchange Commission Rule 15c2-12, as amended, the Corporation will enter into a Continuing Disclosure Undertaking. For a description of the Continuing Disclosure Undertaking, see “CONTINUING DISCLOSURE”.

TABLE OF CONTENTS

	<u>Page(s)</u>
INTRODUCTION	1 - 2
THE INDIANA BOND BANK.....	2 - 5
THE CORPORATION	5 - 11
SECURITY AND SOURCES OF PAYMENT FOR THE 2012A BONDS.....	11 - 12
DESCRIPTION OF THE 2012A BONDS	12
REDEMPTION PROVISIONS FOR THE 2012A BONDS	12 - 13
BOOK-ENTRY-ONLY SYSTEM	14 - 15
SOURCES AND USES OF FUNDS	16
SCHEDULE OF AMORTIZATION OF TAXABLE WATER UTILITY REFUNDING REVENUE BONDS, SERIES 2012A-1	17
SCHEDULE OF AMORTIZATION OF TAXABLE WATER UTILITY REFUNDING REVENUE BONDS, SERIES 2012A-2	17
BONDHOLDERS' RISKS.....	18 - 19
OPERATION OF FUNDS AND ACCOUNTS	19 - 20
THE REFUNDING PROGRAM.....	21
THE 2012A BONDS AS LEGAL INVESTMENTS	21
LITIGATION	21
TAX MATTERS	21 - 22
FINANCIAL MATTERS	22
LEGAL MATTERS	22
UNDERWRITING	23
ORIGINAL ISSUE DISCOUNT	23 - 24
AMORTIZABLE BOND PREMIUM.....	24
CONTINUING DISCLOSURE	24 - 27
INDEPENDENT AUDITORS	27
MISCELLANEOUS	27
APPENDIX A	
ACCOUNTING REPORT	A-1 - A-25
APPENDIX B	
FORM OF BOND COUNSEL OPINION.....	B-1 - B-4
APPENDIX C	
SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE	C-1 - C-9
SUMMARY OF CERTAIN PROVISIONS OF THE QUALIFIED ENTITY INDENTURE	C-10 - C-32
APPENDIX D	
FORM OF BOND BANK CONTINUING DISCLOSURE AGREEMENT	D-1 - D-12

FINAL OFFICIAL STATEMENT

INDIANA BOND BANK \$1,555,000 TAXABLE WATER UTILITY REFUNDING REVENUE BONDS, SERIES 2012A-1 \$2,085,000 WATER UTILITY REFUNDING REVENUE BONDS, SERIES 2012A-2 (Edwardsville Water Corporation)

INTRODUCTION

The purpose of this Official Statement is to set forth certain information concerning the issuance and sale by the Indiana Bond Bank (the "Bond Bank") of its Taxable Water Utility Refunding Revenue Bonds, Series 2012A-1 (Edwardsville Water Corporation) in the amount of \$1,555,000 (the "2012A-1 Bonds") and Water Utility Refunding Revenue Bonds, Series 2012A-2 (Edwardsville Water Corporation) in the amount of \$2,085,000 (the "2012A-2 Bonds") (collectively, the "2012A Bonds"). The 2012A Bonds are being issued pursuant to Indiana Code 5-1.5, as amended (the "Act"), and in accordance with the Trust Indenture (as defined herein). Unless otherwise defined herein, capitalized terms as used herein are defined in the Trust Indenture or the Qualified Entity Indenture (each as defined herein).

The 2012A Bonds are to be secured by the Trust Indenture, dated as of February 1, 2012, (the "Trust Indenture"), each by and between the Bond Bank and The Bank of New York Mellon Trust Company, in East Syracuse, New York (the "Trustee," the "Registrar" and the "Paying Agent"). The proceeds of the 2012A Bonds shall be used to purchase from the Edwardsville Water Corporation (the "Qualified Entity" or "Corporation") its Taxable Secured Notes, Series 2012A-1 in the amount of \$1,555,000 (the "2012A-1 Notes") and Secured Notes, Series 2012A-2 in the amount of \$2,085,000 (the "2012A-2 Notes") (collectively, the "2012A Notes"). A portion of the proceeds of the 2012A Bonds shall be used to pay costs of issuance of the 2012A Bonds.

Concurrently with the issuance of the 2012A Bonds and the 2012A Notes, the Corporation will issue \$1,312,000 of its Amended Taxable Secured Notes, Series 2008A (the "Amended 2008A Notes") pursuant to the Qualified Entity Indenture (as hereinafter defined) to restructure the Bond Bank's \$1,312,000 of Taxable Water Utility (Junior) Revenue Bonds (Edwardsville Water Corporation Project), Series 2008A (the "Original 2008A Bonds"). The Amended 2008A Notes will be delivered to the Indiana Finance Authority, the owner of the Original 2008A Bonds, in exchange for the Original 2008A Bonds which will be cancelled. The Amended 2008A Notes will be secured under the Qualified Entity Indenture on a parity with the 2012A Notes.

The principal of, redemption premium, if any, and interest on the 2012A Bonds are payable solely from the payments made to the Bond Bank by the Corporation pursuant to the 2012A Notes pledged to the payment of the 2012A Bonds pursuant to the Trust Indenture. The 2012A Bonds do not constitute a general or moral obligation of the Bond Bank. **ALTHOUGH A DEBT SERVICE RESERVE ACCOUNT WILL BE ESTABLISHED FOR THE 2012A NOTES, IT WILL NOT CONSTITUTE A RESERVE FUND UNDER INDIANA CODE 5-1.5-5, AS AMENDED. CONSEQUENTLY, THE BOND BANK WILL NOT SEEK AN APPROPRIATION FROM THE INDIANA GENERAL ASSEMBLY TO PAY DEBT SERVICE ON THE 2012A BONDS IN THE EVENT THE CORPORATION FAILS TO MAKE TIMELY PAYMENTS ON THE 2012A NOTES.**

The 2012A Bonds are limited obligations of the Bond Bank payable solely from payments made to the Bond Bank by the Corporation pursuant to the 2012A Notes. Pursuant to the Trust Indenture, the Bond Bank has pledged and assigned to the Trustee (for the benefit of the holders of the 2012A Bonds) all of the Bond Bank's right, title and interest in and to the 2012A Notes.

The 2012A Notes will be issued pursuant to a Trust Indenture, Mortgage, Security Agreement and Financing Statement, dated as of February 1, 2012, between the Qualified Entity and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Qualified Entity Indenture"). The proceeds of the 2012A Notes will be used for the purpose of (i) currently refunding the Indiana Bond Bank Water Utility Revenue Bonds (Edwardsville Water Corporation Project), Series 1999B originally issued and outstanding in the amount of \$500,000 and maturing October 1, 2019 (the "1999B Bonds"), the Indiana Bond Bank Water Utility Refunding Revenue Bonds (Edwardsville Water Corporation), Series 2005A, originally issued in the amount of \$2,195,000 and currently outstanding in the amount of \$1,645,000 and maturing October 1, 2018 (the "2005A Bonds"), and the Berkadia Commercial Mortgage, LLC promissory note #01-0303106 currently outstanding in the amount of \$314,472.31 (the "Refunded Berkadia Note") and (ii) advance refunding the Indiana Bond Bank Taxable Water Utility Revenue Bonds (Edwardsville Water Corporation Project), Series 1999C, originally issued in the amount of \$2,095,000 and currently outstanding in the amount of \$1,035,000 and maturing October 1, 2018 (the "1999C Bonds") (collectively, the 1999B Bonds, the 1999C Bonds and the 2005 Bonds, the "Refunded Bonds"). The Amended 2008A Notes will also be issued pursuant to the Qualified Entity Indenture and will be delivered to the Indiana Finance Authority in exchange for the Original 2008A Bonds which will be cancelled.

The lien securing the 2012A Bonds will be junior and subordinate to the lien securing certain loans heretofore made to the Corporation by the Farmers Home Administration and currently assigned to Berkadia Commercial Mortgage, LLC ("Berkadia"), currently outstanding in the amount of \$69,803.36 (exclusive of the Refunded Berkadia Note) and maturing on November 1, 2014 (the "Senior Notes").

Brief descriptions of the Qualified Entity Indenture and the Trust Indenture are included in Appendix D of this Official Statement. All summaries herein of documents and agreements and all references herein to the 2012A Bonds are qualified in their entirety by reference to the documents themselves, the forms of the 2012A Bonds included in the Trust Indenture and the provisions with respect thereto included in the aforesaid documents and agreements.

THE INDIANA BOND BANK

The Indiana Bond Bank was created in 1984, and is organized and existing under and by virtue of the Act as a separate body corporate and politic, constituting an instrumentality of the State for the public purposes set forth in the Act. The Bond Bank is not an agency of the State, but is separate from the State in its corporate and sovereign capacity and has no taxing power.

The Act

Pursuant to the Act, the purpose of the Bond Bank is to assist "qualified entities", defined in the Act to include, in part, political subdivisions, as defined in Indiana Code 36-1-2-13, state educational institutions, as defined in Indiana Code 20-12-0.5-1(b), leasing bodies, as defined in Indiana Code 5-1-1-1(a), any commissions, authorities or authorized bodies of any qualified entity, and any organizations, associations or trusts with members, participants or beneficiaries that are all individually qualified entities. The Bond Bank provides such assistance through programs, such as purchasing the bonds, notes or evidences of indebtedness of such qualified entities. Under the Act, qualified entities include entities such as cities, towns, counties, school corporations, library corporations, special taxing districts, state educational institutions, charter schools and nonprofit corporations and associations which lease facilities or equipment to such entities. The Corporation is a "qualified entity" within the meaning of the Act.

Powers Under the Act

Under the Act, the Bond Bank has a perpetual existence and is granted all powers necessary, convenient or appropriate to carry out its public and corporate purposes including, without limitation, the power to do the following:

1. Make, enter into and enforce all contracts necessary, convenient or desirable for the purposes of the Bond Bank or pertaining to: (i) a loan to or a lease or an agreement with a qualified entity; (ii) a purchase, acquisition or a sale of qualified obligations or other investments; or (iii) the performance of its duties and execution of its powers under the Act;
2. Purchase, acquire or hold qualified obligations or other investments for the Bond Bank's own account or for a qualified entity at such prices and in a manner as the Bond Bank considers advisable, and sell or otherwise dispose of the qualified obligations or investments at prices without relation to cost and in a manner the Bond Bank considers advisable;
3. Fix and establish terms and provisions upon which a purchase or loan will be made by the Bond Bank;
4. Prescribe the form of application or procedure required of a qualified entity for a purchase or loan and enter into agreements with qualified entities with respect to each purchase or loan;
5. Render and charge for services to a qualified entity in connection with a public or private sale of any qualified obligation, including advisory and other services;
6. Charge a qualified entity for costs and services in review or consideration of a proposed purchase, regardless of whether a qualified obligation is purchased, and fix, revise from time to time, charge and collect other Program Expenses properly attributable to qualified entities;

THE INDIANA BOND BANK (cont'd)

7. To the extent permitted by the indenture or other agreements with the owners of bonds or notes of the Bond Bank, consent to modification of the rate of interest, time and payment of installments of principal or interest, security or any other term of a bond, note, contract or agreement of any kind to which the Bond Bank is a party;

8. Appoint and employ general or special counsel, accountants, financial advisors or experts, and all such other or different officers, agents and employees as it requires;

9. In connection with the purchase of any qualified obligations, consider the need, desirability or eligibility of the qualified obligation to be purchased, the ability of the qualified entity to secure financing from other sources, the costs of such financing and the particular public improvement or purpose to be financed or refinanced with the proceeds of the qualified obligation to be purchased by the Bond Bank;

10. Temporarily invest moneys available until used for making purchases, in accordance with the indenture or any other instrument authorizing the issuance of bonds or notes; and

11. Issue bonds or notes of the Bond Bank in accordance with the Act bearing fixed or variable rates of interest in aggregate principal amounts considered necessary by the Bond Bank to provide funds for any purposes under the Act; provided, that the total amount of bonds or notes of the Bond Bank outstanding at any one time may not exceed any aggregate limit imposed by the Act, currently fixed at \$1,000,000,000. Such aggregate limit of \$1,000,000,000 does not apply to: (i) bonds or notes issued to fund or refund bonds or notes of the Bond Bank; (ii) bonds or notes issued for the purpose of purchasing an agreement executed by a qualified entity under Indiana Code 20-49-4; (iii) bonds, notes or other obligations not secured by a reserve fund under Indiana Code 5-1.5-5; (iv) bonds, notes, or other obligations if funds and investments, and the anticipated earned interest on those funds and investments, are irrevocably set aside in amounts sufficient to pay the principal, interest, and premium on the bonds, notes, or obligations at their respective maturities or on the date or dates fixed for redemption; and (v) obligations of certain types of qualified entities that have separate limits.

Under the Act, the Bond Bank may not do any of the following:

1. Lend money other than to a qualified entity;
2. Purchase a security other than a qualified obligation to which a qualified entity is a party as issuer, borrower or lessee, or make investments other than as permitted by the Act;
3. Deal in securities within the meaning of or subject to any securities law, securities exchange law or securities dealers law of the United States, the State or any other state or jurisdiction, domestic or foreign, except as authorized by the Act;
4. Emit bills of credit or accept deposits of money for time or demand deposit, administer trusts or engage in any form or manner, or in the conduct of, any private or commercial banking business or act as a savings bank, savings association or any other kind of financial institution; or
5. Engage in any form of private or commercial banking business.

Organization and Membership of the Bond Bank

The membership of the Board of Directors of the Bond Bank (the "Board") consists of seven members: the Treasurer of State, serving as Chairman Ex Officio, the Director of the State Department of Financial Institutions, appointed by the Governor and serving as Director Ex Officio, and five Directors appointed by the Governor of the State. Each of the five Directors appointed by the Governor must be a resident of the State and must have substantial expertise in the buying, selling and trading of municipal securities or in municipal administration or public facilities management. Each such Director will serve for a three-year term as set forth below and until a successor is appointed and qualified. Each such Director is also eligible for reappointment and may be removed for cause by the Governor. Any vacancy on the Board is filled by appointment of the Governor for the unexpired term only.

THE INDIANA BOND BANK (cont'd)

The Board elects one Director to serve as Vice Chairman. The powers of the Bond Bank are vested in the Board, any four members of which constitute a quorum. Action may be taken at any meeting of the Board by the affirmative vote of at least four Directors. A vacancy on the Board does not impair the right of a quorum to exercise the powers and perform the duties of the Board.

Directors

The following persons, including those persons with the particular types of experience required by the Act, comprise the present Directors of the Board:

Richard E. Mourdock, Treasurer of the State of Indiana, February 10, 2007-present, and Chairman Ex Officio. Residence: Evansville, Indiana. President, R.E. Mourdock and Associates, LLC, 2001 to present; Vanderburgh County Commissioner, 1995 to 2002; Executive, Koester Companies, 1984 to 2000; Senior Geologist, Standard Oil Company, 1979 to 1984; Geologist, Amax Coal Company, 1974 to 1979.

Kendra York, Public Finance Director of the State of Indiana, January 17, 2011 to present. Residence: Bargersville, Indiana, Indiana Finance Authority, Chief Operating Officer and General Counsel, 2007 to 2011; previously, attorney, of counsel, with Ice Miller LLP, municipal finance section; licensed to practice law in the states of Indiana and California.

William S. Konyha, Vice Chairman; term expires July 1, 2012. Residence: Wabash, Indiana. President & CEO, Economic Development Group of Wabash County, Inc., 2006 to present; Chairman, Indiana Main Street Council; Advisory Counsel, Office of Community and Rural Affairs; Governance Committee Member, Indiana Economic Development Association; Advisory Board, Ivy Tech State Community College.

Patrick F. Carr, Director, term expired July 1, 2011. Residence: Indianapolis, Indiana. President and Chief Financial Officer, Golden Rule Insurance Company, United Healthcare, 2010 to present; Golden Rule, Senior Vice President, Chief Financial Officer, 2005 to 2010; Mayflower Transit, Inc., President and CEO, 1995-2005; President of the Board, American Medical Insurance Company, 2006 to present; Treasurer of the Board, Center for Leadership, 2006 to present; Chairman of the Investment Committee, Catholic Community Foundation, 2009 to present; Board of Advisors, Langham Logistics, 2008 to present; Treasurer of Board of Directors, Legatus of Indiana, 1995 to present; Member of the Indiana CPA Society, American Institute of CPAs, and Financial Executive Institute.

Philip C. Belt, Director; term expires June 30, 2013. Residence: Indianapolis, Indiana. Senior Vice President and Chief Operating Officer, VMS BioMarketing, 2011 to present; Vice President, Private Equity, Credit Suisse, 2009 to 2011; Eli Lilly and Company, 1997 to 2009, Senior Director, Global Product Communications, 2008 to 2009; Senior Director, Corporate Communications, 2004 to 2008; Senior Director, Mergers and Acquisitions, 2000 to 2004; Director, Investor Relations, 1998 to 2000; Financial Manager/Financial Analyst, various roles, 1993 to 1997; Member of the Board of Elders, Church at the Crossing, 2004 to 2007.

Marni McKinney, Director; term expired July 1, 2004. Residence: Indianapolis, Indiana. Chairman, 2008 to present, Indiana Community Bank Advisory Board, M&I Marshall & Isley Bank; Vice President, 1984 to 1989, and Chairman of the Board, 1999 to 2008, First Indiana Bank; Vice Chairman and Chief Executive Officer, 1999 to 2005, and Chairman of the Board, 2005 to 2008, First Indiana Corporation; President and CEO, 1995 to 2000, The Somerset Group, Board of Directors, Fairbanks Hospital, Inc.; Board of Directors, Indiana State Symphony Society; Member, Advisory Panel of the Butler Business Accelerator; Member, Central Indiana Community Foundation Investment Committee; Member, Housing Trust Fund Advisory Committee of the City of Indianapolis.

J. Scott Davison, Director, term expires July 1, 2012. Residence: Zionsville, Indiana. Chief Financial Officer, One America Financial Partners, Inc., June 1, 2004 to present; Senior Vice President, Corporate Planning, July 1, 2002 to June 1, 2004; Vice President, Corporate Planning, December 1, 2000 to July 1, 2002; Senior Vice President and Chief Financial Officer, AUL Reinsurance Management Services, January 15, 2000 to December 1, 2000; Senior Vice President and Chief Financial Officer, Duncanson & Holt, Inc., October 1997 to January 15, 2000. Vice Chair, Indiana Sports Corporation, January 1, 2008 to present; Member of the Clarian Health Subcommittee on Investments, April 1, 2009 to present; Chairman of the Board for Camptown Inc., January 1, 2008 to present.

THE INDIANA BOND BANK (cont'd)

Although the expiration date of the term of two Directors has passed, the Act provides that a Director's term will not expire until the Director's successor is appointed and qualified. No such successors have been appointed and qualified.

The Board is authorized to appoint and fix the duties and compensation of an Executive Director, who serves as both secretary and treasurer of the Board. Lisa Cottingham was appointed Executive Director of the Indiana Bond Bank effective July 28, 2010. Ms. Cottingham previously served as Controller for the Indiana Department of Correction and was Executive Director of the Bond Bank from January, 1992 to July, 1995.

THE CORPORATION

General Business Matters.

The Corporation is a rural water cooperative incorporated on October 24, 1963, under the Indiana General Not-For-Profit Corporation Act. The Corporation owns and operates a water transmission and distribution system which provides potable water to its members for residential, commercial and agricultural uses (the "Waterworks"). The Corporation's service area includes portions of Franklin, Greenville, Georgetown and Lafayette Townships in Floyd County and portions of Franklin Township in Harrison County. Water is sold wholesale to the Towns of Greenville, Elizabeth and Lanesville. It currently serves approximately 4,095 retail customers.

The Corporation is exempt from federal income tax under Section 501(c)(12) of the Internal Revenue Code of 1986, as amended, and is exempt from the Indiana corporate gross income tax.

Regulatory Matters.

At present, the Corporation is subject to the jurisdiction of various state and federal agencies. Among the agencies which regulate various activities of the Corporation are the IURC, the United States Environmental Protection Agency (the "EPA"), and the Indiana Department of Environmental Management (the "IDEM").

The Corporation has received authority from the IURC to operate as a public water utility in the State. The regulatory authority of the IURC extends to the Corporation's rates and charges, service, acquisition of properties, accounting practices, engineering practices and issuance of long-term indebtedness. The issuance of the current rate tariff was approved by the IURC pursuant to Order in Cause No. 43869 on March 8, 2011. See "BONDHOLDERS' RISKS—State Regulatory Matters."

The Corporation is subject to water quality control regulations, including those issued by the EPA and the IDEM. Under the federal Safe Drinking Water Act (the "SDWA"), the Corporation is subject to regulation by EPA respecting the quality of water that it sells. EPA promulgates nationally applicable maximum contaminant levels (the "MCLs") for "contaminants" found in drinking water, and management believes that the water supplied by the Corporation is currently in compliance with all MCLs promulgated to date. EPA has containing authority, however, to issue additional regulations under the SDWA.

The State also currently has statutes and regulations, which regulate the quality of drinking water. The regulations are administered by the IDEM and are substantially similar to the EPA regulations under the SDWA. In addition, the Indiana State Department of Health retains some jurisdiction over health issues relating to drinking water.

Farmers Home Administration Loans.

The Corporation has borrowed funds from Farmers Home Administration. As of January 1, 2012, approximately \$384,275.67 in principal amount was outstanding under the terms of the Farmers Home Administration loan. The Farmers Home Administration's rights, title and interest in these loans are currently assigned to Berkadia Commercial Mortgage, LLC ("Berkadia") and mature periodically through September 11, 2018, inclusive of the Refunded Berkadia Note.

THE CORPORATION (cont'd)

Competition.

The permit granted to the Corporation by the IURC entitles the Corporation to lay, maintain and operate its mains and conduits in public streets and ways throughout the area it serves. These rights are not exclusive, but the Corporation is aware of no other competitors operating within its area of service, and the Corporation does not anticipate that any significant competition will develop.

Employees.

The Corporation has 14 full-time employees, none of whom are represented by a labor union.

Seasonal Nature of Business.

Typically, the seasonal nature of the Corporation's business results in the highest proportion of operating revenues being realized in the third quarter of the fiscal year. The first quarter of the fiscal year typically results in the lowest proportion of operating revenues.

Physical Facilities.

The current facilities of the Corporation consist of three wells with capacities of 800, 800 and 300 gallons per minute (gpm) each, and the water treatment plant has chlorination, polyphosphate, potassium, polymer and fluoridation equipment, three high service pumps, four water tanks which in the aggregate store 1,270,000 gallons, booster pumps, a pumping station and approximately 180 miles of distribution mains ranging in size from 1 inch to 12 inches in diameter.

The high service pumps located at the water treatment plant have the capacities of 900, 900 and 450 gpm pumping into 12-inch and 6-inch water mains which extend to the elevated water storage tanks. These high service pumps are capable of pumping a total of 3,240,000 gallons per day (gpd).

The Corporation's storage tanks consist of three elevated storage tanks: two with a capacity of 100,000 gallons each and one 500,000-gallon tank. In addition, the Corporation has a 570,000-gallon ground level tank, thereby providing 1,270,000 gallons of total storage capacity.

Total water pumped for 2010 was 469,356,000 gallons, and total water sold was 375,407,000 gallons. This average is approximately 1,286,000 gpd pumpage and 1,029,000 gpd sold. Water unaccounted for during 2010 was at 20%.

Future Capital Projects.

In the first quarter of 2012, the Corporation expects to issue \$1,708,500 of Future RD Notes to Rural Development to finance certain waterworks improvements. Otherwise, the Corporation does not anticipate undertaking any substantial capital projects in the next five years.

User Connections.

Based upon information provided by management, the number of water customers (each of whom is a member of the Corporation) at the end of each year in the five-year period ended December 31, 2010, and the net increase of customers over the previous year is set forth below.

<u>Calendar Year</u>	<u>Number of Connections</u>	<u>Percentage Increase</u>
2006	3,741	8.8%
2007	3,877	3.6%
2008	3,963	2.2%
2009	4,024	1.5%
2010	4,095	1.8%

Approximately 68% of the water sold by the Corporation is consumed by retail customers and approximately 32% by wholesale customers.

THE CORPORATION (cont'd)

Water Rates and Charges.

The Corporation's schedule of water rates and charges is subject to approval by the IURC. The following table sets forth a summary of the Corporation's current rates and charges as approved by the IURC on March 8, 2011, pursuant to Cause Number 43869. Indiana Code 8-1-2-125 provides, in part, that a reasonable and just charge for water service is a charge that will produce sufficient revenue to pay all legal and other necessary expense incident to the operation of the not-for-profit utility's system, including the following: (1) maintenance and repair costs; (2) operating charges; (4) interest charges on bonds or other obligations; (4) provision for a sinking fund for the liquidation of bonds or other evidences of indebtedness; (5) provision for a debt service reserve for bonds or other obligations in an amount not to exceed the maximum annual debt service on the bonds or obligations; (6) provision of adequate funds to be used as working capital; (7) provision for making extensions and replacements; and (8) the payment of any taxes that may be assessed against the not-for-profit utility or its property. The charges must produce an income sufficient to maintain the not-for-profit utility's property in sound physical and financial condition to render adequate and efficient service. A rate too low to meet these requirements is unlawful.

1. **METERED RATES AND CHARGES**

(A) Metered (Volumetric) Rates

For use of and services rendered by the waterworks system of the Corporation based on the use of water supplied by said waterworks system:

<u>Monthly Metered Consumption</u>		<u>Monthly Rate Per 1,000 Gallons</u>
First	15,000 gallons	\$6.35
Next	110,000 gallons	6.30
All Over	125,000 gallons	5.80

(B) Service Charge

Each user shall pay a monthly service charge in accordance with the following applicable size of meter installed.

<u>Meter Size</u>		<u>Per Month</u>
5/8 - 3/4	inch meter	\$6.44
1	inch meter	14.15
1 1/2	inch meter	27.00
2	inch meter	42.42
3	inch meter	78.41
4	inch meter	129.81
6	inch meter	258.31
8	inch meter	412.52

(C) Sales for Resale

Town of Elizabeth:

All water supplied to the Town of Elizabeth shall be billed monthly in accordance with the following rates and charges.

Monthly service charge	\$2,895.00
Metered rate per 1,000 gallons	\$1.71

THE CORPORATION (cont'd)

Town of Lanesville:

All water supplied to the Town of Lanesville shall be billed monthly in accordance with the following rates and charges.

Monthly service charge	\$4,935.00
Metered rate per 1,000 gallons	\$1.71

Town of Greenville:

All water supplied to the Town of Greenville shall be billed monthly in accordance with the following rates and charges.

Monthly service charge	\$7,865.00
Metered rate per 1,000 gallons	\$1.71

(D) Fire Protection Service Charge

<u>Automatic Sprinklers</u>	<u>Rate Per Annum</u>
6-inch connection	\$915.21

II. NON-RECURRING CHARGES

(A) Membership Fee \$100.00

Each property owner served by the Corporation must pay a membership fee of \$100.00. This \$100.00 is refundable if and when the property owner sells the property and is no longer served by the water system. Upon payment of the \$100.00 Membership Fee, the property owner shall be issued one (1) Membership Certificate. No property owner shall hold more than one (1) Membership Certificate nor be allowed more than one (1) vote on issues at Corporation meetings.

(B) Tap Charge \$600.00

All users at the time of connection to the waterworks system shall pay a charge to cover the costs of: excavating and tapping the main; furnishing and installing service pipe from the main to the lot line; furnishing and installing corporation and stop cocks; and furnishing and installing meter crock (if outside), yoke, and meter. The charge for a 5/8 inch meter tap shall be \$600.00. The charge for a tap larger than the 5/8 inch meter tap shall be the cost of labor, materials, power machinery, transportation, and overhead incurred for installing the tap, but shall not be less than the charge for a 5/8 inch meter tap.

(C) Insufficient Funds Charge \$25.00

When a customer's check is not honored due to insufficient funds, a charge for processing same will be made by the Corporation in the amount of \$25.00.

(D) Meter Tampering Fee \$40.00

When the Corporation must reconnect a meter as a result of misuse, the customer shall be required to pay a charge of \$40.00 to cover the necessary expenses.

(E) Collection and Deferred Payment Charge 10% of first \$3.00
3% of excess

All bills for water service not paid within seventeen (17) days from the due date thereof, as stated in such bills, shall be subject to the collection or deferred payment charge of ten percent (10%) of the first \$3.00 and three percent (3%) on the excess of over \$3.00.

THE CORPORATION (cont'd)

(F) Rental Transfer Fee \$10.00

When a new customer requests that water service at an existing rental property fee be transferred to their name, the Corporation will charge the new customer a rental transfer fee of \$10.00

(G) Service Run Fee \$25.00

Any time that utility personnel conduct an investigation into water service issues at a customer's property they will be charged the service run fee of \$25.00. The services covered under the service run fee could include but are not limited to, turn-offs, turn-ons, customer requested meter reads and other similar activities.

(H) System Development Charge

All users at the time of connection to the waterworks system shall pay a charge to cover the costs of their allocated capacity in the waterworks facilities in accordance with the following applicable size of meter installed.

<u>Meter Size</u>		<u>Per Month</u>
5/8 - 3/4	inch meter	\$1,100.00
1	inch meter	2,750.00
1 1/2	inch meter	5,500.00
2	inch meter	8,800.00
3	inch meter	16,500.00
4	inch meter	27,500.00
6	inch meter	55,000.00
8	inch meter	88,000.00

Large Users

The following table sets forth the 2010 revenues of the Corporation from its 10 largest users, based upon information reported by management. Revenues by the 10 largest users represented approximately 21% of the Corporation's total \$1,525,425 revenues.

<u>Name</u>	<u>Type of Business</u>	<u>Calendar Year 2010</u>	
		<u>Consumption</u>	<u>Revenue</u>
Town of Greenville	Wholesale customer	103,175,000	\$200,903
Lanesville Water Company	Wholesale customer	22,943,000	85,422
Floyd County Middle School	Public school	5,745,800	20,852
Hilltop Estates	Apartments	1,436,400	5,533
Big Foot Gas Station	Gas Station	971,900	3,642
Motel 6	Motel	851,940	6,877
Jerry Hall	Residential	339,100	1,503
Polly's Freeze	Restaurant	321,300	1,356
Five M Transportation		177,300	974
Jacobi Food & Gas	Gas Station	<u>148,200</u>	<u>420</u>
Totals		<u>136,109,940</u>	<u>\$327,482</u>

The largest customer, the Town of Greenville, is a wholesale customer which purchases and distributes water through its own municipal water system. The Town of Greenville, the Town of Elizabeth and the Town of Lanesville are wholesale customers accounting for approximately 32% of water sold in 2010. All three are under contractual agreement to purchase water and are billed separate rates as described in the "Sales for Resale" section above.

THE CORPORATION (cont'd)

Area Served.

The area served by the Corporation is located in southern Indiana approximately 120 miles south of Indianapolis and 15 miles northwest of Louisville. The Corporation has the advantage of being located near Clark County, Indiana and the Louisville, Kentucky metropolitan area which provide increased opportunities for employment and industrial activities. According to the Louisville Chamber of Commerce, the major manufacturing concerns in Louisville include.

<u>Name</u>	<u>Type of Business</u>	<u>Reported Employment</u>
GE Appliance & Lighting	Household appliances and lighting	3,988
Ford Motor Company (2 plants)	Automotive manufacturing	3,847
Publisher's Printing Co.	Trade publications	1,367
JBS Swift & Co.	Pork products	1,310
Brown-Forman Co.	Diversified producer of fine quality consumer goods	1,184

According to Southern Indiana Chamber of Commerce and company personnel, the largest employers in Clark and Floyd Counties are as follows.

<u>Name</u>	<u>Type of Business</u>	<u>Reported Employment</u>
Horseshoe Southern Indiana	Gaming and entertainment	1,697
Clark Memorial Hospital	Hospital	1,700
Greater Clark County Schools	Public education	1,351
Floyd Memorial Hospital and Health Services Hospital	Hospital	1,338
Jeffboat/American Commercial Lines, Inc.	Barge transportation and construction	914

Directors, Executive Officers and Significant Employees.

The name, position and business background of each Director and executive officer of the Corporation are set forth below. Each Director is elected by the members of the Corporation to serve a term of three years and until a successor is duly elected and qualified. There is no family relationship among any of the Directors or executive officers. The executive officers of the Corporation are elected annually by the Board of Directors for a term of one year and until their successors are elected and qualified. Provided, however, that an executive officer may be removed by the Board of Directors at any time.

<u>Name</u>	<u>Director Since</u>	<u>Position and Business Background</u>
Dale Lafferree	2005	President of the Corporation; Retired
Murl Shaffer	2004	First Vice President of the Corporation; Retired
Tom Thompson	1996	Second Vice President of the Corporation; Retired
Richard Riley	2003	Secretary of the Corporation; Executive at United Graphics, Louisville, Kentucky
Lori Gadd	2006	Treasurer of the Corporation, Sm&P Corp., Utility locator

Remuneration of Directors and Officers.

The Directors of the Corporation receive a \$100 fee per meeting for their services as a Director of the Corporation. In 2010 there were 17 meetings.

THE CORPORATION (cont'd)

Security Ownership of Management.

As a not-for-profit corporation, the Corporation is owned by its members, each of whom holds one membership certificate. Each certificate entitles the member to one vote on all matters presented to the members, including the election of Directors. Each Director and officer of the Corporation is also a member of the Corporation. As of December 31, 2010, the Corporation had 4,095 members.

SECURITY AND SOURCES OF PAYMENT FOR THE 2012A BONDS

Limited Obligation. The 2012A Bonds are limited obligations of the Bond Bank, payable as to principal, redemption premium, if any, and interest solely from payments made to the Bond Bank by the Corporation pursuant to the 2012A Notes, pledged to the payment of the 2012A Bonds pursuant to the Trust Indenture. The 2012A Bonds and the interest thereon shall never constitute a general or moral obligation of the State, any political subdivision thereof or the Bond Bank within the meaning of any constitutional or statutory provision or limitation and shall never constitute nor give rise to a charge against the general credit, funds or assets of the State, any political subdivision thereof or the Bond Bank or the taxing powers of the State or any political subdivision thereof and no holder of any 2012A Bonds may compel the exercise of the taxing power of the State or any political subdivision thereof to pay principal of, redemption premium, if any, or interest on the 2012A Bonds. **ALTHOUGH A DEBT SERVICE RESERVE ACCOUNT WILL BE ESTABLISHED FOR THE 2012A NOTES, IT WILL NOT CONSTITUTE A RESERVE FUND UNDER INDIANA CODE 5-1.5-5, AS AMENDED. CONSEQUENTLY, THE BOND BANK WILL NOT SEEK AN APPROPRIATION FROM THE INDIANA GENERAL ASSEMBLY TO PAY DEBT SERVICE ON THE 2012A BONDS IN THE EVENT THE CORPORATION FAILS TO MAKE TIMELY PAYMENTS ON THE 2012A NOTES. NEITHER THE BOND BANK NOR THE CORPORATION HAS THE POWER TO LEVY OR COLLECT TAXES.**

Security for the 2012A Bonds. The Corporation has granted to the Bond Bank a security interest in and to all of the Corporation's real and personal and tangible and intangible property, including, without limitation, the Corporation's real estate and revenues (the "Mortgaged Property"). Pursuant to the Trust Indenture, the security interest and the mortgage have been assigned to the Trustee for the benefit of the bondholders. The mortgage and security interest which have been assigned for the benefit of the bondholders create liens on the Mortgaged Property which are junior and subordinate to a lien created in favor of the Farmers Home Administration. The Farmers Home Administration lien secures a debt in the principal amount of approximately \$384,275.67 as of January 1, 2012, which debt matures periodically through September 11, 2018. All the rights, title and interest of the Farmers Home Administration in its loan and lien have been assigned to Berkadia. All proceeds from the sale of the mortgaged real estate would first be used to pay Berkadia in the full amount of the Farmers Home Administration loan which has been assigned to it, before any sale proceeds would be available for repayment of the 2012A Bonds.

Debt Service Reserve Account. The Qualified Entity Indenture creates a Debt Service Reserve Account for the 2012A Notes and the Amended 2008A Notes which will maintain an amount that equals the maximum annual principal and interest on the 2012A Notes and the Amended 2008A Notes (the "Debt Service Reserve Requirement"). On the date of delivery of the 2012A Bonds and the Amended 2008A Notes, \$564,674.75 will be deposited in the Debt Service Reserve Account. The Debt Service Reserve Requirement will be fully funded within one (1) year of the date of issuance of the 2012A Notes and the Amended 2008A Notes. **The Debt Service Reserve Account will not constitute a reserve fund under Indiana Code 5-1.5-5, as amended. Consequently, no appropriations from the Indiana General Assembly will be sought to pay debt service on the 2012A Bonds if the Corporation fails to make timely payments on the 2012A Notes.**

Additional Notes. Pursuant to the Qualified Entity Indenture, the Corporation may issue additional notes from time to time secured by the Mortgaged Property on a parity with the 2012A Notes under the Qualified Entity Indenture. Prior to the issuance of any such notes, the Corporation must deliver to the Trustee certain documentation, including, but not limited to, a certificate of the Corporation stating that the Debt Service Coverage Ratio (as defined in the Qualified Entity Indenture) (i) after giving effect to the issuance of the notes proposed to be issued for the most recent fiscal year for which audited financial statements are available is at least 1.25 as shown in a report of a firm of independent certified public accountants or (ii) for each of the two fiscal years beginning after the date on which it is estimated that the facilities to be financed with such additional notes will be placed in service is expected to be at least 1.25 as shown in a report of a firm of independent certified public accountants (the "Coverage Certificate").

SECURITY AND SOURCES OF PAYMENT FOR THE 2012A BONDS (cont'd)

Future RD Notes. In addition to the issuance of additional notes secured on a parity with the 2012A Notes, the Qualified Entity Indenture also authorizes the Corporation to issue notes in the future to the United States Department of Agriculture, through Rural Development ("Future RD Notes"), which may be secured by the Mortgaged Property, except the Sinking Fund established thereunder, on a parity with the 2012A Notes, pursuant to a mortgage and such other security documents as may be delivered to Rural Development in connection with the issuance of such notes. Prior to the issuance of any such notes, the Corporation must deliver to the Trustee certain documentation, including, but not limited to, a Coverage Certificate.

In the first quarter of 2012, the Company expects to issue \$1,708,500 of Future RD Notes to Rural Development to finance certain waterworks improvements which, when issued, will have a parity lien on the Mortgaged Property (except the Sinking Fund) with that securing the 2012A Notes.

DESCRIPTION OF THE 2012A BONDS

General Description. The 2012A Bonds are being issued under the Trust Indenture as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof for the 2012A Bonds. Each 2012A Bond will have an original issue date as of the date of their issuance. The 2012A Bonds shall mature in the principal amounts and on the dates and bear interest at the rates per annum as set forth on the inside cover page of this Official Statement.

Interest on the 2012A Bonds will be payable semiannually on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing July 1, 2012, by check dated the due date and mailed by the Paying Agent one Business Day prior to each Interest Payment Date to the registered Owners as of the close of business on the most recent Record Date. The interest on the 2012A Bonds shall be payable from the Interest Payment Date next preceding its authentication date; provided: (i) if its authentication date is on or prior to the first Record Date, then the interest shall be payable from the date of delivery of the 2012A Bonds; (ii) if its authentication date occurs after any Record Date, but on or prior to the succeeding Interest Payment Date, the interest shall be payable from such Interest Payment Date; or (iii) if at the time a 2012A Bond is authenticated interest is in default on the 2012A Bonds then Outstanding, such 2012A Bond shall bear interest at the interest rate per annum specified thereon from the date to which interest in full has previously been paid or made available for payment on the 2012A Bonds then Outstanding. Principal of the 2012A Bonds will be payable on their respective maturity dates upon presentation of the 2012A Bond at the corporate trust operations office of the Paying Agent, in Indianapolis, Indiana, or at the principal corporate trust office of any successor Paying Agent.

The proceeds of the 2012A Bonds will be used by the Bond Bank to purchase the 2012A Notes, to refund the outstanding Refunded Bonds and the outstanding Refunded Berkadia Note, and to pay a portion of the costs of issuance. Concurrently with the issuance of the 2012A Bonds and the 2012A Notes, the Qualified Entity will issue its Amended 2008A Notes which will be delivered to the Indiana Finance Authority in exchange for the Original 2008A Bonds which will be cancelled.

REDEMPTION PROVISIONS FOR THE 2012A BONDS

- (A) Optional Redemption. The 2012A Bonds are not subject to option redemption prior to maturity. The Bonds issued as Term Bonds are subject to mandatory sinking fund redemption as more fully described herein.
- (B) Extraordinary Optional Redemption. The 2012A Bonds are subject to extraordinary optional redemption by the Bond Bank, in whole or in part, at the direction of the Qualified Entity, on any date at a price of 100% of the principal amount thereof plus interest accrued to the redemption date, upon the occurrence of any of the following events:
- (1) If title to or the use for a limited period of substantially all of the Mortgaged Property is condemned by any authority having the power of eminent domain;
 - (2) If title to substantially all of the Mortgaged Property is found to be deficient or nonexistent to the extent that the efficient utilization of the Mortgaged Property by the Qualified Entity is impaired;
 - (3) If substantially all of the Mortgaged Property is damaged or destroyed by fire or other casualty;

REDEMPTION PROVISIONS FOR THE 2012A BONDS (cont'd)

- (4) If as a result of change in the Constitution of the State of Indiana, or of legislative or administrative action by the State of Indiana or any political subdivision thereof, or by the United States, or by reason of any action instituted in any court, the Mortgage shall become void or unenforceable, or impossible of performance without reasonable delay, or in any other way, by reason of such changes or actions, unreasonable burdens or excessive liabilities are imposed on the Qualified Entity; or
- (5) With respect to the 2012A-2 Bonds only, within 180 days after the occurrence of a Determination of Taxability.

(C) Mandatory Sinking Fund Redemption.

The 2012A-1 Bonds maturing on January 1, 2019 (the "Term Bond") are subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to the principal amount thereof plus accrued interest on the dates and in the amounts in accordance with the following schedules:

<u>Term Bond due January 1, 2019</u>	
<u>Date</u>	<u>Amount</u>
01/01/17	\$20,000
07/01/17	20,000
01/01/18	25,000
07/01/18	25,000
01/01/19 Final maturity	<u>25,000</u>
Total	<u>\$115,000</u>

The 2012A-2 Bonds maturing on January 1, 2020 (the "Term Bond") are subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to the principal amount thereof plus accrued interest on the dates and in the amounts in accordance with the following schedules:

<u>Term Bond due January 1, 2020</u>	
<u>Date</u>	<u>Amount</u>
01/01/19	\$215,000
07/01/19	215,000
01/01/20 Final maturity	<u>215,000</u>
Total	<u>\$645,000</u>

The Trustee shall credit against the mandatory sinking fund requirement for the Term Bonds for any 2012A Bonds of such maturity delivered to the Trustee for cancellation or purchased for cancellation by the Trustee and canceled by the Trustee and not theretofore applied as a credit against any redemption obligation. Each Term Bond so delivered or canceled shall be credited by the Trustee at 100% of the principal amount thereof against the mandatory sinking fund obligation on such mandatory redemption date, and any excess of such amount shall be credited to future redemption obligations, and the principal amount of 2012A Bonds of such maturity to be redeemed by operation of the mandatory sinking fund requirements shall be accordingly reduced; provided, however, the Trustee shall only credit such 2012A Bonds to the extent such are received on or before 45 days preceding the applicable mandatory redemption date.

It shall be a condition to the redemption of 2012A-1 Bonds that the Bond Bank furnish to the Trustee a Cash Flow Certificate to the effect that, after giving effect to such redemption, Revenues expected to be received, together with moneys expected to be held in the Funds and Accounts, will at least equal debt service on all outstanding 2012A-1 Bonds along with program expenses, if any.

BOOK-ENTRY-ONLY SYSTEM

The 2012A Bonds will be available only in book-entry form in the principal amount of \$5,000, or any integral multiple thereof. DTC will act as the initial securities depository for the 2012A Bonds. The ownership of one fully registered 2012A Bond for each maturity of the 2012A Bonds will be registered in the name of Cede & Co., as nominee for DTC.

SO LONG AS CEDE & CO, AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2012 BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS (OR THE OWNERS) WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2012A Bonds. The 2012A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2012A Bond will be issued for the 2012A Bonds, in the aggregate principal amount of such issue and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of 2012A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2012A Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2012A Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2012A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2012A Bonds, except in the event that use of the book-entry system for the 2012A Bonds is discontinued.

To facilitate subsequent transfers, all 2012A Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2012A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2012A Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2012A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

BOOK-ENTRY-ONLY SYSTEM (cont'd)

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2012A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2012A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2012A Bond documents. For example, Beneficial Owners of 2012A Bonds may wish to ascertain that the nominee holding the 2012A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2012A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2012A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2012A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, interest and redemption amounts, if any, on the 2012A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Bond Bank or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee, or the Bond Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Bank or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursements of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2012A Bonds at any time by giving reasonable notice to the Bond Bank or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Bond Bank believes to be reliable, but neither the Bond Bank nor the Underwriter takes any responsibility for the accuracy thereof.

In the event that the book-entry-only system is discontinued, the Trustee will provide for the registration of the 2012A Bonds in the name of the Beneficial Owners thereof. The Bond Bank, the Registrar, Paying Agent and any other Fiduciary would treat the person in whose name any 2012A Bond is registered as the absolute owner of such 2012A Bond for the purposes of making and receiving payment of the principal thereof and interest thereon, and for all other purposes, and none of these parties would be bound by any notice or knowledge to the contrary.

Revision of Book-Entry-Only System:

In the event that either (1) the Bond Bank receives notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a clearing agency for the 2012A Bonds or (2) the Bond Bank elects to discontinue its use of DTC as a clearing agency for the 2012A Bonds, then the Bond Bank and the Trustee will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the 2012A Bonds, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the 2012A Bonds and to transfer the ownership of each of the 2012A Bonds to such person or persons, including any other clearing agency, as the holder of such 2012A Bonds may direct in accordance with the Ordinance. Any expenses of such a discontinuation and transfer, including any expenses of printing new certificates to evidence the 2012A Bonds will be paid by the Bond Bank.

SOURCES AND USES OF FUNDS

	2012A-1 <u>Bonds</u>	2012A-2 <u>Bonds</u>	Total <u>2012A Bonds</u>
<u>SOURCES</u>			
Water Utility Refunding Revenue Bonds	\$1,555,000.00	\$2,085,000.00	\$3,640,000.00
Original issue discount		(3,624.85)	(3,624.85)
Transfers from prior issue debt service reserve funds*	283,128.00	360,000.00	643,128.00
Transfers from prior issue debt service funds*	<u>65,012.50</u>	<u>103,279.17</u>	<u>168,291.67</u>
 Totals	 <u>\$1,903,140.50</u>	 <u>\$2,544,654.32</u>	 <u>\$4,447,794.82</u>
 <u>USES</u>			
Cost of escrow:		\$2,190,481.53	\$2,190,481.53
1999C Bond redemption escrow	\$1,189,104.66		1,189,104.66
Berkadia Loan redemption (1)	312,498.81		312,498.81
Deposit to Debt Service Reserve Fund	241,227.81	323,446.94	564,674.75
Costs of issuance	143,500.00	6,600.00	150,100.00
Underwriter's discount	15,550.00	20,850.00	36,400.00
Contingency	<u>1,259.22</u>	<u>3,275.85</u>	<u>4,535.07</u>
 Totals	 <u>\$1,903,140.50</u>	 <u>\$2,544,654.32</u>	 <u>\$4,447,794.82</u>

(1) The Berkadia Loan will be paid off via wire transfer on February 14, 2012. The Corporation has received confirmation of this payoff amount from Berkadia.

* Amounts held for the payment of debt service and as a reserve for the Original 2008A Bonds will be transferred and held under the Qualified Entity Indenture for the payment of debt service and as a reserve for the Amended 2008A Notes.

**SCHEDULE OF AMORTIZATION OF
TAXABLE WATER UTILITY REFUNDING REVENUE BONDS, SERIES 2012A-1**

Bond Year Payment <u>Date</u>	Principal <u>Outstanding</u> (-----In Thousands-----)	Principal <u>Principal</u>	Interest <u>Rates</u> (%)	<u>Interest</u>	<u>Total</u>	Budget Year <u>Total</u>
07/01/2012	\$1,555	\$185	1.53	\$12,921.00	\$197,921.00	
01/01/2013	1,370	225	1.85	15,561.25	240,561.25	\$438,482.25
07/01/2013	1,145	240	1.90	13,480.00	253,480.00	
01/01/2014	905	240	2.05	11,200.00	251,200.00	504,680.00
07/01/2014	665	245	2.20	8,740.00	253,740.00	
01/01/2015	420	245	2.40	6,045.00	251,045.00	504,785.00
07/01/2015	175	20	2.50	3,105.00	23,105.00	
01/01/2016	155	20	2.70	2,855.00	22,855.00	45,960.00
07/01/2016	135	20	2.85	2,585.00	22,585.00	
01/01/2017	115	20 (1)	4.00	2,300.00	22,300.00	44,885.00
07/01/2017	95	20 (1)	4.00	1,900.00	21,900.00	
01/01/2018	75	25 (1)	4.00	1,500.00	26,500.00	48,400.00
07/01/2018	50	25 (1)	4.00	1,000.00	26,000.00	
01/01/2019	25	<u>25</u> (1)	4.00	<u>500.00</u>	<u>25,500.00</u>	<u>51,500.00</u>
Totals		<u>\$1,555</u>		<u>\$83,692.25</u>	<u>\$1,638,692.25</u>	<u>\$1,638,692.25</u>

(1) \$115,000 of Term Bonds due January 1, 2019.

**SCHEDULE OF AMORTIZATION OF
TAX-EXEMPT WATER UTILITY REFUNDING REVENUE BONDS, SERIES 2012A-2**

Bond Year Payment <u>Date</u>	Principal <u>Outstanding</u> (-----In Thousands-----)	Principal <u>Principal</u>	Interest <u>Rates</u> (%)	<u>Interest</u>	<u>Total</u>	Budget Year <u>Total</u>
07/01/2012	\$2,085			\$22,539.36	\$22,539.36	
01/01/2013	2,085			29,613.75	29,613.75	\$52,153.11
07/01/2013	2,085			29,613.75	29,613.75	
01/01/2014	2,085			29,613.75	29,613.75	59,227.50
07/01/2014	2,085			29,613.75	29,613.75	
01/01/2015	2,085			29,613.75	29,613.75	59,227.50
07/01/2015	2,085	\$195	3.00	29,613.75	224,613.75	
01/01/2016	1,890	200	2.30	26,688.75	226,688.75	451,302.50
07/01/2016	1,690	205	2.30	24,388.75	229,388.75	
01/01/2017	1,485	210	2.50	22,031.25	232,031.25	461,420.00
07/01/2017	1,275	210	2.50	19,406.25	229,406.25	
01/01/2018	1,065	210	3.00	16,781.25	226,781.25	456,187.50
07/01/2018	855	210	3.00	13,631.25	223,631.25	
01/01/2019	645	215 (1)	3.25	10,481.25	225,481.25	449,112.50
07/01/2019	430	215 (1)	3.25	6,987.50	221,987.50	
01/01/2020	215	<u>215</u> (1)	3.25	<u>3,493.75</u>	<u>218,493.75</u>	<u>440,481.25</u>
Totals		<u>\$2,085</u>		<u>\$344,111.86</u>	<u>\$2,429,111.86</u>	<u>\$2,429,111.86</u>

(1) \$645,000 of Term Bonds due January 1, 2020.

BONDHOLDERS' RISKS

Limited Liability of the Bond Bank. The ability of the Bond Bank to pay principal of, redemption premium, if any, and interest on the 2012A Bonds depends upon the receipt by the Bond Bank of Qualified Obligation Payments (as defined in the Trust Indenture) from the Corporation sufficient to make principal, premium, if any, and interest payments on the 2012A Bonds. Although the Debt Service Reserve Account will be established for the 2012A Notes, it will not constitute a reserve fund under Indiana Code 5-1.5-5, as amended. Consequently, the Bond Bank will not seek an appropriation from the Indiana General Assembly to pay debt service on the 2012A Bonds in the event the Corporation fails to make timely Qualified Obligation Payments. There can be no representation or assurance that the Corporation will realize sufficient Gross Revenue (as defined in the Qualified Entity Indenture) to make the required Qualified Obligation Payments. The realization of such Gross Revenue by the Corporation is subject to, among other things, future economic conditions and other conditions which are variable and cannot be predicted. For a description of procedures for providing for payments on the 2012A Notes, see the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2012A BONDS".

Debt Service Reserve Account. The Qualified Entity Indenture establishes a Debt Service Reserve Account for the purposes of satisfying the payments on the 2012A Notes and the Amended 2008A Notes. The Qualified Entity Indenture requires the Corporation to maintain the Debt Service Reserve Account in an amount equal to the Reserve Requirement. On the date of delivery of the 2012A Bonds, \$564,674.75 will be deposited in the Debt Service Reserve Account. The Reserve Account for the 2012A Notes and Amended 2008A Notes will be fully funded within one year of the issuance of the 2012A Bonds with funds of the Corporation.

Event of Taxability. Changes in the Federal tax laws could affect the exclusion of interest on the 2012A-2 Bonds under Section 103 of the Code from gross income for purposes of federal income taxation under certain circumstances. The Bond Bank has covenanted under the Trust Indenture, and the Corporation has covenanted under the Qualified Entity Indenture, to use their best efforts to comply with all actions required to assure the continuing exclusion of interest on the 2012A-2 Bonds from gross income for Federal income tax purposes. Failure by the Bond Bank or the Corporation to comply with such covenants could cause the interest on the 2012A-2 Bonds to be taxable retroactive to the date of issuance. See the caption "TAX MATTERS".

In the Event of a Determination of Taxability: The interest rate on the 2012A-2 Bonds shall, without further action by the Corporation, the Bond Bank or the Trustee, be increased from the rates set forth on the inside cover page hereof to the Taxable Rate, provided the Taxable Rate exceeds the rates on the cover page hereof effective as of the Date of Taxability. On each Interest Payment Date after the Determination of Taxability, the amount of each payment of interest on the 2012A-2 Bonds shall be adjusted to reflect the Taxable Rate. On the first Interest Payment Date following the Determination of Taxability, in addition to the regular payment, a payment shall be made on the outstanding 2012A-2 Bonds for all past additional interest at the Taxable Rate due from the Date of Taxability to the first Interest Payment Date following the Determination of Taxability. Notwithstanding anything the Indenture or in the 2012A-2 Bonds to the contrary, if after payment or prepayment of the 2012A-2 Bond, a Determination of Taxability shall occur, the Corporation shall, within 30 days after demand by any owner or former owner of such 2012A-2 Bond, pay to such owner an amount equal to the difference, if any, between (a) the aggregate amount of interest on such 2012A-2 Bond, which would have been payable to such owner if the interest rate on such 2012A-2 Bond, commencing on the Date of Taxability and terminating upon the date of payment in full of such 2012A-2 Bond, had been the Taxable Rate, and (b) the aggregate amount of interest on the 2012A-2 Bonds actually paid to such owner for such period. As provided in the Qualified Entity Indenture, the Corporation shall pay when due all penalties and interest made payable by reason of a Determination of Taxability. In addition, within 180 days of a Determination of Taxability, the Corporation may direct the extraordinary optional redemption of the 2012A-2 Bonds at 100% of the principal amount thereof.

Remedies Limited. The remedies available to the Trustee, to the Bond Bank or to the Owners of the 2012A Bonds upon an event of default under the Trust Indenture, the Qualified Entity Indenture, or under the terms of the 2012A Notes purchased by the Bond Bank are in many respects dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the United States Bankruptcy Code), the remedies provided in the Trust Indenture, the Qualified Entity Indenture and under the 2012A Notes may not be readily available or may be limited. Further, the Trustee is required to pursue certain courses of action upon the written request of the Owners of fixed percentages of the 2012A Bonds outstanding. There is no assurance that the interests of the Owners of such percentage of the 2012A Bonds outstanding will be identical to those of the Owners of all other 2012A Bonds. Nonetheless, the request of the applicable percentage of the principal amount of all 2012A Bonds outstanding is sufficient to direct the actions of the Trustee.

BONDHOLDERS' RISKS (cont'd)

Bondholders should also be aware that the Corporation's property has a limited function and is designed to operate as a water utility. As a result, the property may have a limited value and utility, except for the purposes involving use by a water utility corporation.

Bankruptcy of the Corporation. In the event of the bankruptcy of the Corporation, there may be no source of revenues for repayment of the 2012A Bonds and certain payments on the 2012A Bonds may be recoverable from Bond Owners by the bankruptcy court.

State Regulatory Matters. The Corporation's activities are subject to regulation by several federal and state agencies, including the IURC. Pursuant to the laws of the State and the regulations of the IURC, the Corporation must obtain the IURC's approval prior to issuing notes or other evidences of indebtedness payable more than one year from the execution thereof.

Under Indiana law, if the IURC determines the proposed issuance of the 2012A Notes is in the public interest, is in accordance with the laws governing the issuance of securities by public utilities, is reasonably necessary in the operation and management of the business of the Corporation in order that the Corporation may provide adequate service and facilities, and otherwise complies with Indiana law, the IURC will issue an order authorizing the issuance of the 2012A Notes. The IURC is required to make such investigations, including hearings and the examination of witnesses, documents, books or contracts, as it may deem of importance in enabling it to reach a decision. The IURC may impose such conditions upon the Corporation in issuing the 2012A Notes, as it may deem reasonable.

The Corporation has received approval to issue the 2012A Notes from the IURC pursuant to its Order in Cause No. 44095 on January 4, 2012.

Indiana law requires the Corporation to file with the IURC a schedule of the rates and charges it has established for its services. See "THE CORPORATION -- Water Rates and Charges" for information with respect to the Corporation's current rates and charges. The Corporation's rates and charges may be changed only after notice to, and approval by the IURC; provided, however that a request for a general increase in rates cannot be made within 15 months of the date of any prior rate increase request. The management of the Corporation currently believes that the Corporation's rates and charges will provide Revenues sufficient to enable the Corporation to pay the expenses of its operations and satisfy its obligations under the Note for the foreseeable future. If the Revenues generated by the Corporation's current rates and charges become inadequate in the future, the Corporation would be compelled to seek a rate increase. The reaction of the IURC to such a request, if it becomes necessary, cannot be predicted at this time.

Lack of Territorial Rights. The Corporation does not have the exclusive rights to provide the territory in which it presently operates with water. Although the Corporation has no reason to believe that other utilities are desirous of providing water in its territory, a competitor could begin such operations at anytime. This type of competition could have an adverse material impact on the Corporation's business.

OPERATION OF FUNDS AND ACCOUNTS

The Trust Indenture establishes the General Fund and the Rebate Fund to be held by the Trustee. The Qualified Entity Indenture establishes the Sinking Fund, which includes the Principal and Interest Account and the Debt Service Reserve Account, and the Rebate Fund to be held by the Trustee.

General Fund

The Trustee will deposit in the General Fund, as and when received, all payments received pursuant to the 2012A Notes and all other moneys received by the Trustee under and pursuant to any of the provisions of the Qualified Entity Indenture which are required or which are accompanied by directions that such moneys are to be paid into the General Fund. So long as any of the 2012A Bonds are outstanding, the Corporation will deposit, or cause to be paid to the Trustee for deposit, in the General Fund for its account, sufficient sums from revenues and receipts derived from the 2012A Notes and the Qualified Entity Indenture, promptly to meet and pay the principal of, premium, if any, and interest on the 2012A Bonds as the same become due and payable.

Moneys in the General Fund will be used by the Trustee to pay interest, premium, if any, and principal on the 2012A Bonds as they become due at maturity or upon redemption or acceleration.

OPERATION OF FUNDS AND ACCOUNTS (cont'd)

Sinking Fund

The Corporation shall establish a Sinking Fund with the Trustee for payment of the principal of and interest on the 2012A Notes, which shall be designated the Edwardsville Water Corporation Sinking Fund (the "Sinking Fund"). After payment of the reasonable expenses of operation, repair and maintenance of the Waterworks and after each deposit is made for the Senior Notes, there shall be set aside and deposited in said Sinking Fund by the Corporation, on a parity with any payments for debt service and reserves due on any Future RD Notes, from its General Fund, a sufficient amount to meet the requirements of the Principal and Interest Account and of the Debt Service Reserve Account created in said Sinking Fund. Such payments shall continue until the balance in the Principal and Interest Account, plus the balance in the Debt Service Reserve Account, equals the amount needed to redeem all of the then outstanding Notes issued under the Qualified Entity Indenture ("Notes") and Future RD Notes.

Rebate Fund

Pursuant to the Qualified Entity Indenture, the Trustee will establish and maintain so long as any 2012A-2 Bonds are outstanding, a separate fund to be known as the "Rebate Fund". The Trustee will invest the moneys in the Rebate Fund in Qualified Investments and will deposit income from such investments immediately upon receipt thereof in the Rebate Fund.

The Rebate Fund will not be pledged as security for the payment of the principal of, premium, if any, and interest payable on any series of Notes and shall remain in the Rebate Fund until either (a) the money is disbursed to the United States or (b) a determination is made by the Corporation that such funds are not owed to the United States under the rebate requirements of Section 148 of the Code.

Not more than sixty (60) days following the date of delivery of the 2012A Bonds, and at intervals of every five (5) years thereafter, the Bond Bank will pay to the United States the amount required to be paid on such payment date. Not later than 60 days following the retirement of all of the 2012A Bonds, the Bond Bank will pay to the United States of America the amount to be paid as of such retirement date. The Corporation will promptly provide evidence of each rebate payment to the Trustee.

With respect to the Rebate Fund, the Bond Bank or the Corporation may direct the Trustee to proceed other than as set forth in the Trust Indenture and described above by delivering to the Trustee new investment instructions accompanied by an Opinion of Bond Counsel to the effect that compliance with such new investment instructions will not adversely affect the exclusion from gross income for Federal income tax purposes of the interest on the 2012A Bonds.

Bond Issuance Expense Account

The Trustee shall deposit in the Bond Issuance Expense Account established within the General Fund under the Trust Indenture and shall disburse said funds for the purpose of paying the costs of issuing the 2012A Bonds. Any funds remaining in the Bond Issuance Expense Account 90 days after the date the 2012A Bonds are issued shall be transferred to the General Account of the General Fund.

Debt Service Reserve Account

The Trustee shall keep on deposit in the Debt Service Reserve Account the Reserve Requirement (\$670,607.10) pursuant to the Qualified Entity Indenture and shall disburse amounts in the Debt Service Reserve Account only for the purpose of paying principal of, premium, if any, and interest on the 2012A Notes and the Amended 2008A Notes. Any moneys remaining in the Debt Service Reserve Account after the 2012A Notes and Amended 2008A Notes are paid in full shall be returned to the Corporation. The Corporation is responsible for funding and maintaining the Debt Service Reserve Account pursuant to the Qualified Entity Indenture. The Debt Service Reserve Account does not constitute a reserve fund under Indiana Code 5-1.5-5, as amended. Consequently, no appropriation of the Indiana General Assembly will be sought to replenish the Debt Service Reserve Account if the Corporation fails to make timely payments on the 2012A Notes.

Investment of Funds

Funds on deposit in the Funds and Accounts from time to time may be invested in Investment Securities.

THE REFUNDING PROGRAM

Pursuant to the terms of an escrow agreement to be dated as of the date of delivery of the 2012A Bonds, entered into among the Bond Bank, the Qualified Entity and The Bank of New York Mellon Trust Company, N.A., located in East Syracuse, New York (the "Escrow Agreement"), the refunding of the Refunded Bonds will be accomplished by (a) creating an irrevocable escrow and trust account (the "Trust Account") to be held by The Bank of New York Mellon Trust Company, N.A., located in East Syracuse, New York, as escrow trustee for the holders of the Refunded Bonds (the "Escrow Trustee") and (b) depositing therein a sum of initial cash from the proceeds of the 2012A Bonds and from transfers from the principal and interest and debt service reserve accounts held for the payment of the Refunded Bonds in an amount sufficient to make full and timely payment of all principal, interest and redemption premium due with respect to the Refunded Bonds from and after the date of delivery of the 2012A Bonds to and including March 15, 2012, with respect to the 1999B Bonds and the 2005A Bonds and October 1, 2013, with respect to the 1999C Bonds.

All moneys on deposit with the Escrow Trustee, including any earnings thereon, are pledged solely and irrevocably for the benefit of the holders of the Refunded Bonds.

THE 2012A BONDS AS LEGAL INVESTMENTS

Under the Act, all financial institutions, investment companies, insurance companies and associations, executors, administrators, guardians, trustees and other fiduciaries in the State may legally invest sinking funds, money or other funds belonging to or within the control of such fiduciaries in the bonds or notes of the Bond Bank issued under the Act, including the 2012A Bonds.

LITIGATION

Bond Bank

To the Bond Bank's knowledge, there is not now any pending or threatened litigation restraining, questioning or enjoining the issuance, sale, execution or delivery of the 2012A Bonds or prohibiting the Bond Bank from purchasing the 2012A Notes with the proceeds of such 2012A Bonds or in any way contesting or affecting the validity of the 2012A Bonds, any proceedings of the Bond Bank taken with respect to the issuance or sale thereof or the pledge or application of any money or security provided for the payment of the 2012A Bonds. Neither the creation, organization or existence of the Bond Bank nor the title of any of the present Directors or other officers of the Bond Bank to their respective offices is being contested.

Corporation

To the Corporation's knowledge, there is not now any pending or threatened litigation restraining, questioning or enjoining the issuance, sale, execution or delivery of the 2012A Notes or prohibiting the Corporation from using the proceeds of the 2012A Notes for the purposes contemplated herein or in any way contesting or affecting the validity of the 2012A Notes, any proceedings of the Corporation taken with respect to the issuance thereof or the pledge or application of any money or security provided to secure payment of the 2012A Notes. Neither the creation, organization or existence of the Corporation nor the title of any of the present Directors or other officers of the Corporation to their respective offices is being contested.

TAX MATTERS

In the opinion of Bose McKinney & Evans LLP, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the 2012A-2 Bonds is excludable from gross income under Section 103 of the Code for federal income tax purposes, except for interest on any 2012A-2 Bond for any period during which such 2012A-2 Bond is owned by a person who is a "substantial user" of the Waterworks or a "related person" as defined in Section 147(a) of the Code. This opinion relates only to the exclusion from gross income of interest on the 2012A-2 Bonds for federal income tax purposes under Section 103 of the Code and is conditioned on continuing compliance by the Bond Bank and the Corporation with the Tax Covenants (hereinafter defined). Failure to comply with the Tax Covenants could cause interest on the 2012A-2 Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to the date of issue. In the opinion of Bose McKinney & Evans LLP, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the 2012A Bonds is exempt from income taxation in the State of Indiana ("State"). This opinion, as expressed in the preceding sentence, relates only to the exemption of interest on the 2012A Bonds for State income tax purposes. See Appendix B for the form of opinion of Bond Counsel.

TAX MATTERS (cont'd)

The Code imposes certain requirements, which must be met subsequent to the issuance of the 2012A-2 Bonds as a condition to the exclusion from gross income of interest on the 2012A-2 Bonds for federal income tax purposes. The Bond Bank and the Corporation will covenant not to take any action, within their power and control, nor fail to take any action with respect to the 2012A-2 Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the 2012A-2 Bonds pursuant to Section 103 of the Code (collectively, the "Tax Covenants"). The Trust Indenture, the Qualified Entity Indenture and the 2012A Notes and certain certificates and agreements to be delivered on the date of delivery of the 2012A-2 Bonds establish procedures under which compliance with the requirements of the Code can be met. It is not an Event of Default under the Trust Indenture if interest on the 2012A-2 Bonds is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not in effect on the issue date of the 2012A-2 Bonds.

The Code also subjects taxpayers to an alternative minimum tax on a taxpayer's "alternative minimum taxable income," which, in general terms, consists of a taxpayer's regular taxable income plus its tax preferences and special adjustments with respect to certain deductions used to compute taxable income. One of the preference items for both individuals and corporations included in determining alternative minimum taxable income is interest on certain private activity bonds, including the 2012A-2 Bonds. The interest on the 2012A-2 Bonds is a specific preference item for purposes of the federal individual and corporate alternative minimum taxes.

Indiana imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5) which, in general, are all corporations which are transacting the business of a financial institution in Indiana. The franchise tax will be measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code. Taxpayers should consult their own tax advisors regarding the impact of this legislation on their ownership of the 2012A-2 Bonds.

Although Bond Counsel will render an opinion that interest on the 2012A-2 Bonds is excluded from federal gross income and exempt from State income tax, the accrual or receipt of interest on the 2012A-2 Bonds may otherwise affect a bondholder's federal income, tax or state tax liability. The nature and extent of these other tax consequences will depend upon the bondholder's particular tax status and a bondholder's other items of income or deduction.

Taxpayers who may be affected by such other tax consequences include, without limitation, financial institutions, certain insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the 2012A-2 Bonds. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the 2012A-2 Bonds should consult their own tax advisors with regard to the other tax consequences of owning the 2012A-2 Bonds.

FINANCIAL MATTERS

The Accounting Report, as set forth in Appendix A, was prepared by H. J. Umbaugh & Associates, Certified Public Accountants, LLP of Indianapolis, Indiana, and is included herein in reliance upon such accounting firm's authority as an expert in accounting.

LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the 2012A Bonds by the Bond Bank are subject to the approval of Bose McKinney & Evans LLP, Indianapolis, Indiana, Bond Counsel, whose approving opinion will be delivered with the 2012A Bonds. Bond Counsel will render a further opinion that the 2012A Bonds and the Trust Indenture, as amended and supplemented, conform as to form and tenor with the terms and provisions thereof as summarized in this Official Statement. Certain legal matters will be passed upon for the Bond Bank by its General Counsel, Barnes & Thornburg LLP, Indianapolis, Indiana. Certain legal matters will be passed upon for the Corporation by its General Counsel, Bose McKinney & Evans LLP, Indianapolis, Indiana.

The various legal opinions to be delivered concurrently with the delivery of the 2012A Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

UNDERWRITING

The 2012A-1 Bonds are being purchased by City Securities Corporation (the "Underwriter") at a purchase price of \$1,539,450.00, which is the par amount of the 2012A-1 Bonds of \$1,555,000.00 less the underwriter's discount of \$15,550.00. The Purchase Contract provides that all of the 2012A-1 Bonds will be purchased by the Underwriter if any of such 2012A-1 Bonds are purchased.

The 2012A-2 Bonds are being purchased by City Securities Corporation (the "Underwriter") at a purchase price of \$2,060,525.15 which is the par amount of the 2012A-2 Bonds of \$2,085,000.00 less the underwriter's discount of \$20,850.00 and less the original issue discount of \$3,624.85. The Purchase Contract provides that all of the 2012A-2 Bonds will be purchased by the Underwriter if any of such 2012A-2 Bonds are purchased.

The Underwriter intends to offer the 2012A Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriter may allow concessions to certain dealers (including dealers in a selling group of the Underwriter and other dealers depositing the 2012A Bonds into investment trusts), who may reallocate concessions to other dealers. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

ORIGINAL ISSUE DISCOUNT

The initial public offering price of the 2012A-1 Bonds maturing on July 1, 2016 through and including July 1, 2017 and on January 1, 2020 (collectively the "Discount Bonds") is less than the principal amount payable at maturity. As a result the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price of the Discount Bonds, as set forth on the cover page of this Official Statement (assuming it is the first price at which a substantial amount of that maturity is sold) (the "Issue Price" for such maturity), and the amount payable at maturity of the Discount Bonds will be treated as "original issue discount." A taxpayer who purchases a Discount Bond in the initial public offering at the Issue Price for such maturity and who holds such Discount Bond to maturity may treat the full amount of original issue discount as interest which is excludable from the gross income of the owner of that Discount Bond for federal income tax purposes and will not, under present federal income tax law, realize taxable capital gain upon payment of the Discount Bond at maturity.

The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Bond on the basis of the yield to maturity determined on the basis of compounding at the end of each six-month period (or shorter period from the date of the original issue) ending on January 15 and July 15 (with straight line interpolation between compounding dates).

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

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

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

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

ORIGINAL ISSUE DISCOUNT (cont'd)

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

AMORTIZABLE BOND PREMIUM

The initial offering price of the 2012-A2 Bonds maturing on July 15, 2015 and January 1, 2018 (collectively, the "Premium Bonds"), is greater than the principal amount payable at maturity or call date. As a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the "Bond Premium"). An owner who acquires a Premium Bond in the initial offering will be required to adjust the owner's basis in the Premium Bond downward as a result of the amortization of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon the disposition of the Premium Bonds (including sale, redemption or payment at maturity or call). The amount of amortizable Bond Premium will be computed on the basis of the owner's yield to maturity, with compounding at the end of each accrual period. Rules for determining (i) the amount of amortizable Bond Premium and (ii) the amount amortizable in a particular year are set forth in Section 171(b) of the Code. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Bond Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning the Premium Bonds. Owners of the Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of Premium Bonds and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

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

CONTINUING DISCLOSURE

The following is a summary of certain provisions of the Continuing Disclosure Undertaking Agreement executed delivered by the Corporation in connection with the issuance of the 2012A Bonds (the "Disclosure Agreement"). This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Disclosure Agreement.

General

The Corporation has covenanted and will covenant for the benefit of the holders of the 2012A Bonds and the Beneficial Owners (as hereinafter defined under this caption only), pursuant to the Disclosure Agreement to be delivered on the date of issuance of the 2012A Bonds, to provide or cause to be provided: (i) each year, certain financial information and operating data relating to the Corporation for its preceding fiscal year (the "Annual Report") after such information and data become available and commencing with the Annual Report for its fiscal year ended December 31, 2012; and (ii) timely notices of the occurrence of certain enumerated events, if material. "Beneficial Owner" means, under this caption only, any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2012A Bonds (including any person holding 2012A Bonds through nominees, depositories or other intermediaries).

The Annual Report and notices of material events will be filed by the Corporation with the Municipal Securities Rulemaking Board (the "MSRB") on its Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

These covenants have been made in order to assist the purchaser of the 2012A Bonds and registered brokers, dealers and municipal securities dealers in complying with the requirements of subsection (d)(2) of Rule 15c2-12 promulgated by the United States Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

CONTINUING DISCLOSURE (cont'd)

Content of Annual Report

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

- a. The audited financial statements of the Corporation for its fiscal year immediately preceding the date such Annual Report becomes available.
- b. An update of the financial information and operating data relating to the Corporation of the same nature as that contained in this Official Statement under the caption "THE CORPORATION".
- c. The annual report of the Corporation filed by it with the Indiana Utility Regulatory Commission (the "IURC") for its fiscal year immediately preceding the date such Annual Report becomes available and any tariffs filed by the Corporation with the IURC during such fiscal year.

Any or all of the items listed above may be included by specific reference to other documents that previously have been provided to the MSRB. Notwithstanding the foregoing, if the document included by reference is a final official statement, it need only be available from the MSRB. The Corporation shall clearly identify each such other document so included by reference.

Notice of Certain Events

The Corporation covenants to provide, or cause to be provided, notice of any of the following events with respect to the 2012A Bonds, to the MSRB through EMMA, within ten (10) days of the occurrence of any of the following events, if material, (which determination of materiality will be made by the Corporation in accordance with the standards established by federal securities laws):

- (1) Non-payment related defaults;
- (2) Modifications to rights of 2012A Bond holders;
- (3) 2012A Bond calls;
- (4) Release, substitution, or sale of property securing repayment of the 2012A Bonds;
- (5) The consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the Corporation, or entry into or termination of a definitive agreement relating to the foregoing; and
- (6) Appointment of a successor or additional trustee or the change in the name of a trustee.

The Corporation will disclose the following events to the MSRB through EMMA, within ten (10) business days of the occurrence of any of the following events, regardless of materiality:

- (1) Principal and interest payment delinquencies;
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) Substitution of credit or liquidity providers, or their failure to perform;
- (5) Defeasances;
- (6) Rating changes;
- (7) Adverse tax opinions or events effecting the status of the 2012A Bonds, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material events, notices or determinations with respect to the tax status of the 2012A Bonds;

CONTINUING DISCLOSURE (cont'd)

- (8) Tender offers; and
- (9) Bankruptcy, insolvency, receivership or similar event of the Corporation.

Failure to Comply

In the event of a failure of the Corporation to comply with any provision of the Disclosure Agreement, any 2012A Bond holder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the Corporation under the Disclosure Agreement, but no person or entity shall be entitled to recover monetary damages thereunder under any circumstances, and any failure to comply with the obligations under the Disclosure Agreement shall not constitute a default with respect to the 2012A Bonds. Notwithstanding the foregoing, if the alleged failure of the Corporation to comply with the Disclosure Agreement is the inadequacy of the information disclosed pursuant thereto, then the 2012A Bond holders and the Beneficial Owners (on whose behalf a 2012A Bond holder has not acted with respect to this alleged failure) of not less than twenty percent (20%) of the aggregate principal amount of the then outstanding 2012A Bonds must take the actions described above before the Corporation shall be compelled to perform with respect to the adequacy of such information disclosed pursuant to the Disclosure Agreement.

Amendment of Disclosure Agreement

The Disclosure Agreement may be amended, and any provision of the Disclosure Agreement may be waived, provided that the following conditions are satisfied:

- (i) if the amendment or waiver relates to certain of the provisions of the Disclosure Agreement generally described above under the subcaptions “General”, “Content of Annual Report” or “Notice of Certain Events” under the caption “CONTINUING DISCLOSURE”, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the Corporation, or type of business conducted by the Corporation or in connection with the refinancing;
- (ii) the Disclosure Agreement, as so amended or taking into account such waiver, would, in the opinion of counsel expert in federal securities laws, have complied with the requirements of the Rule at the time of the original issuance of the 2012A Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (iii) the amendment or waiver either (A) is approved by the 2012A Bond holders in the same manner as provided in the Trust Indenture for amendments to the Trust Indenture with the consent of the Bondholders, or (B) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the 2012A Bond holders.

In the event of any amendment to, or waiver of a provision of, the Disclosure Agreement, Corporation shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

Termination of Reporting Obligations

The obligations to provide annual financial information and notices of material events, as set forth above, shall terminate when the Corporation no longer remains an “obligated person” with respect to the 2012A Bonds within the meaning of the Rule.

CONTINUING DISCLOSURE (cont'd)

Compliance with Previous Undertakings

In the previous five years, the Corporation has never failed to comply, in all material respects, with any previous undertakings in a written contract or agreement that it entered into pursuant to subsection (b)(5) or (d)(2) of the Rule.

INDEPENDENT AUDITORS

The financial statements of the Corporation for each of the two year periods ended December 31, 2009, and December 31, 2010, have been audited by McCauley Nicolas, Corydon, Indiana, independent auditors, as stated in their reports therein.

MISCELLANEOUS

The 2012A Bonds are exempt securities under the Securities Act of 1933, as amended (the "1933 Act"), and the offer, sale and delivery of the 2012A Bonds does not require registration under the 1933 Act or qualification of the Bond Indenture under the Trust Indenture Act of 1939, as amended.

The Bond Bank's offices are located at 2980 Market Tower, 10 West Market Street, Indianapolis, Indiana 46204, phone (317) 233-0888. The Corporation's offices are located at 545 Maplewood Boulevard, Georgetown, Indiana 47122, phone (812) 948-0900.

This Official Statement speaks only as of its date, and the information herein is subject to change.

All quotations from, and summaries and explanations of the Act, the Bond Indenture, the Note Indenture, the Note and the 2012A Bonds contained in this Official Statement do not purport to be complete and reference is made to the Act, the Bond Indenture, the Note Indenture, the Note and the 2012A Bonds for full and complete statements of their provisions. The attached Appendices are an integral part of this Official Statement and must be read together with all of the foregoing statements. Copies in reasonable quantity of the Act, the Bond Indenture and the supplemental materials furnished to the Bond Bank by the Corporation may be obtained upon request directed to the Bond Bank.

Neither any advertisement of the 2012A Bonds nor this Official Statement is to be construed as constituting an agreement between the Bond Bank, the Corporation, the Trustee or the Underwriter and the purchasers or owners of any 2012A Bonds. To the extent any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. The presentation of historical facts and other financial data exhibited elsewhere herein is intended to show recent trends and conditions. There is no intention to represent by such data that such trends will continue in the future, nor that any pending improvement or diminution of local conditions indicated thereby will occur after the date hereof. This Official Statement has been duly approved, executed and delivered by the Bond Bank and the Corporation.

INDIANA BOND BANK

By: /s/ Richard E. Mourdock
Chairman

EDWARDSVILLE WATER CORPORATION

By: /s/ Dale Lafferre
President

APPENDIX A

The Following information has not been updated to reflect the actual results of the negotiated sale.

APPENDIX A

TABLE OF CONTENTS

Page(s)

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

REFUNDING ANALYSIS

2 - 4	General Comments
5	Estimated Sources and Uses of Funds*
6	Schedule of Amortization of \$1,555,000* Principal Amount of Proposed (Junior) Taxable Refunding Revenue Bonds, Series 2012A-1*
7	Schedule of Amortization of \$2,075,000* Principal Amount of Proposed (Junior) Tax-Exempt Refunding Revenue Bonds, Series 2012A-2*
8	Schedule of Amortization of \$1,328,000 Principal Amount of Amended Taxable Secured Notes, Series 2008A
9	Schedule of Proposed Combined Amortization
10 - 11	Schedule of Amortization of \$1,708,500 Principal Amount of Proposed Waterworks Rural Development Loan of 2012
12 - 13	Schedule of Proposed Combined Amortization*
14	Calculation of Estimated Annual Savings*
15	Computation of Estimated Bond Coverage*

HISTORICAL FINANCIAL INFORMATION

16	Schedule of Amortization of \$500,000 Principal Amount of Outstanding (Junior) Tax-Exempt Revenue Bonds of 1999, Series "B"
17	Schedule of Amortization of \$1,035,000 Principal Amount of Outstanding (Junior) Taxable Revenue Bonds of 1999, Series "C"
18	Schedule of Amortization of \$1,645,000 Principal Amount of Outstanding (Junior) Tax-Exempt Refunding Revenue Bonds of 2005
19	Schedule of Amortization of \$1,328,000 Principal Amount of Outstanding (Junior) Taxable Revenue Bonds of 2008
20	Schedule of Outstanding Loan Repayments
21	Schedule of Combined Outstanding Amortization
22 - 25	Schedule of Present Rates and Charges for Water Service



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January 19, 2012

Board of Directors
Edwardsville Water Corporation
545 Maplewood Boulevard
Georgetown, IN 47122

In connection with the issuance of the Edwardsville Water Corporation's (the "Corporation") proposed water utility refunding revenue bonds, we have, at your request, prepared this special purpose report.

The refunding analysis and supplementary data of the Edwardsville Water Corporation are based upon information obtained on or before January 19, 2012. The summarized historical financial information is presented as supplemental data and is not intended to constitute an adequate presentation of the financial position, the results of operations, nor cash flows.

In the preparation of these schedules, assumptions were made as noted regarding certain future events. As is the case with such assumptions regarding future events and transactions, some or all may not occur as expected, and the resulting differences could be material. We have not examined the underlying assumptions nor have we audited or reviewed the historical data. Consequently, we express no opinion thereon, nor do we have a responsibility to prepare subsequent reports.

EDWARDSVILLE WATER CORPORATION
Floyd and Harrison Counties, Indiana

REFUNDING ANALYSIS

EDWARDSVILLE WATER CORPORATION

PRO FORMA FINANCIAL INFORMATION

General Comments

The Edwardsville Water Corporation, an Indiana Not-for-Profit Corporation, was incorporated on October 24, 1963 to provide for the treatment and distribution of potable water to its members in the rural areas of Floyd and Harrison Counties. In addition, the Corporation provides wholesale water service to the Town of Elizabeth, the Town of Lanesville and the Town of Georgetown.

The Corporation, acting through its Board of Directors, has proposed the refunding of the outstanding Tax-Exempt Water Utility Revenue Bonds, Series 1999B (the "1999B Bonds"), Tax-Exempt Water Utility Refunding Revenue Bonds, Series 2005 (the "2005 Bonds"), Taxable Water Utility Revenue Bonds, Series 1999C (the "1999C Bonds"), and the outstanding Berkadia Commercial Mortgage, LLC Promissory Note/Loan #01-0303106 (the "Berkadia Loan") (Collectively the "Outstanding Bonds"). The expected costs of the refunding will be financed through the proceeds of \$2,075,000.00* aggregate principal amount of Proposed (Junior) Tax-Exempt Water Utility Refunding Revenue Bonds, Series 2012A-2 (the "2012A-2 Bonds"), \$1,555,000.00* aggregate principal amount of Proposed (Junior) Taxable Water Utility Refunding Revenue Bonds, Series 2012A-1 (the "2012A-1 Bonds") and \$811,419.67* of funds on hand.

REFUNDING ANALYSIS

Estimated Sources and Uses of Funds - Page A-5

The anticipated costs of refunding the Outstanding Bonds are listed in this schedule as determined by professionals involved with the transaction. The total expected costs of the refunding program amount to \$4,443,244.87* and include \$3,690,665.72* for deposit to the escrow account, \$202,601.15* in issuance and underwriting costs, and \$549,978.00* for the funding of a debt service reserve account. The \$3,690,665.72* for deposit to the escrow account includes \$3,677,902.89* of debt service to call the Outstanding Bonds, \$15,700.00* of early redemption premium on the 1999C Bonds and a deduction for estimated interest income on the escrow account of \$2,937.17*. The expected costs of the refunding will be financed from the proceeds of \$3,630,000* aggregate par amount of Refunding Bonds, \$1,825.20* of original issue premium and \$811,419.67* of funds on hand to be provided by the Corporation.

The federal securities to be purchased and deposited with the Trustee will bear interest at such rates and will be scheduled to mature at such times and in such amounts to pay the scheduled principal, interest and redemption premium due on the 1999C Bonds to October 1, 2013, the first date on which the Bonds can be called. The 1999B Bonds, the 2005 Bonds and the Berkadia Loan are all currently callable and will be defeased within 30 to 45 days of closing on the Refunding Bonds.

*Subject to change.

(Continued on next page)

EDWARDSVILLE WATER CORPORATION

(Cont'd)

PRO FORMA FINANCIAL INFORMATION

General Comments (Cont'd)

REFUNDING ANALYSIS (cont'd)

Schedule of Amortization of \$1,555,000* Principal Amount of Proposed (Junior) Taxable Refunding Revenue Bonds, Series 2012A-1 - Page A-6

The amortization of the \$1,555,000* principal amount of the 2012A-1 Bonds is presented in this schedule at assumed interest rates. The refunding bonds will mature over a period of approximately seven years ending January 1, 2019. Interest is scheduled to be payable semiannually beginning July 1, 2012. Actual interest rates will be determined through a negotiated sale.

Schedule of Amortization of \$2,075,000* Principal Amount of Proposed (Junior) Tax-Exempt Refunding Revenue Bonds, Series 2012A-2 - Page A-7

The amortization of the \$2,075,000* principal amount of the 2012A-2 Bonds is presented in this schedule at assumed interest rates. The refunding bonds will mature over a period of approximately eight years ending January 1, 2020. Interest is scheduled to be payable semiannually beginning July 1, 2012. Actual interest rates will be determined through a negotiated sale.

Schedule of Amortization of \$1,328,000 Principal Amount of Amended Taxable Secured Notes, Series 2008A - Page A-8

The amortization of the \$1,328,000 principal amount of Amended Taxable Secured Notes, Series 2008A (the "2008A Amended Notes") is presented in this schedule. As part of the refunding transaction, the now outstanding \$1,328,000 of Taxable Water Utility Revenue Bonds of 2008 held by the Indiana Finance Authority will be resecuritized. Principal and interest payment dates have been converted to January 1st and July 1st to coincide with the 2012A-1 Bonds and the 2012A-2 Bonds. In addition, principal payments have been rescheduled on a semiannual basis. The resulting annual debt service from these modifications is not materially different from the original scheduled payments.

Schedule of Proposed Combined Amortization - Page A-9

This schedule presents the annual debt service requirements on the proposed Refunding Bonds as well as the debt service requirements on the Corporation's Berkadia Note that will remain outstanding and the 2008A Amended Notes.

*Subject to change.

(Continued on next page)

EDWARDSVILLE WATER CORPORATION

(Cont'd)

PRO FORMA FINANCIAL INFORMATION

General Comments (Cont'd)

REFUNDING ANALYSIS (cont'd)

Schedule of Amortization of \$1,708,500 Principal Amount of Proposed Waterworks Rural Development Loan of 2012 - Page A-10 – A-11

The amortization of the \$1,708,500 principal amount of the proposed 2012 RD Loan is presented in this schedule at assumed interest rates. The rural development loan will mature over a period of approximately forty-one years ending January 1, 2053. Interest is scheduled to be payable monthly beginning April 1, 2012. The actual interest rate will be determined based on the RD interest rate in effect at the time of closing.

Schedule of Proposed Combined Amortization - Page A-12 – A-13

This schedule presents the annual debt service requirements on the proposed Refunding Bonds and the proposed RD Loan as well as the debt service requirement on the Corporation's Berkadia Note that will remain outstanding and the 2008A Amended Notes.

Calculation of Estimated Annual Savings - Page A-14

This schedule compares the proposed combined debt service with the debt service of the Outstanding Bonds. This schedule also details the overall savings and the net present value savings resulting from the refunding.

Computation of Estimated Bond Coverage - Page A-15

This schedule shows the calculation of estimated debt service coverage both before and after taking into account the estimated results of the refunding transaction.

*Subject to change.

EDWARDSVILLE WATER CORPORATION

ESTIMATED SOURCES AND USES OF FUNDS*

**Refunding of Tax-Exempt Water Utility Revenue Bonds, Series 1999B and 2005A,
and Taxable Water Utility Revenue Bonds, Series 1999C and Berkadia Bank Loan #06
Assumes bond dated February 9, 2012**

<u>ESTIMATED SOURCES*</u>	<u>Taxable 2012A-1 Bonds</u>		<u>Tax-Exempt 2012A-2 Bonds</u>		<u>Combined</u>
	<u>1999C</u>	<u>Berkadia #06</u>	<u>1999B</u>	<u>2005</u>	
Par amount of proposed refunding bonds	\$1,265,000.00	\$290,000.00	\$545,000.00	\$1,530,000.00	\$3,630,000.00
Original issue premium	-		468.00	1,357.20	1,825.20
Transfers from prior issue debt service reserve funds	201,120.00	82,008.00	50,000.00	310,000.00	643,128.00
Transfers from prior issue debt service funds	65,012.50		9,166.67	94,112.50	168,291.67
Total	\$1,531,132.50	\$372,008.00	\$604,634.67	\$1,935,469.70	\$4,443,244.87
 <u>ESTIMATED USES*</u>					
Deposit to current refunding account					
Par amount of Bonds refunded	\$1,035,000.00	\$311,196.74	\$500,000.00	\$1,645,000.00	\$3,491,196.74
Interest expense due	141,375.00	1,236.26	12,145.83	31,949.06	186,706.15
Redemption premium	15,700.00		-	-	15,700.00
Less interest earnings on escrow	(2,937.17)		-	-	(2,937.17)
Sub-total	1,189,137.83	312,433.00	512,145.83	1,676,949.06	3,690,665.72
Estimated costs of issuance	128,800.00	9,200.00	1,000.00	11,000.00	150,000.00
Underwriter's discount	12,650.00	2,900.00	5,450.00	15,300.00	36,300.00
Deposit to debt service reserve fund	191,659.00	43,937.64	82,572.45	231,808.91	549,978.00
Miscellaneous and rounding	8,885.67	3,537.36	3,466.39	411.73	16,301.15
Total	\$1,531,132.50	\$372,008.00	\$604,634.67	\$1,935,469.70	\$4,443,244.87

* Subject to change. Current estimates provided by City Securities Corporation on October 3, 2011.

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

EDWARDSVILLE WATER CORPORATION

**SCHEDULE OF AMORTIZATION OF \$1,555,000* PRINCIPAL AMOUNT OF PROPOSED
(JUNIOR) TAXABLE REFUNDING REVENUE BONDS, SERIES 2012A-1**

Principal and interest payable semiannually January 1st and July 1st

Assumed interest rates as indicated

Assumes bonds dated February 9, 2012

Payment Date	Principal Balance* (In \$1,000's)	Assumed Interest Rate(s) (%)	Debt Service*			Bond Year Total
			Principal (In \$1,000s)	Interest (-----In Dollars-----)	Total	
07/01/12	\$1,555	1.50	\$185	\$11,202.22	\$196,202.22	
01/01/13	1,370	1.50	235	12,812.50	247,812.50	\$444,014.72
07/01/13	1,135	1.50	235	11,050.00	246,050.00	
01/01/14	900	1.75	240	9,287.50	249,287.50	495,337.50
07/01/14	660	1.75	240	7,187.50	247,187.50	
01/01/15	420	2.00	245	5,087.50	250,087.50	497,275.00
07/01/15	175	2.00	20	2,637.50	22,637.50	
01/01/16	155	2.50	20	2,437.50	22,437.50	45,075.00
07/01/16	135	2.50	20	2,187.50	22,187.50	
01/01/17	115	2.75	20	1,937.50	21,937.50	44,125.00
07/01/17	95	2.75	20	1,662.50	21,662.50	
01/01/18	75	3.60	25	1,387.50	26,387.50	48,050.00
07/01/18	50	3.60	25	937.50	25,937.50	
01/01/19	25	3.90	25	487.50	25,487.50	51,425.00
Totals			<u>\$1,555</u>	<u>\$70,302.22</u>	<u>\$1,625,302.22</u>	<u>\$1,625,302.22</u>

* Subject to change. Current estimates provided by City Securities Corporation on October 3, 2011.

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

EDWARDSVILLE WATER CORPORATION

**SCHEDULE OF AMORTIZATION OF \$2,075,000* PRINCIPAL AMOUNT OF PROPOSED
(JUNIOR) TAX-EXEMPT REFUNDING REVENUE BONDS, SERIES 2012A-2**

Principal and interest payable semiannually January 1st and July 1st

Assumed interest rates as indicated

Assumes bonds dated February 9, 2012

Payment Date	Principal Balance* (In \$1,000's)	Assumed Interest Rate(s) (%)	Debt Service*			Bond Year Total
			Principal (In \$1,000s)	Interest (-----In Dollars-----)	Total	
07/01/12	\$2,075			\$21,096.86	\$21,096.86	
01/01/13	2,075			26,742.50	26,742.50	\$47,839.36
07/01/13	2,075			26,742.50	26,742.50	
01/01/14	2,075			26,742.50	26,742.50	53,485.00
07/01/14	2,075			26,742.50	26,742.50	
01/01/15	2,075			26,742.50	26,742.50	53,485.00
07/01/15	2,075	2.00	\$195	26,742.50	221,742.50	
01/01/16	1,880	2.00	195	24,792.50	219,792.50	441,535.00
07/01/16	1,685	2.00	205	22,842.50	227,842.50	
01/01/17	1,480	2.25	205	20,792.50	225,792.50	453,635.00
07/01/17	1,275	2.25	205	18,486.25	223,486.25	
01/01/18	1,070	2.75	210	16,180.00	226,180.00	449,666.25
07/01/18	860	2.75	210	13,292.50	223,292.50	
01/01/19	650	3.10	215	10,405.00	225,405.00	448,697.50
07/01/19	435	3.10	215	7,072.50	222,072.50	
01/01/20	220	3.40	220	3,740.00	223,740.00	445,812.50
	Totals		\$2,075	\$319,155.61	\$2,394,155.61	\$2,394,155.61

* Subject to change. Current estimates provided by City Securities Corporation on October 3, 2011.

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

EDWARDSVILLE WATER CORPORATION

**SCHEDULE OF AMORTIZATION OF \$1,328,000 PRINCIPAL AMOUNT OF
AMENDED TAXABLE SECURED NOTES, SERIES 2008A**

**Principal and interest payable semiannually on January 1st and July 1st
Interest rate as shown.**

Payment Date	Principal Balance (In \$1,000's)	Interest Rate (%)	Debt Service			Bond Year Total
			Principal (In \$1,000's)	Interest (-----In Dollars-----)	Total	
07/01/12	\$1,328	3.31	\$32	\$32,967.60	\$64,967.60	
01/01/13	1,296	3.31	32	21,448.80	53,448.80	\$118,416.40
07/01/13	1,264	3.31	33	20,919.20	53,919.20	
01/01/14	1,231	3.31	34	20,373.05	54,373.05	108,292.25
07/01/14	1,197	3.31	34	19,810.35	53,810.35	
01/01/15	1,163	3.31	35	19,247.65	54,247.65	108,058.00
07/01/15	1,128	3.31	35	18,668.40	53,668.40	
01/01/16	1,093	3.31	36	18,089.15	54,089.15	107,757.55
07/01/16	1,057	3.31	36	17,493.35	53,493.35	
01/01/17	1,021	3.31	37	16,897.55	53,897.55	107,390.90
07/01/17	984	3.31	38	16,285.20	54,285.20	
01/01/18	946	3.31	38	15,656.30	53,656.30	107,941.50
07/01/18	908	3.31	39	15,027.40	54,027.40	
01/01/19	869	3.31	39	14,381.95	53,381.95	107,409.35
07/01/19	830	3.31	40	13,736.50	53,736.50	
01/01/20	790	3.31	41	13,074.50	54,074.50	107,811.00
07/01/20	749	3.31	41	12,395.95	53,395.95	
01/01/21	708	3.31	42	11,717.40	53,717.40	107,113.35
07/01/21	666	3.31	43	11,022.30	54,022.30	
01/01/22	623	3.31	43	10,310.65	53,310.65	107,332.95
07/01/22	580	3.31	44	9,599.00	53,599.00	
01/01/23	536	3.31	45	8,870.80	53,870.80	107,469.80
07/01/23	491	3.31	46	8,126.05	54,126.05	
01/01/24	445	3.31	46	7,364.75	53,364.75	107,490.80
07/01/24	399	3.31	47	6,603.45	53,603.45	
01/01/25	352	3.31	48	5,825.60	53,825.60	107,429.05
07/01/25	304	3.31	49	5,031.20	54,031.20	
01/01/26	255	3.31	49	4,220.25	53,220.25	107,251.45
07/01/26	206	3.31	50	3,409.30	53,409.30	
01/01/27	156	3.31	51	2,581.80	53,581.80	106,991.10
07/01/27	105	3.31	52	1,737.75	53,737.75	
01/01/28	53	3.31	53	877.15	53,877.15	107,614.90
Totals			<u>\$1,328</u>	<u>\$403,770.35</u>	<u>\$1,731,770.35</u>	<u>\$1,731,770.35</u>

(The Accountants' disclaimer of opinion
is an integral part of this statement.)

EDWARDSVILLE WATER CORPORATION

SCHEDULE OF PROPOSED COMBINED AMORTIZATION

(Before Issuance of Proposed Rural Development Loan*)

Payment Date	Outstanding		Proposed		Total	Bond Year Total
	Berkadia Notes	2008A Amended Notes	2012A-1 Refunding Bonds**	2012A-2 Refunding Bonds**		
07/01/12		\$64,967.60	\$196,202.22	\$21,096.86	\$282,266.68	
01/01/13	\$26,676.00	53,448.80	247,812.50	26,742.50	354,679.80	\$636,946.48
07/01/13		53,919.20	246,050.00	26,742.50	326,711.70	
01/01/14	26,676.00	54,373.05	249,287.50	26,742.50	357,079.05	683,790.75
07/01/14		53,810.35	247,187.50	26,742.50	327,740.35	
01/01/15	22,364.57	54,247.65	250,087.50	26,742.50	353,442.22	681,182.57
07/01/15		53,668.40	22,637.50	221,742.50	298,048.40	
01/01/16		54,089.15	22,437.50	219,792.50	296,319.15	594,367.55
07/01/16		53,493.35	22,187.50	227,842.50	303,523.35	
01/01/17		53,897.55	21,937.50	225,792.50	301,627.55	605,150.90
07/01/17		54,285.20	21,662.50	223,486.25	299,433.95	
01/01/18		53,656.30	26,387.50	226,180.00	306,223.80	605,657.75
07/01/18		54,027.40	25,937.50	223,292.50	303,257.40	
01/01/19		53,381.95	25,487.50	225,405.00	304,274.45	607,531.85
07/01/19		53,736.50		222,072.50	275,809.00	
01/01/20		54,074.50		223,740.00	277,814.50	553,623.50
07/01/20		53,395.95			53,395.95	
01/01/21		53,717.40			53,717.40	107,113.35
07/01/21		54,022.30			54,022.30	
01/01/22		53,310.65			53,310.65	107,332.95
07/01/22		53,599.00			53,599.00	
01/01/23		53,870.80			53,870.80	107,469.80
07/01/23		54,126.05			54,126.05	
01/01/24		53,364.75			53,364.75	107,490.80
07/01/24		53,603.45			53,603.45	
01/01/25		53,825.60			53,825.60	107,429.05
07/01/25		54,031.20			54,031.20	
01/01/26		53,220.25			53,220.25	107,251.45
07/01/26		53,409.30			53,409.30	
01/01/27		53,581.80			53,581.80	106,991.10
07/01/27		53,737.75			53,737.75	
01/01/28		53,877.15			53,877.15	107,614.90
Totals	\$75,716.57	\$1,731,770.35	\$1,625,302.22	\$2,394,155.61	\$5,826,944.75	\$5,826,944.75

Average annual principal and interest payment for the five bond years ending January 1, 2018.

\$568,687.56

* RD loan closing anticipated for late February/early March 2012.

** Subject to change. Current estimates provided by City Securities Corporation on October 3, 2011.

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

EDWARDSVILLE WATER CORPORATION

**SCHEDULE OF AMORTIZATION OF \$1,708,500 PRINCIPAL AMOUNT OF
PROPOSED WATERWORKS RURAL DEVELOPMENT LOAN OF 2012**

Principal payable monthly, beginning March 1, 2013

Interest payable monthly, beginning April 1, 2012

Assumes loan dated March 1, 2012

Assumed interest rates as indicated

Bond Payment Date*	Principal Balance	Assumed Interest Rate(s) (%)	Debt Service			Bond Year Total
			Principal	Interest	Total	
07/01/12	\$1,708,500.00			\$17,618.91	\$17,618.91	
01/01/13	1,708,500.00			35,237.82	35,237.82	\$52,856.73
07/01/13	1,708,500.00	4.125	\$4,438.97	35,222.59	39,661.56	
01/01/14	1,704,061.03	4.125	9,016.22	35,069.09	44,085.31	83,746.87
07/01/14	1,695,044.81	4.125	9,203.80	34,881.53	44,085.33	
01/01/15	1,685,841.01	4.125	9,395.26	34,690.05	44,085.31	88,170.64
07/01/15	1,676,445.75	4.125	9,590.71	34,494.60	44,085.31	
01/01/16	1,666,855.04	4.125	9,790.24	34,295.08	44,085.32	88,170.63
07/01/16	1,657,064.80	4.125	9,993.90	34,091.42	44,085.32	
01/01/17	1,647,070.90	4.125	10,201.81	33,883.52	44,085.33	88,170.65
07/01/17	1,636,869.09	4.125	10,414.04	33,671.29	44,085.33	
01/01/18	1,626,455.05	4.125	10,630.66	33,454.64	44,085.30	88,170.63
07/01/18	1,615,824.39	4.125	10,851.83	33,233.49	44,085.32	
01/01/19	1,604,972.56	4.125	11,077.58	33,007.74	44,085.32	88,170.64
07/01/19	1,593,894.98	4.125	11,308.02	32,777.30	44,085.32	
01/01/20	1,582,586.96	4.125	11,543.27	32,542.05	44,085.32	88,170.64
07/01/20	1,571,043.69	4.125	11,783.40	32,301.91	44,085.31	
01/01/21	1,559,260.29	4.125	12,028.53	32,056.79	44,085.32	88,170.63
07/01/21	1,547,231.76	4.125	12,278.77	31,806.56	44,085.33	
01/01/22	1,534,952.99	4.125	12,534.20	31,551.13	44,085.33	88,170.66
07/01/22	1,522,418.79	4.125	12,794.96	31,290.37	44,085.33	
01/01/23	1,509,623.83	4.125	13,061.11	31,024.19	44,085.30	88,170.63
07/01/23	1,496,562.72	4.125	13,332.84	30,752.48	44,085.32	
01/01/24	1,483,229.88	4.125	13,610.19	30,475.11	44,085.30	88,170.62
07/01/24	1,469,619.69	4.125	13,893.34	30,192.00	44,085.34	
01/01/25	1,455,726.35	4.125	14,182.34	29,902.96	44,085.30	88,170.64
07/01/25	1,441,544.01	4.125	14,477.40	29,607.92	44,085.32	
01/01/26	1,427,066.61	4.125	14,778.56	29,306.75	44,085.31	88,170.63
07/01/26	1,412,288.05	4.125	15,086.00	28,999.31	44,085.31	
01/01/27	1,397,202.05	4.125	15,399.84	28,685.47	44,085.31	88,170.62
07/01/27	1,381,802.21	4.125	15,720.21	28,365.13	44,085.34	
01/01/28	1,366,082.00	4.125	16,047.24	28,038.10	44,085.34	88,170.68
07/01/28	1,350,034.76	4.125	16,381.06	27,704.24	44,085.30	
01/01/29	1,333,653.70	4.125	16,721.85	27,363.49	44,085.34	88,170.64
07/01/29	1,316,931.85	4.125	17,069.70	27,015.62	44,085.32	
01/01/30	1,299,862.15	4.125	17,424.81	26,660.52	44,085.33	88,170.65
07/01/30	1,282,437.34	4.125	17,787.30	26,298.03	44,085.33	
01/01/31	1,264,650.04	4.125	18,157.33	25,927.99	44,085.32	88,170.65
07/01/31	1,246,492.71	4.125	18,535.05	25,550.28	44,085.33	
01/01/32	1,227,957.66	4.125	18,920.64	25,164.67	44,085.31	88,170.64
07/01/32	1,209,037.02	4.125	19,314.25	24,771.08	44,085.33	
01/01/33	1,189,722.77	4.125	19,716.04	24,369.27	44,085.31	88,170.64
Subtotals			\$538,493.27	\$1,273,352.49	\$1,811,845.76	\$1,811,845.76

* It is assumed that payments to RD will be made monthly.

(Continued on next page)

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

EDWARDSVILLE WATER CORPORATION

**SCHEDULE OF AMORTIZATION OF \$1,708,500 PRINCIPAL AMOUNT OF
PROPOSED WATERWORKS RURAL DEVELOPMENT LOAN OF 2012**

Principal payable monthly, beginning March 1, 2013

Interest payable monthly, beginning April 1, 2012

Assumes loan dated March 1, 2012

Assumed interest rates as indicated

Bond Payment Date*	Principal Balance	Assumed Interest Rate(s) (%)	Debt Service			Bond Year Total
			Principal	Interest	Total	
Subtotals carried forward			\$538,493.27	\$1,273,352.49	\$1,811,845.76	\$1,811,845.76
07/01/33	1,170,006.73	4.125	20,126.20	23,959.12	44,085.32	
01/01/34	1,149,880.53	4.125	20,544.89	23,540.42	44,085.31	88,170.63
07/01/34	1,129,335.64	4.125	20,972.27	23,113.05	44,085.32	
01/01/35	1,108,363.37	4.125	21,408.56	22,676.76	44,085.32	88,170.64
07/01/35	1,086,954.81	4.125	21,853.93	22,231.39	44,085.32	
01/01/36	1,065,100.88	4.125	22,308.56	21,776.76	44,085.32	88,170.64
07/01/36	1,042,792.32	4.125	22,772.64	21,312.67	44,085.31	
01/01/37	1,020,019.68	4.125	23,246.37	20,838.93	44,085.30	88,170.61
07/01/37	996,773.31	4.125	23,729.97	20,355.33	44,085.30	
01/01/38	973,043.34	4.125	24,223.65	19,861.69	44,085.34	88,170.64
07/01/38	948,819.69	4.125	24,727.56	19,357.77	44,085.33	
01/01/39	924,092.13	4.125	25,241.97	18,843.35	44,085.32	88,170.65
07/01/39	898,850.16	4.125	25,767.08	18,318.24	44,085.32	
01/01/40	873,083.08	4.125	26,303.12	17,782.20	44,085.32	88,170.64
07/01/40	846,779.96	4.125	26,850.31	17,235.02	44,085.33	
01/01/41	819,929.65	4.125	27,408.86	16,676.45	44,085.31	88,170.64
07/01/41	792,520.79	4.125	27,979.04	16,106.26	44,085.30	
01/01/42	764,541.75	4.125	28,561.11	15,524.21	44,085.32	88,170.62
07/01/42	735,980.64	4.125	29,155.26	14,930.05	44,085.31	
01/01/43	706,825.38	4.125	29,761.79	14,323.52	44,085.31	88,170.62
07/01/43	677,063.59	4.125	30,380.93	13,704.40	44,085.33	
01/01/44	646,682.66	4.125	31,012.94	13,072.38	44,085.32	88,170.65
07/01/44	615,669.72	4.125	31,658.10	12,427.20	44,085.30	
01/01/45	584,011.62	4.125	32,316.69	11,768.63	44,085.32	88,170.62
07/01/45	551,694.93	4.125	32,988.97	11,096.33	44,085.30	
01/01/46	518,705.96	4.125	33,675.24	10,410.06	44,085.30	88,170.60
07/01/46	485,030.72	4.125	34,375.80	9,709.52	44,085.32	
01/01/47	450,654.92	4.125	35,090.92	8,994.40	44,085.32	88,170.64
07/01/47	415,564.00	4.125	35,820.91	8,264.40	44,085.31	
01/01/48	379,743.09	4.125	36,566.11	7,519.23	44,085.34	88,170.65
07/01/48	343,176.98	4.125	37,326.78	6,758.53	44,085.31	
01/01/49	305,850.20	4.125	38,103.29	5,982.03	44,085.32	88,170.63
07/01/49	267,746.91	4.125	38,895.96	5,189.36	44,085.32	
01/01/50	228,850.95	4.125	39,705.12	4,380.20	44,085.32	88,170.64
07/01/50	189,145.83	4.125	40,531.11	3,554.21	44,085.32	
01/01/51	148,614.72	4.125	41,374.28	2,711.04	44,085.32	88,170.64
07/01/51	107,240.44	4.125	42,234.98	1,850.33	44,085.31	
01/01/52	65,005.46	4.125	43,113.62	971.72	44,085.34	88,170.65
7/1/2052**	21,891.84	4.125	21,891.84	150.68	22,042.52	22,042.52
Totals			\$1,708,500.00	\$1,800,630.33	\$3,509,130.33	\$3,509,130.33

* It is assumed that payments to RD will be made monthly.

** Final payment due March 1, 2052.

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

EDWARDSVILLE WATER CORPORATION

SCHEDULE OF PROPOSED COMBINED AMORTIZATION

Payment Date	Outstanding		Proposed		Proposed 2012 RD Loan**	Total	Bond Year Total
	Berkadia Notes	2008A Amended Notes	2012A-1 Refunding Bonds*	2012A-2 Refunding Bonds*			
07/01/12		\$64,967.60	\$196,202.22	\$21,096.86	\$17,618.91	\$299,885.59	
01/01/13	\$26,676.00	53,448.80	247,812.50	26,742.50	35,237.82	389,917.62	\$689,803.21
07/01/13		53,919.20	246,050.00	26,742.50	39,661.56	366,373.26	
01/01/14	26,676.00	54,373.05	249,287.50	26,742.50	44,085.31	401,164.36	767,537.62
07/01/14		53,810.35	247,187.50	26,742.50	44,085.33	371,825.68	
01/01/15	22,364.57	54,247.65	250,087.50	26,742.50	44,085.31	397,527.53	769,353.21
07/01/15		53,668.40	22,637.50	221,742.50	44,085.31	342,133.71	
01/01/16		54,089.15	22,437.50	219,792.50	44,085.32	340,404.47	682,538.18
07/01/16		53,493.35	22,187.50	227,842.50	44,085.32	347,608.67	
01/01/17		53,897.55	21,937.50	225,792.50	44,085.33	345,712.88	693,321.55
07/01/17		54,285.20	21,662.50	223,486.25	44,085.33	343,519.28	
01/01/18		53,656.30	26,387.50	226,180.00	44,085.30	350,309.10	693,828.38
07/01/18		54,027.40	25,937.50	223,292.50	44,085.32	347,342.72	
01/01/19		53,381.95	25,487.50	225,405.00	44,085.32	348,359.77	695,702.49
07/01/19		53,736.50		222,072.50	44,085.32	319,894.32	
01/01/20		54,074.50		223,740.00	44,085.32	321,899.82	641,794.14
07/01/20		53,395.95			44,085.31	97,481.26	
01/01/21		53,717.40			44,085.32	97,802.72	195,283.98
07/01/21		54,022.30			44,085.33	98,107.63	
01/01/22		53,310.65			44,085.33	97,395.98	195,503.61
07/01/22		53,599.00			44,085.33	97,684.33	
01/01/23		53,870.80			44,085.30	97,956.10	195,640.43
07/01/23		54,126.05			44,085.32	98,211.37	
01/01/24		53,364.75			44,085.30	97,450.05	195,661.42
07/01/24		53,603.45			44,085.34	97,688.79	
01/01/25		53,825.60			44,085.30	97,910.90	195,599.69
07/01/25		54,031.20			44,085.32	98,116.52	
01/01/26		53,220.25			44,085.31	97,305.56	195,422.08
07/01/26		53,409.30			44,085.31	97,494.61	
01/01/27		53,581.80			44,085.31	97,667.11	195,161.72
07/01/27		53,737.75			44,085.34	97,823.09	
01/01/28		53,877.15			44,085.34	97,962.49	195,785.58
07/01/28					44,085.30	44,085.30	
01/01/29					44,085.34	44,085.34	88,170.64
07/01/29					44,085.32	44,085.32	
01/01/30					44,085.33	44,085.33	88,170.65
07/01/30					44,085.33	44,085.33	
01/01/31					44,085.32	44,085.32	88,170.65
07/01/31					44,085.33	44,085.33	
01/01/32					44,085.31	44,085.31	88,170.64
07/01/32					44,085.33	44,085.33	
01/01/33					44,085.31	44,085.31	88,170.64
07/01/33					44,085.32	44,085.32	
01/01/34					44,085.31	44,085.31	88,170.63
07/01/34					44,085.32	44,085.32	
01/01/35					44,085.32	44,085.32	88,170.64
Subtotals	\$75,716.57	\$1,731,770.35	\$1,625,302.22	\$2,394,155.61	\$1,988,187.03	\$7,815,131.78	\$7,815,131.78

(Continued on next page)

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

EDWARDSVILLE WATER CORPORATION

SCHEDULE OF PROPOSED COMBINED AMORTIZATION

Payment Date	Outstanding		Proposed		Proposed 2012 RD Loan**	Total	Bond Year Total
	Berkadia Notes	2008A Amended Notes	2012A-1 Refunding Bonds*	2012A-2 Refunding Bonds*			
Subtotals carried forward	\$75,716.57	\$1,731,770.35	\$1,625,302.22	\$2,394,155.61	\$1,988,187.03	\$7,815,131.78	\$7,815,131.78
07/01/35					44,085.32	44,085.32	
01/01/36					44,085.32	44,085.32	88,170.64
07/01/36					44,085.31	44,085.31	
01/01/37					44,085.30	44,085.30	88,170.61
07/01/37					44,085.30	44,085.30	
01/01/38					44,085.34	44,085.34	88,170.64
07/01/38					44,085.33	44,085.33	
01/01/39					44,085.32	44,085.32	88,170.65
07/01/39					44,085.32	44,085.32	
01/01/40					44,085.32	44,085.32	88,170.64
07/01/40					44,085.33	44,085.33	
01/01/41					44,085.31	44,085.31	88,170.64
07/01/41					44,085.30	44,085.30	
01/01/42					44,085.32	44,085.32	88,170.62
07/01/42					44,085.31	44,085.31	
01/01/43					44,085.31	44,085.31	88,170.62
07/01/43					44,085.33	44,085.33	
01/01/44					44,085.32	44,085.32	88,170.65
07/01/44					44,085.30	44,085.30	
01/01/45					44,085.32	44,085.32	88,170.62
07/01/45					44,085.30	44,085.30	
01/01/46					44,085.30	44,085.30	88,170.60
07/01/46					44,085.32	44,085.32	
01/01/47					44,085.32	44,085.32	88,170.64
07/01/47					44,085.31	44,085.31	
01/01/48					44,085.34	44,085.34	88,170.65
07/01/48					44,085.31	44,085.31	
01/01/49					44,085.32	44,085.32	88,170.63
07/01/49					44,085.32	44,085.32	
01/01/50					44,085.32	44,085.32	88,170.64
07/01/50					44,085.32	44,085.32	
01/01/51					44,085.32	44,085.32	88,170.64
07/01/51					44,085.31	44,085.31	
01/01/52					44,085.34	44,085.34	88,170.65
07/01/52					22,042.52	22,042.52	
01/01/53					0.00	0.00	22,042.52
Totals	<u>\$75,716.57</u>	<u>\$1,731,770.35</u>	<u>\$1,625,302.22</u>	<u>\$2,394,155.61</u>	<u>\$3,509,130.33</u>	<u>\$9,336,075.08</u>	<u>\$9,336,075.08</u>

Average annual principal and interest payment for the
five bond years ending January 1, 2018.

\$721,315.79

* Subject to change. Current estimates provided by City Securities Corporation on October 3, 2011.

** RD loan closing anticipated for late February/early March 2012.

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

EDWARDSVILLE WATER CORPORATION

CALCULATION OF ESTIMATED ANNUAL SAVINGS*

<u>Payment Date</u>	<u>Refunded Debt Service</u>	<u>Proposed Debt Service*</u>	<u>Savings* (Loss)*</u>	<u>Annual Savings (Loss)*</u>
07/01/12	\$110,509.82	\$217,299.08	(\$106,789.26)	
01/01/13	445,123.07	274,555.00	170,568.07	\$63,778.81
07/01/13	106,399.18	272,792.50	(166,393.32)	
01/01/14	456,396.00	276,030.00	180,366.00	13,972.68
07/01/14	97,008.50	273,930.00	(176,921.50)	
01/01/15	457,008.50	276,830.00	180,178.50	3,257.00
07/01/15	87,221.00	244,380.00	(157,159.00)	
01/01/16	482,221.00	242,230.00	239,991.00	82,832.00
07/01/16	76,472.00	250,030.00	(173,558.00)	
01/01/17	511,471.93	247,730.00	263,741.93	90,183.93
07/01/17	64,547.05	245,148.75	(180,601.70)	
01/01/18	514,546.00	252,567.50	261,978.50	81,376.80
07/01/18	52,081.00	249,230.00	(197,149.00)	
01/01/19	395,484.72	250,892.50	144,592.22	(52,556.78)
07/01/19	13,750.00	222,072.50	(208,322.50)	
01/01/20	<u>513,750.00</u>	<u>223,740.00</u>	<u>290,010.00</u>	<u>81,687.50</u>
Totals	<u>\$4,383,989.77</u>	<u>\$4,019,457.83</u>	<u>\$364,531.94</u>	364,531.94
Less cash used by issuer:				
	Prior debt service accruals			(168,291.67)
	Prior debt service reserve funds			(643,128.00)
	Plus prefund new debt service reserve account			549,978.00
	Plus contingencies and miscellaneous			<u>16,301.15</u>
	Net savings			<u>\$119,391.42</u>
	Net present value savings (1)			<u>\$90,748.69</u>

(1) At estimated bond yield for the proposed bonds.

* Subject to change. Current estimates provided by City Securities Corporation on October 3, 2011.

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

EDWARDSVILLE WATER CORPORATION

COMPUTATION OF ESTIMATED BOND COVERAGE

(Amounts rounded to the nearest \$100)

	<u>Estimated</u>
Metered water sales (1)	\$2,208,500
Other operating revenues	11,700
Interest income	<u>11,400</u>
Total revenues	2,231,600
Less cash operating expenses	<u>(1,173,800)</u>
Net revenues available for debt service	<u><u>\$1,057,800</u></u>
Maximum annual debt service (before refunding and RD Loan)	<u><u>\$694,800</u></u>
Debt service coverage	<u><u>152%</u></u>
Maximum annual debt service (after refunding)*	<u><u>\$683,800</u></u>
Debt service coverage	<u><u>155%</u></u>
Maximum annual debt service (after refunding and RD Loan)*	<u><u>\$769,400</u></u>
Debt service coverage	<u><u>137%</u></u>

(1) Reflects approximate 16.94% rate increase approved by IURC on March 2, 2011.

* Subject to change.

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

EDWARDSVILLE WATER CORPORATION
Floyd and Harrison Counties, Indiana

HISTORICAL FINANCIAL INFORMATION

EDWARDSVILLE WATER CORPORATION

**SCHEDULE OF AMORTIZATION OF \$500,000 PRINCIPAL AMOUNT OF
OUTSTANDING (JUNIOR) TAX-EXEMPT REVENUE BONDS OF 1999, SERIES "B"**

Principal payable annually, October 1st.

Interest payable semiannually, on April 1st and October 1st.

Interest rates as indicated.

Bond Year Ending October 1,	Principal Balance (In \$1,000's)	Interest Rate(s) (%)	Debt Service		
			Principal (In \$1,000s)	Interest (-----In Dollars-----)	Total
2012	\$500			\$27,500.00	\$27,500.00
2013	500			27,500.00	27,500.00
2014	500			27,500.00	27,500.00
2015	500			27,500.00	27,500.00
2016	500			27,500.00	27,500.00
2017	500			27,500.00	27,500.00
2018	500			27,500.00	27,500.00
2019	500	5.50	\$500	27,500.00	527,500.00
Totals			\$500	\$220,000.00	\$720,000.00

(The Accountants' disclaimer of opinion
is an integral part of this statement.)

EDWARDSVILLE WATER CORPORATION

**SCHEDULE OF AMORTIZATION OF \$1,035,000 PRINCIPAL AMOUNT OF
OUTSTANDING (JUNIOR) TAXABLE REVENUE BONDS OF 1999, SERIES "C"**

Principal payable annually, October 1st.

Interest payable semiannually, on April 1st and October 1st.

Interest rates as indicated.

Bond Year Ending October 1,	Principal Balance (In \$1,000's)	Interest Rate(s) (%)	Debt Service		
			Principal (In \$1,000s)	Interest (-----In Dollars-----)	Total
2012	\$1,035	7.25	\$120	\$75,037.50	\$195,037.50
2013	915	7.25	130	66,337.50	196,337.50
2014	785	7.25	135	56,912.50	191,912.50
2015	650	7.25	145	47,125.00	192,125.00
2016	505	7.25	160	36,612.50	196,612.50
2017	345	7.25	165	25,012.50	190,012.50
2018	180	7.25	180	13,050.00	193,050.00
Totals			<u>\$1,035</u>	<u>\$320,087.50</u>	<u>\$1,355,087.50</u>

(The Accountants' disclaimer of opinion
is an integral part of this statement.)

EDWARDSVILLE WATER CORPORATION

**SCHEDULE OF AMORTIZATION OF \$1,645,000 PRINCIPAL AMOUNT OF
OUTSTANDING (JUNIOR) TAX-EXEMPT REFUNDING REVENUE BONDS OF 2005**

Principal payable annually, October 1st.

Interest payable semiannually, on April 1st and October 1st.

Interest rates as indicated.

Bond Year Ending October 1,	Principal Balance (In \$1,000's)	Interest Rate(s) (%)	Debt Service		
			Principal (In \$1,000s)	Interest (-----In Dollars-----)	Total
2012	\$1,645	4.15	\$210	\$72,337.50	\$282,337.50
2013	1,435	4.25	220	63,622.50	283,622.50
2014	1,215	4.35	225	54,272.50	279,272.50
2015	990	4.40	250	44,485.00	294,485.00
2016	740	4.45	275	33,485.00	308,485.00
2017	465	4.55	285	21,247.50	306,247.50
2018	180	4.60	180	8,280.00	188,280.00
Totals			<u>\$1,645</u>	<u>\$297,730.00</u>	<u>\$1,942,730.00</u>

(The Accountants' disclaimer of opinion
is an integral part of this statement.)

EDWARDSVILLE WATER CORPORATION

**SCHEDULE OF AMORTIZATION OF \$1,328,000 PRINCIPAL AMOUNT OF
OUTSTANDING (JUNIOR) TAXABLE WATER UTILITY REVENUE BONDS OF 2008**

Principal payable annually on October 1st

Interest payable semiannually on April 1st and October 1st

Interest rate as shown.

Bond Year Ending October 1st,	Principal Balance (In \$1,000's)	Interest Rate(s) (%)	Debt Service		
			Principal	Interest	Total
2012	\$1,328	3.31	\$64	\$43,956.80	\$107,956.80
2013	1,264	3.31	67	41,838.40	108,838.40
2014	1,197	3.31	69	39,620.70	108,620.70
2015	1,128	3.31	71	37,336.80	108,336.80
2016	1,057	3.31	73	34,986.70	107,986.70
2017	984	3.31	76	32,570.40	108,570.40
2018	908	3.31	78	30,054.80	108,054.80
2019	830	3.31	81	27,473.00	108,473.00
2020	749	3.31	83	24,791.90	107,791.90
2021	666	3.31	86	22,044.60	108,044.60
2022	580	3.31	89	19,198.00	108,198.00
2023	491	3.31	92	16,252.10	108,252.10
2024	399	3.31	95	13,206.90	108,206.90
2025	304	3.31	98	10,062.40	108,062.40
2026	206	3.31	101	6,818.60	107,818.60
2027	105	3.31	105	3,475.50	108,475.50
Totals			<u>\$1,328</u>	<u>\$403,687.60</u>	<u>\$1,731,687.60</u>

(The Accountants' disclaimer of opinion
is an integral part of this statement.)

EDWARDSVILLE WATER CORPORATION

SCHEDULE OF OUTSTANDING LOAN REPAYMENTS

12 Months Ending October 1,	#5 *	#6 **	Total
2012	\$26,676	\$55,332	\$82,008
2013	26,676	55,332	82,008
2014	22,365	55,332	77,697
2015		55,332	55,332
2016		55,332	55,332
2017		55,332	55,332
2018		52,569	52,569
Totals	<u>\$75,717</u>	<u>\$384,561</u>	<u>\$460,277</u>

Note: Outstanding notes are subject to daily interest accruals; as such, final maturities might vary.

* Payments made annually on November 1st. Final maturity November 1, 2014.

** Payments made monthly. Final maturity September 11, 2018.

(The Accountants' disclaimer of opinion
is an integral part of this statement.)

EDWARDSVILLE WATER CORPORATION

SCHEDULE OF COMBINED OUTSTANDING AMORTIZATION

Bond Year Ending October 1st	Notes and Loans	1999 Series B Tax-Exempt	1999 Series C Taxable	2005 Refunding Bonds	2008 Revenue Bonds	Total
2012	\$82,008.00	\$27,500.00	\$195,037.50	\$282,337.50	\$107,956.80	\$694,839.80
2013	82,008.00	27,500.00	196,337.50	283,622.50	108,838.40	698,306.40
2014	77,696.57	27,500.00	191,912.50	279,272.50	108,620.70	685,002.27
2015	55,332.00	27,500.00	192,125.00	294,485.00	108,336.80	677,778.80
2016	55,332.00	27,500.00	196,612.50	308,485.00	107,986.70	695,916.20
2017	55,332.00	27,500.00	190,012.50	306,247.50	108,570.40	687,662.40
2018	52,568.72	27,500.00	193,050.00	188,280.00	108,054.80	569,453.52
2019		527,500.00			108,473.00	635,973.00
2020					107,791.90	107,791.90
2021					108,044.60	108,044.60
2022					108,198.00	108,198.00
2023					108,252.10	108,252.10
2024					108,206.90	108,206.90
2025					108,062.40	108,062.40
2026					107,818.60	107,818.60
2027					108,475.50	108,475.50
Totals	<u>\$460,277.29</u>	<u>\$720,000.00</u>	<u>\$1,355,087.50</u>	<u>\$1,942,730.00</u>	<u>\$1,731,687.60</u>	<u>\$6,209,782.39</u>

Average annual principal and interest payment for the
five bond years ending October 1, 2016.

\$690,368.69

(The Accountants' disclaimer of opinion
is an integral part of this statement.)

EDWARDSVILLE WATER CORPORATION
 545 Maplewood Boulevard
 Georgetown, Indiana 47112

SCHEDULE OF WATER RATES AND CHARGES
 (Pursuant to IURC Order in Cause No. 43869)

I. METERED RATES AND CHARGES

(A) Metered (Volumetric) Rates

For use of and services rendered by the waterworks system of the Edwardsville Water Corporation based on the use of water supplied by said waterworks system:

<u>Monthly Metered Consumption</u>	<u>Monthly Rate Per 1,000 Gallons</u>
First 15,000 gallons	\$ 6.35
Next 110,000 gallons	6.30
Over 125,000 gallons	5.80

(B) Service Charge

Each user shall pay a monthly service charge in accordance with the following applicable size of meter installed.

<u>Meter Size</u>	<u>Per Month</u>
5/8 - 3/4 inch meter	\$ 6.44
1 inch meter	14.15
1 1/2 inch meter	27.00
2 inch meter	42.42
3 inch meter	78.41
4 inch meter	129.81
6 inch meter	258.31
8 inch meter	412.52

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(The Accountants' disclaimer of opinion
 is an integral part of this statement.)

EDWARDSVILLE WATER CORPORATION

SCHEDULE OF WATER RATES AND CHARGES

(Pursuant to IURC Order in Cause No. 43869)

(C) Sales for Resale

Town of Elizabeth:

All water supplied to Town of Elizabeth shall be billed monthly in accordance with the following rates and charges.

Monthly service charge	\$2,895.00
Metered rate per 1,000 gallons	\$ 1.71

Town of Lanesville:

All water supplied to Town of Lanesville shall be billed monthly in accordance with the following rates and charges.

Monthly service charge	\$4,935.00
Metered rate per 1,000 gallons	\$ 1.71

Town of Greenville:

All water supplied to Town of Greenville shall be billed monthly in accordance with the following rates and charges:

Monthly service charge	\$7,865.00
Metered rate per 1,000 gallons	\$ 1.71

(D) Fire Protection Service Charge

<u>Automatic Sprinklers</u>	<u>Rate Per Annum</u>
6 inch connection	\$915.21

(Continued on next page)

(The Accountants' disclaimer of opinion is an integral part of this statement.)

EDWARDSVILLE WATER CORPORATION

SCHEDULE OF WATER RATES AND CHARGES

(Pursuant to IURC Order in Cause No. 43869)

II. NON-RECURRING CHARGES

- (A) Membership Fee \$100.00

Each property owner served by Edwardsville Water Corporation must pay a membership fee of \$100.00. This \$100.00 is refundable if and when the property owner sells the property and is no longer served by the water system. Upon payment of the \$100.00 Membership Fee, the property owner shall be issued one (1) Membership Certificate. No property owner shall hold more than one (1) Membership Certificate nor be allowed more than one (1) vote on issues at Corporation meetings.

- (B) Tap Charge \$600.00

All users at the time of connection to the waterworks system shall pay a charge to cover the costs of: excavating and tapping the main; furnishing and installing service pipe from the main to the lot line; furnishing and installing corporation and stop cocks; and furnishing and installing meter cock (if outside), yoke, and meter. The charge for a 5/8 inch meter tap shall be \$600.00. The charge for a tap larger than the 5/8 inch meter tap shall be the cost of labor, materials, power machinery, transportation, and overhead incurred for installing the tap, but shall not be less than the charge for a 5/8 inch meter tap.

- (C) Insufficient Funds Charge \$25.00

When a customer's check is not honored due to insufficient funds, a charge for processing same will be made by the Corporation in the amount of \$25.00.

- (D) Meter Tampering Fee \$40.00

When the Corporation must reconnect a meter as a result of misuse, the customer shall be required to pay a charge of \$40.00 to cover the necessary expenses.

(Continued on next page)

(The Accountants' disclaimer of opinion
is an integral part of this statement.)

EDWARDSVILLE WATER CORPORATION

SCHEDULE OF WATER RATES AND CHARGES

(Pursuant to IURC Order in Cause No. 43869)

II. NON-RECURRING CHARGES (Cont'd)

- (E) Collection and Deferred Payment Charge 10% of first \$3.00
3% of excess

All bills for water service not paid within seventeen (17) days from the due date thereof, as stated in such bills, shall be subject to the collection or deferred payment charge of ten percent (10%) on the first \$3.00 and three percent (3%) on the excess of over \$3.00.

- (F) Rental Transfer Fee \$10.00

When a new customer requests that water service at an existing rental property be transferred to their name, the Corporation will charge the new customer a Rental Transfer Fee of \$10.00.

- (G) Service Run Fee \$25.00

Any time that Utility personnel conduct an investigation into water service issues at a customer's property they will be charged the service run fee of \$25.00. The services covered under the service run fee could include but are not limited to, turn-offs, turn-ons, customer requested meter reads and other similar activities.

- (H) System Development Charge

All users at the time of connection to the waterworks system shall pay a charge to cover the costs of their allocated capacity in the waterworks facilities in accordance with the following applicable size of meter installed.

Meter Size

5/8 - 3/4	inch meter	\$1,100.00
1	inch meter	2,750.00
1 1/2	inch meter	5,500.00
2	inch meter	8,800.00
3	inch meter	16,500.00
4	inch meter	27,500.00
6	inch meter	55,000.00
8	inch meter	88,000.00

(The Accountants' disclaimer of opinion
is an integral part of this statement.)

APPENDIX B

FORM OF BOND COUNSEL OPINION

Bose McKinney & Evans LLP, bond counsel, proposes to render the following opinion with respect to the 2012A Bonds in substantially the form set forth below upon delivery of the 2012A Bonds.

February 14, 2012

Indiana Bond Bank
Indianapolis, Indiana

The Bank of New York Mellon Trust Company, N.A.
Indianapolis, Indiana

Edwardsville Water Corporation
Georgetown, Indiana

City Securities Corporation
Indianapolis, Indiana

Re: Indiana Bond Bank Taxable Water Utility Refunding Revenue Bonds, Series 2012A-1 (Edwardsville Water Corporation)
Indiana Bond Bank Water Utility Refunding Revenue Bonds, Series 2012A-2 (Edwardsville Water Corporation)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Indiana Bond Bank (the "Issuer") of its (i) Taxable Water Utility Refunding Revenue Bonds, Series 2012A-1 (Edwardsville Water Corporation), dated February 14, 2012, in the aggregate principal amount of \$1,555,000 (the "Series 2012A-1 Bonds") and (ii) Water Utility Refunding Revenue Bonds, Series 2012A-2 (Edwardsville Water Corporation), dated February 14, 2012, in the aggregate principal amount of \$2,085,000 (the "Series 2012A-2 Bonds", together with the Series 2012A-1 Bonds, the "Series 2012A Bonds"). In our capacity as bond counsel, we have examined the law, including statutes and regulations, published rulings and judicial decisions existing on the date of this opinion, the certified transcript of the proceedings related to the issuance of the Series 2012A Bonds (the "Transcript") and such other documents as we deem necessary to render this opinion.

The Series 2012A Bonds are issued pursuant to Title 5 Article 1.5 of the Indiana Code, as amended (the "Act"), and a Trust Indenture, dated as of February 1, 2012 (the "Bond Bank Indenture"), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as

Indiana Bond Bank
The Bank of New York Mellon Trust Company, N.A.
Edwardsville Water Corporation
City Securities Corporation
February 14, 2012

trustee (the "Trustee"). The proceeds of the Series 2012A-1 Bonds and the Series 2012A-2 Bonds will be used to purchase the Edwardsville Water Corporation (i) Taxable Secured Notes, Series 2012A-1, dated as of February 14, 2012, in the aggregate principal amount of \$1,555,000 (the "2012A-1 Notes") and (ii) Secured Notes, Series 2012A-2, dated as of February 14, 2012, in the aggregate principal amount of \$2,085,000 (the "2012A-2 Notes", together with the 2012A-1 Notes, the "Series 2012A Notes"), respectively, pursuant to a Qualified Entity Note Purchase Agreement (the "Note Purchase Agreement") between the Issuer and the Edwardsville Water Corporation (the "Qualified Entity"), dated as of February 8, 2012. The Series 2012A Notes are being issued pursuant to a Trust Indenture, Mortgage, Security Agreement and Financing Statement, dated as of February 1, 2012, between the Qualified Entity and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "Qualified Entity Indenture") for the purpose of providing funds from the proceeds of the Series 2012A Bonds to (i) currently refund the Issuer's (A) Water Utility Revenue Bonds (Edwardsville Water Corporation Project), Series 1999B and Water Utility Refunding Revenue Bonds (Edwardsville Water Corporation), Series 2005A, maturing on and after October 1, 2012, (ii) advance refund the Issuer's Taxable Water Utility Revenue Bonds (Edwardsville Water Corporation Project), Series 1999C, maturing on and after October 1, 2012, (iii) prepay a promissory note of the Qualified Entity held by Berkadia Commercial Mortgage, LLC, and (iv) pay the costs of issuing the Series 2012A Bonds.

As to questions of fact material to our opinion, we have relied upon the Transcript and other certifications furnished to us including tax covenants and representations of the Qualified Entity and the Issuer without undertaking to verify the same by independent investigation. We have relied upon the legal opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, general counsel to the Issuer, dated the date hereof, as to the matters stated therein. We have relied on the reports of H.J. Umbaugh & Associates LLP, Indianapolis, Indiana, independent certified public accountants, dated the date hereof, as to the matters stated therein.

On the basis of our examination described above, we are of the opinion that under existing laws as of the date of this opinion:

1. The Issuer is validly existing as a separate body corporate and politic, constituting an instrumentality of the State of Indiana (the "State"), but not a State agency, with the power to enter into and perform its obligations under the Bond Bank Indenture and the Note Purchase Agreement and issue the Series 2012A Bonds.

2. The Bond Bank Indenture has been duly entered into by the Issuer in accordance with the provisions of the Act and, assuming the due authorization, execution and delivery by the other party thereto, is the valid and binding agreement of the Issuer, enforceable against the Issuer in accordance with its terms.

Indiana Bond Bank
The Bank of New York Mellon Trust Company, N.A.
Edwardsville Water Corporation
City Securities Corporation
February 14, 2012

3. The Series 2012A Bonds have been duly authorized, executed and issued and are valid and binding obligations of the Issuer, enforceable in accordance with their terms, and are payable from and secured by a pledge of certain payments to be received by the Issuer and the Trustee pursuant to the Qualified Entity Indenture.

4. The interest on the Series 2012A Bonds is exempt from taxation in the State for all purposes except for Indiana Inheritance Taxes and the Indiana Financial Institutions Tax imposed upon financial institutions pursuant to Title 6 Article 5.5 of the Indiana Code.

5. Interest on the Series 2012A-2 Bonds is excluded from gross income for the purpose of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except for interest on any Series 2012A-2 Bond for any period during which such Series 2012A-2 Bond is held by a "substantial user" of the Waterworks (as defined in the Qualified Entity Indenture) or a "related person" within the meaning of Section 147(a) of the Code. It should be noted, however, that interest on the Series 2012A-2 Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer and the Qualified Entity comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2012A-2 Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer and the Qualified Entity have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2012A-2 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2012A-2 Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2012A Bonds.

With respect to the enforceability of any document or instrument referred to or described in this opinion, this opinion is subject to the qualification that:

- (i) the enforceability of such document or instrument may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws, relating to or affecting the enforcement of creditors' rights generally;
- (ii) the enforceability of equitable rights and remedies provided in such instruments may be subject to judicial discretion and may be limited by general principles of equity; and
- (iii) the enforceability of documents and instruments may be limited by the valid exercise of constitutional powers of the United States of America or the State of Indiana.

Indiana Bond Bank
The Bank of New York Mellon Trust Company, N.A.
Edwardsville Water Corporation
City Securities Corporation
February 14, 2012

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement, dated February 8, 2012, or any other offering material related to the Series 2012A Bonds.

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

Very truly yours,

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE

The following is a summary of certain additional provisions of the Trust Indenture. This summary is qualified in its entirety by reference to the Trust Indenture. The terms used in this portion of the Appendix and not otherwise defined in this Preliminary Official Statement, have the meanings assigned to them in the Trust Indenture.

Covenants Concerning the Refunding Program

In order to provide for the payment of the principal of, premium if any, and interest on the Bonds and of Program Expenses, the Bond Bank will from time to time, with all practical dispatch and in a sound and economical manner in accordance with the Act, the Trust Indenture and sound banking practices and principals (i) do all acts and things as are necessary to receive and collect Revenues (including the enforcement of the prompt collection of any arrearages on all Qualified Obligation Payments), and (ii) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Bond Bank to protect the rights of the Bond Bank with respect to the Qualified Obligations and to enforce all terms, covenants and conditions of the Qualified Obligations. Whenever necessary in order to provide for the payment of principal of and interest on the Bonds, the Bond Bank will also commence appropriate remedies with respect to any Qualified Obligation which is in default.

Refunding Bonds

The Trust Indenture creates a continuing pledge and lien to secure the full and final payment of the principal of, redemption premium, if any, and interest on the 2012A Bonds and any refunding bonds issued under the Trust Indenture (collectively, the “Bonds”) and authorizes the issuance of one or more series of refunding bonds under separate supplemental indentures in order to refund all or a portion of the Bonds outstanding at the time that such refunding bonds are issued. The Trust Indenture establishes the requirements for each supplemental indenture and provides that no refunding bonds will be issued under a supplemental indenture unless certain conditions are met, including the receipt by the Trustee of each of the following:

(a) Irrevocable instructions, addressed to and satisfactory to the Trustee, directing the Trustee to give due notice of redemption of all Bonds to be refunded on the specified redemption date, all in accordance with the Trust Indenture;

(b) Irrevocable instructions, addressed to and satisfactory to the Trustee, directing the Trustee to give notice provided for in Section 4.05 of the Trust Indenture to the owners of the Bonds being refunded; and

(c) Either (i) moneys sufficient to pay at the applicable Redemption Price or principal payment amount of the Bonds to be refunded or paid, respectively, as appropriate, together with accrued interest to the redemption or maturity date, with such moneys to be held by the Trustee in a separate account irrevocably in trust for and assigned to the owners of the Bonds to be refunded or paid or (ii) Governmental Obligations held in trust, in such amounts, of such maturities, bearing such rates of

interest and otherwise having such terms and qualifications as necessary to comply with Article IX of the Trust Indenture and insure the availability of moneys to redeem or pay such Bonds.

Accounts and Reports

The Bond Bank will keep, or cause to be kept, proper and separate books of records and accounts in which complete and correct entries will be made of its transactions relating to the Program and the Funds and Accounts established by the Trust Indenture. Such books and all other books and papers of the Bond Bank and all Funds and Accounts will, at all reasonable times, be subject to the inspection of the Trustee and the owners of an aggregate of not less than 5% in principal amount of Bonds then outstanding or their representatives duly authorized in writing

Before the twentieth day of the month, the Trustee will provide the Bond Bank with a statement of the amounts on deposit in each Fund and Account as of the first day of that month and the total deposits to and withdrawals from each Fund and Account during the preceding month. The Bond Bank may provide for less frequent statements so long as such statements are supplied no less than quarterly.

Preservation of Tax Exemption for 2012A-2 Bonds

In order to assure the continuing excludability of interest on the 2012A-2 Bonds from the gross income of the owners thereof for purposes of federal income taxation, the Bond Bank covenants and agrees that it will not take any action or fail to take any action with respect to the 2012A-2 Bonds that would result in the loss of the exclusion from gross income for federal tax purposes of interest on any of the 2012A-2 Bonds pursuant to Section 103 of the Code, nor will the Bond Bank act in any other manner which would adversely affect such exclusion and it will not make any investment or do any other act or thing during the period that the 2012A-2 Bonds are Outstanding which would cause any of the 2012A-2 Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code, all as in effect on the date of delivery of the 2012A-2 Bonds. Pursuant to the Trust Indenture, all of these covenants are based solely on current law as in existence and effect on the date of delivery of the 2012A-2 Bonds. It will not be an Event of Default under the Trust Indenture if the interest on the 2012A-2 Bonds is not excluded from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not currently in effect and in existence on the date of the issuance of the 2012A-2 Bonds.

In making any determination regarding the covenants, the Bond Bank may rely on an Opinion of Bond Counsel.

Budgets

The Bond Bank will adopt and file with the Trustee, upon the written request of the Trustee, and appropriate State officials under the Act an annual budget covering its fiscal operations for the succeeding Fiscal Year not later than June 1 of each year. The annual budget will be open to inspection by any Owner of Bonds. In the event the Bond Bank does not adopt an annual budget for the succeeding Fiscal Year on or before June 1, the budget for the preceding Fiscal Year will be deemed to have been adopted and be in effect for the succeeding Fiscal Year until the annual budget for such Fiscal Year has been duly adopted. The Bond Bank may at any time adopt an amended annual budget in the manner then provided in the Act.

Covenants With Respect to Qualified Obligations

With respect to the Qualified Obligations (including the 2012A Notes), the Bond Bank covenants as follows:

(a) Not to permit or agree to any material change in any Qualified Obligation (other than ones for which consent of the Bond Bank is not required) unless the Bond Bank supplies the Trustee with a Cash Flow Certificate to the effect that, after such change, Revenues expected to be received in each Fiscal Year, together with moneys expected to be held in the Funds and Accounts, will at least equal debt service on all Outstanding Bonds along with Program Expenses, if any in each such Fiscal Year.

(b) To the extent that such action would not adversely affect the validity of the Qualified Obligation or other obligations of the Qualified Entity, the Bond Bank will pursue the remedies set forth in the Act, particularly Indiana Code 5-1.5-8-5, for the collection of deficiencies in Qualified Obligation Payments on any Qualified Obligation by collection of such deficiencies out of certain State funds payable but not yet paid to a defaulting Qualified Entity.

(c) To enforce or authorize the enforcement of all remedies available to the Bond Bank as the owner or holder of the Qualified Obligations, unless the Bond Bank provides the Trustee with a Cash Flow Certificate to the effect that, if such remedies are not enforced, Revenues expected to be received in each Fiscal Year, together with moneys expected to be held in the Funds and Accounts, will at least equal debt service on all Outstanding Bonds in each such Fiscal Year; provided, however, that decisions as to the enforcement of remedies shall be within the sole discretion of the Trustee.

(d) Not to sell or dispose of the Qualified Obligations, unless the Bond Bank first provides the Trustee with a Cash Flow Certificate to the effect that, after such sale, Revenues expected to be received in each Fiscal Year, together with moneys expected to be held in the Funds and Accounts, minus any proceeds of such sale or disposition transferred from any Fund or Account, will at least equal debt service on all Outstanding Bonds along with Program Expenses, if any, in each such Fiscal Year.

Defeasance and Discharge of Lien of Trust Indenture

If payment or provision for payment is made to the Trustee of the principal of, and interest on, the Bonds due and to become due under the Trust Indenture, and if the Trustee receives all payments due and to become due under the Trust Indenture, then the Trust Indenture may be discharged in accordance with its provisions. In the event of any early redemption of Bonds in accordance with their terms, the Trustee must receive irrevocable instructions from the Bond Bank, satisfactory to the Trustee, to call such Bonds for redemption at a specified date and pursuant to the Trust Indenture. Outstanding Bonds will continue to be a limited obligation of the Bond Bank payable only out of the moneys or securities held by the Trustee for the payment of the principal of and interest on the Bonds.

Any Bond will be deemed to be paid when payment of the principal of that Bond, plus interest to its due date, either (i) has been made or has been caused to be made in accordance with its terms or (ii) has been provided for by irrevocably depositing with the Trustee, in trust and exclusively for such payment, (A) moneys sufficient to make such payment, (B) Governmental Obligations maturing as to principal and interest in such amounts and at such times, without consideration of any reinvestments thereof, as will insure the availability of sufficient moneys to make such payments, or (C) a combination of such moneys and Governmental Obligations, and all necessary and proper fees and expenses of the Trustee pertaining to the Bonds, including any amounts required to be rebated to the United States of America, with respect to which such deposit is made, have been paid or deposited with the Trustee.

Defaults and Remedies

Any of the following events constitutes an “Event of Default” under the Trust Indenture:

- (a) The Bond Bank defaults in the due and punctual payment of any interest on any Bond;
- (b) The Bond Bank defaults in the due and punctual payment of the principal of any Bond, whether at stated maturity or on any date fixed for redemption;
- (c) The Bond Bank defaults in carrying out any of its other covenants, agreements or conditions contained in the Trust Indenture or in the Bonds and fails to remedy such Event of Default within 30 days after receipt of notice, all in accordance with the Trust Indenture; or
- (d) An “Event of Default” under the Qualified Entity Indenture shall occur and be continuing (See “SUMMARY OF CERTAIN PROVISIONS OF THE QUALIFIED ENTITY INDENTURE -- Defaults and Remedies”).

Upon the occurrence of an Event of Default, the Trustee will notify the owners of Bonds of such Event of Default and will have the following rights and remedies:

(a) The Trustee may pursue any available remedy at law or in equity or by statute to enforce the payment of the principal of and interest on outstanding Bonds, including enforcement of any obligations of the Bond Bank under the Trust Indenture or of the Company under the Qualified Entity Indenture and the 2012A Notes;

(b) By notice to the Bond Bank and the Company, the Trustee may declare the principal of and accrued interest on all Bonds to be due and payable immediately in accordance with the provisions of the Trust Indenture and the Act.

If an Event of Default has occurred, if requested to do so in writing by the owners of all of the outstanding Bonds and if indemnified as provided in the Trust Indenture, the Trustee will be obligated to exercise such of the rights, remedies and powers conferred by the Trust Indenture, as the Trustee, being advised by counsel, deems most expedient in the interests of the owners of Bonds.

The Owners of a majority in aggregate principal amount of the Bonds Outstanding under the Indenture will have the right, at any time during the continuance of an Event of Default, by a written instrument or instruments executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture. However, such direction shall not be otherwise than in accordance with the provisions of law and of the Trust Indenture.

Application of Moneys

All moneys received by the Trustee pursuant to any right given or action taken under the default provisions of the Trust Indenture shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the General Account and all moneys in the General Account shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest, and if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereof, without any discriminations or privilege;

Second: To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Trust Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they

become due, and if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the person entitled thereto without any discrimination or privilege; and

Third: To be held for the payment to the persons entitled thereto as the same shall become due of the principal of and interest on the Bonds which may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full the principal of and interest on Bonds due on any particular date, such payment shall be made ratably according to the amount of principal and interest due on such date to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over any other installment of interest, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of the Trust Indenture then, subject to the provisions of subsection (b) above in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of subsection (a) above.

Whenever moneys are to be applied pursuant to the provisions outlined above, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and shall not be required to pay any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Waivers of Events of Default

At its discretion, the Trustee may waive any Event of Default and its consequences, and must do so upon the written request of the owners of (a) more than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of all Bonds then Outstanding in respect of which an Event of Default in the payment of principal or interest exists, or (b) more than fifty percent (50%) in aggregate principal amount of all Bonds then Outstanding in the case of any other default. However, there may not be waived (i) any Event of Default in the payment of the principal of any Bond then Outstanding under the Indenture at the specified date of maturity or (ii) any Event of Default in the payment when due of the interest on any Bond then Outstanding under the Indenture, unless prior to the waiver, all arrears of interest or principal due, as the case may be, with interest on overdue principal at the rate borne by such Bond, and all expenses of the Trustee in connection with the Event of Default have been paid or provided for. In case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default is discontinued or abandoned or determined adversely, then the Bond Bank, the Trustee and the Bondholders will be restored to their former respective positions and right under the Indenture. No waiver or rescission will extend to any subsequent or other Event of Default or impair any right consequent thereon.

Waiver of Redemption; Effect of Sale of Mortgaged Property

The Bond Bank, to the extent permitted by law, shall not claim any rights under any stay, valuation, exemption or extension law, and waives any right of redemption which it may have in respect of the Mortgaged Property. Upon the institution of any foreclosure proceedings or upon any sale of the Mortgaged Property, or any acceleration of the maturity of the 2012A Notes, the principal of all Bonds then outstanding hereunder, if not previously due and payable, shall become immediately due and payable.

Rights and Remedies of Owners of Bonds

No owner of any Bond will have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or for any other remedy under the Indenture, unless (a) an Event of Default has occurred, (b) such Default shall have become an Event of Default and the owners of not less than 25% in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee and have offered the Trustee reasonable opportunity either to proceed to exercise the remedies granted in the Indenture or to institute such action, suit or proceeding in its own name, (c) such owners of Bonds have offered to indemnify the Trustee, as provided in the Indenture, and (d) the Trustee has refused, or for 60 days after receipt of such request and offer of indemnification has failed, to exercise the remedies granted in the Indenture or to institute such action, suit or proceeding in its own name. All proceedings at law or in equity must be carried out as provided in the Indenture and for the equal benefit of the owners of all Outstanding Bonds. However, nothing contained in the Indenture will affect or impair the right of any owner of Bonds to enforce the payment of the principal of and interest on any Bond at and after its maturity, or the limited obligation of the Bond Bank to pay the principal of and interest on each of the Bonds to the respective owners of the Bonds at the time and place, from the source and in the manner expressed in the Bonds.

Supplemental Indentures

The Bond Bank and the Trustee may, without the consent of, or notice to, any of the owners of the Bonds, enter into any indenture or indentures supplemental to the Trust Indenture for any one or more of the following purposes:

- (a) To cure any ambiguity, formal defect or omission in the Trust Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the owners of Bonds any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the owners of Bonds or the Trustee, or to make any change which, in the judgment of the Trustee, does not materially and adversely affect the interest of the owners of Bonds and does not otherwise require the consent of all the owners of outstanding Bonds under the Trust Indenture;
- (c) To subject to the Trust Indenture additional properties or collateral;
- (d) To modify, amend or supplement the Trust Indenture or any supplemental indenture in order to permit qualification under the Trust Indenture Act of 1939 or any similar Federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if the Bond Bank and the Trustee so determine, to add to the Trust Indenture or to any supplemental indenture such other terms, conditions and provisions as may be permitted by the Trust Indenture Act of 1939 or similar Federal statute;
- (e) To give evidence of the appointment of a separate or co-trustee or the succession of a new Trustee under the Trust Indenture;
- (f) To provide for the issuance of Refunding Bonds; or
- (g) To amend the Trust Indenture to permit the Bond Bank to comply with any future federal tax law or any covenants contained in any Supplemental Indenture with respect to compliance with future federal tax law.

With the exception of supplemental indentures for the purposes set forth in the preceding paragraph and subject to the terms of the Trust Indenture, the owners of not less than a majority of the principal amount of the Bonds then outstanding which are affected (other than Bonds held by the Bond Bank) have the right, from time to time, to consent to and approve the execution by the Bond Bank and the Trustee of any supplemental indenture or indentures deemed necessary and desirable by the Trustee for the purpose of modifying, altering, amending, adding to or rescinding in any particular, any of the terms or provisions contained in the Trust Indenture or in any supplemental indenture. However, no supplemental indenture may permit or be construed as permitting, without the consent of the owners of all then-outstanding Bonds, (i) an extension of the maturity of the principal of or the interest on, or a change in the redemption dates of, any

Bonds, or (ii) a reduction in the principal amount of any Bond or a change in the redemption premium or the rate of interest on any Bond, or (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture, or (v) the creation of any lien securing any Bonds, other than a lien ratably securing all of the Bonds at any time outstanding or (vi) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

If at any time the Bond Bank shall request the Trustee to enter into any such supplemental indenture for any of the purposes set forth in the Trust Indenture, the Trustee shall, upon being satisfactorily indemnified with respect to expense, cause notice of the proposed execution of such supplemental indenture to be mailed by registered or certified mail to each owner of a Bond at the address shown on the registration books maintained by the Trustee. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal corporate trust office of the trustee for inspection by all Bondholders. If, within 60 days, or such longer period as shall be prescribed by the Bond Bank, following the mailing of such notice, the owners of not less than 51% in aggregate principal amount of the Bonds outstanding at the time of the execution of any such supplemental indenture (exclusive of Bonds held by the Bond Bank) shall have consented to and approved the execution of such supplemental indenture, no owner of any Bond shall have any right to object to any of the terms and provision contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Bond Bank from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture, the Trust Indenture shall be and be deemed to be modified and amended in accordance therewith.

SUMMARY OF CERTAIN PROVISIONS OF QUALIFIED ENTITY INDENTURE

The following is a summary of certain additional provisions of the Qualified Entity Indenture. This summary is qualified in its entirety by reference to the Qualified Entity Indenture. The terms used in this portion of the Appendix and not otherwise defined in this Preliminary Official Statement, have the meanings assigned to them in the Qualified Entity Indenture.

Issuance of Additional Notes

One or more series of notes in addition to the 2012A Notes and the Amended 2008A Notes may be authenticated and delivered from time to time for any purpose.

Prior to the delivery by the Company of any of such Additional Notes there shall be filed with the Trustee:

(a) A supplement to the Qualified Entity Indenture executed by the Company and the Trustee authorizing the issuance of such Additional Notes, specifying the terms thereof, and providing for the disposition of the proceeds of the sale thereof.

(b) A copy, duly certified by the Secretary of the Company of the resolution theretofore adopted and approved by the Company authorizing the execution and delivery of such supplemental indenture and the issuance of such Additional Notes.

(c) If Additional Notes are issued to finance additional real estate or building improvements, (1) a mortgagee title insurance policy or a commitment therefor in the face amount of the Additional Notes issued for such purpose (or an endorsement to the original policy increasing the face value thereof) by a company duly authorized to issue the same insuring that the Trustee has a first mortgage lien on any real estate or building improvements financed with the proceeds from such Additional Notes; and/or if Additional Notes do not finance additional real estate or building improvements, a mortgagee title insurance policy or a commitment therefor in the face amount of the Additional Notes issued for (or an endorsement to the original policy increasing the face value thereof) such purpose by a company duly authorized to issue the same insuring that the Trustee has a mortgage lien on the same basis as provided the mortgagee title insurance policy obtained in connection with the issuance of the 2012A Notes and the Amended 2008A Notes, subject to Permitted Encumbrances of the type set forth in clauses (i) and (ii) therein (or in clauses (vii) or (viii) therein when related to any Additional Notes or Future RD Notes, respectively, that have been issued as of the date of such title insurance policy) and (2) a supplemental indenture to the Qualified Entity Indenture granting a lien, security interest, encumbrance and charge on such property as part of the amended Mortgaged Property in compliance with the requirements of Section 10.18 of the Qualified Entity Indenture.

(d) An opinion of counsel for the Company stating that such Additional Notes have been issued in accordance with the terms and conditions of the Qualified Entity Indenture.

(e) A written request of the Company to the Trustee to authenticate and deliver such Additional Notes.

(f) Either:

(i) A certificate of the Company stating that the Debt Service Coverage Ratio, after giving effect to the issuance of the Additional Notes then proposed to be issued, for the most recent fiscal year for which audited financial statements are available, preceding the date of the proposed issuance of such Additional Notes is at least 1.25 as shown in a report of a firm of independent certified public accountants; or

(ii) A certificate of the Company stating that the Debt Service Coverage Ratio for each of the two fiscal years beginning after the date on which it is estimated that the facilities to be financed with such Additional Notes will be placed in service (or, in the event such Additional Notes are not being issued to finance capital improvements, the Debt Service Coverage Ratio for each of the two fiscal years beginning after the date on which such Additional Notes are issued), after giving effect the issuance of such Additional Notes and the revenues generated by the facilities thereby financed is expected to be at least 1.25 as shown in a report of an Independent Consultant (the findings of which may be based insofar as they relate to historical financial statements, upon a report or opinion of a firm of independent certified public accountants).

(g) The reserve requirement for the Additional Notes is proportionately increased in accordance with the provisions of Article IV of the Qualified Entity Indenture and the Company covenants to fund the reserve requirement in a manner consistent with the requirements of Article IV of the Qualified Entity Indenture including a requirement to have a reserve held by the Trustee hereunder that is at least equal to the maximum annual debt service thereon funded as of their issuance (or from monthly deposits into a reserve account held hereunder for such Additional Notes so long as such monthly deposits are not less than 1/60th of such reserve requirement not funded as of their issuance, or some combination thereof).

(h) So long as the Amended 2008A Notes are outstanding and owned by the Authority, the consent of the Authority to the issuance of such Additional Notes.

(i) A certificate of the Company stating that no event of default exists or is continuing under the Senior Notes, the Prior Agreements or the Financial Assistance Agreement.

(j) An opinion of counsel to the Company stating that no event of default exists or is continuing under the Senior Notes, the Prior Agreements or the Financial Assistance Agreement.

(k) If any Future RD Notes are outstanding, the consent of RD to the issuance of such Additional Notes.

Any Additional Notes issued in accordance with the above terms shall be secured by the Qualified Entity Indenture, but such Additional Notes may bear such date or dates, such interest rate or rates, any have such maturities, redemption dates and premiums as may be agreed upon by the Company and the purchaser of such Additional Notes.

Issuance of Future RD Notes

The Company may issue from time to time Future RD Notes to RD to finance additions and improvements to the Waterworks provided that if any Future RD Note Financing Documents (as hereinafter defined) shall fail to comply in any respect with the requirements of the Qualified Entity Indenture, then any such lien, security interest, encumbrance, charge or other right (with respect to the Trust Estate or otherwise) granted or related to any Future RD Notes shall in all respects be deemed to be junior and subordinate to the liens, security interests, encumbrances and charges on the Waterworks and the Mortgaged Property granted or related to any Notes and each provision of the Qualified Entity Indenture shall be deemed and construed to effectuate the subordination of Future RD Notes to the Notes. Any such Future RD Notes may be secured by the Mortgaged Property, except for the Sinking Fund, on a parity with the Notes, by a mortgage and such other security documents delivered to RD in connection with the issuance of such Future RD Notes. Prior to the delivery by the Company of any of such Future RD Notes there shall be filed with the Trustee and, so long as the Amended 2008A Notes are outstanding and owned by the Authority, the Authority:

(a) Copies of the Future RD Notes, any documents providing for the security of the Future RD Note, including any loan resolution, security agreement and mortgage (collectively, the "Future RD Note Financing Documents"), each as executed by the Company, authorizing the issuance of such Future RD Notes, specifying the terms thereof, and providing for the disposition of the proceeds of the sale thereof. Any Future RD Note Financing Documents shall make a recital to the following effect: "Any lien, security interest, encumbrance, charge or other right granted herein or otherwise related to any Future RD Notes (as defined in the hereinafter defined Indenture) shall in all respects be discharged (whether voluntarily or involuntarily including any enforcement proceedings) on a parity, same lien basis with the obligations related to the Notes issued under and secured by the Trust Indenture, Mortgage, Security Agreement and Financing Statement between Edwardsville Water Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of January 1, 2012 (the "Indenture"). So long as the Amended Series 2008A Notes (as defined in the Indenture) are outstanding, upon the occurrence of an event of default hereunder, Rural Development shall provide the Indiana Finance Authority with written notice of any event of default at least 30 days

prior to taking any action (including any action to foreclose any security interest or lien securing any Future RD Notes) as a result of such default.”

(b) A copy, duly certified by the Secretary of the Company, of the resolution theretofore adopted and approved by the Company authorizing the execution and delivery of the Future RD Note Financing Documents and the issuance of such Future RD Notes.

(c) If Future RD Notes are issued to finance additional real estate or building improvements, (1) a mortgagee title insurance policy or a commitment therefor in the face amount of the Future RD Notes issued for such purpose (or an endorsement to the original policy increasing the face value thereof) by a company duly authorized to issue the same insuring that the Trustee and RD have a first mortgage lien on any real estate or building improvements financed with the proceeds from such Future RD Notes on a parity with the Notes, subject to Permitted Encumbrances of the type set forth in clauses (i) and (ii) therein (or in clauses (vii) or (viii) therein when related to any Additional Notes or Future RD Notes, respectively, that have been issued as of the date of such title insurance policy) and (2) a supplemental indenture to the Qualified Entity Indenture granting a lien, security interest, encumbrance and charge on such property as part of the amended Mortgaged Property in compliance with the requirements with Section 10.18 of the Qualified Entity Indenture.

(d) An opinion of counsel for the Company stating that such Future RD Notes have been issued in accordance with the terms and conditions of the Qualified Entity Indenture.

(e) Either:

(1) a certificate of the Company stating that the Debt Service Coverage Ratio, after giving effect to the issuance of the Future RD Notes then proposed to be issued, for the most recent fiscal year for which audited financial statements are available, preceding the date of the proposed issuance of such Future RD Notes is at least 1.25 as shown in a report of a firm of independent certified public accountants, or

(2) a certificate of the Company stating that the Debt Service Coverage Ratio for each of the two fiscal years beginning after the date on which it is estimated that the facilities to be financed with such Future RD Notes will be placed in service, after giving effect to the issuance of such Future RD Notes and the revenues generated by the facilities thereby financed is expected to be at least 1.25 as shown in a report of an Independent Consultant (the findings of which may be based insofar as they relate to historical financial statements, upon a report or opinion of a firm of independent certified public accountants).

(f) The reserve requirement for the Future RD Notes is at least equal to the average annual debt service thereon funded as of their issuance (or from monthly deposits into a reserve account held by the Company so long as such monthly deposits are not less

than 1/120th of such reserve requirement not funded as of their issuance, or some combination thereof).

(g) So long as the Amended 2008A Notes are outstanding and owned by the Authority, the consent of the Authority to the issuance of such Future RD Notes.

(h) A certificate of the Company stating that no event of default exists or is continuing under the Senior Notes, the Prior Agreements or the Financial Assistance Agreement.

(i) An opinion of counsel to the Company stating that no event of default exists or is continuing under the Senior Notes, the Prior Agreements or the Financial Assistance Agreement.

Tax Exempt Status of the 2012A-2 Bonds and Determination of Taxability

Under the Qualified Entity Indenture, the Company covenants that it will not take, or fail to take, any action which action or failure will cause the interest on the 2012A-2 Bonds to become includable in gross income for federal income tax purposes pursuant to the provisions of Section 103 and 141-150 of the Code so long as any 2012A-2 Bonds are outstanding.

It is the intention of the Company and the Trustee that interest on the 2012A-2 Bonds shall be and remain excludable from gross income for Federal income tax purposes, and to that end the covenants and agreements of the Company are for the benefit of the Trustee and each and every owner of the 2012A-2 Bonds. However, the occurrence of a Determination of Taxability shall not constitute an event of default under the Qualified Entity Indenture so long as the Company complies with its obligations set out below.

Upon the occurrence of a Determination of Taxability, the following shall occur:

(a) interest on the 2012A-2 Notes shall and without further action by the Company or the Trustee immediately increase to the Taxable Rate, provide the Taxable Rate exceeds the rate or rates established from the 2012A-2 Notes in the Qualified Entity Indenture, effective, as of the Date of Taxability, for the payment next succeeding the Determination of Taxability and shall continue until the 2012A-2 Notes have been fully paid or until the interest on the 2012A-2 Bonds is no longer includable in the gross income of the Bondholder, whichever occurs first; and

(b) the Company shall pay to the Trustee, prior to the first Interest Payment Date following a Determination of Taxability, the amount equal to the difference, if any, between (A) the interest that would have been paid on the 2012A-2 Notes at the Taxable Rate from the Date of Taxability until the interest rate on the 2012A-2 Notes has increased to the Taxable Rate in accordance with subsection (a) above, and (B) the interest that otherwise has been paid on the 2012A-2 Notes for such period.

If after payment or prepayment of the 2012A-2 Notes in full and payment or prepayment in full of the 2012A-2 Bonds, a Determination of Taxability shall occur, the Company shall, within 30 days after demand by an owner or former owner of the 2012A-2 Bonds, pay to such owner an amount equal to the difference, if any, between (a) the aggregate amount of interest on the 2012A-2 Bonds which would have been payable to such owner if the interest rate on the 2012A-2 Bonds, commencing on the Date of Taxability and terminating upon the earlier date of payment in full of the 2012A-2 Bonds or the date such 2012A-2 Bond is sold or transferred by such owner had been the Taxable Rate, and (b) the aggregate amount of interest on the 2012A-2 Bonds actually paid to the owner.

The provisions of the Qualified Entity Indenture regarding a Determination of Taxability shall survive the termination of the Qualified Entity Indenture, redemption of the 2012A-2 Bonds and any purchase of the 2012A-2 Bonds by or on behalf of the Company notwithstanding anything to the contrary in the Qualified Entity Indenture.

Escrow Deposit, Application of Funds held under the Original Bond Bank Indenture and Release of the Refunded Notes and the Original 2008 Note

The Qualified Entity Indenture provides that upon the issuance of the 2012A Bonds, the Bond Bank shall deposit a portion of the proceeds of the 2012A Bonds and the moneys held under the Original Bond Bank Indenture as follows:

(a) Cash and securities, purchased with (i) net proceeds of the Series 2012A-1 Bonds in the amount of \$1,189,104.66, (ii) net proceeds of the Series 2012A-2 Bonds in the amount of \$2,060,525.15 and (iii) funds in the amount of \$129,956.38 held in the Revenue Account of the Original Bond Bank Indenture, will be delivered to the Escrow Trustee for deposit in the Escrow Accounts, to provide for the defeasance and current refunding of the Refunded Bonds.

(b) Cash in the total amount of \$312,498.81 from (i) \$290,000.00 of the net proceeds of the Series 2012A-1 Bonds and (ii) \$22,498.81 of funds held in the 1999 Debt Service Reserve Account under the Original Bond Bank Indenture, will be deposited to the Berkadia Prepayment Account established under Section 4.2(d) of the Qualified Entity Indenture and immediately applied to the prepayment on February 14, 2012, of the Berkadia Loan.

(c) Cash in the amount of \$212,562.04 from (i) \$60,345.34 of the net proceeds of the Series 2012A-1 Bonds, (ii) \$14,521.37 of the funds held in the 1999 Debt Service Reserve Account under the Original Bond Bank Indenture and (iii) \$137,695.33 of the funds held in the Revenue Account of the Original Bond Bank Indenture, shall be deposited to the Bond Issuance Expense Account established under Section 6.07 of the Bond Bank Indenture and be applied to Costs of Issuance of the Bonds (as defined in the Bond Bank Indenture).

(d) \$120,865.85 of the funds held in the Revenue Account of the Original Bond Bank Indenture shall be deposited to the Principal and Interest Account of the

Sinking Fund established under Section 4.2(b) of the Qualified Entity Indenture and the Trustee shall (a) immediately transfer \$16,043.94 of such amount to the Indiana Finance Authority as payment of accrued interest to the date of February 14, 2012 on the Original Series 2008A Bonds and (b) retain the balance of such amount (\$104,821.91) for the payment of the next due principal and interest payment on the Amended Series 2008A Notes.

(e) Cash in the amount of \$670,607.10 from (i) \$27,110.10 of the funds held in the Revenue Account under the Original Bond Bank Indenture and (ii) \$643,497 of the funds held in the 2008 Debt Service Reserve Account, the 1999 Debt Service Reserve Account and the Debt Service Reserve Account under the Original Bond Bank Indenture, shall be deposited in the Debt Service Reserve Account of the Sinking Fund established under Section 4.2(c) of the Qualified Entity Indenture.

The proceeds of the issuance and sale of any Additional Notes shall be deposited with the Trustee and used as provided in the Supplemental Indenture authorizing the issuance thereof.

Upon the issuance of the 2012A Bonds, the Bond Bank Trustee, upon written direction from the Bond Bank, shall deliver the Amended 2008A Notes to the Authority and in exchange the Authority shall deliver the Original 2008A Bonds to the Bond Bank Trustee. Upon receipt of the Original 2008A Bonds from the Authority, the Bond Bank Trustee shall deliver such Original 2008A Bonds to the Refunded Bonds Trustee for cancellation.

As a result of such deposit to the Escrow Accounts, the meeting of all other requirements of the Original Bond Bank Indenture for the defeasance of the Refunded Bond Bank Bonds, and the exchange of the Amended 2008A Notes for the Original 2008A Bonds, the lien of the Original Bond Bank Indenture on the Original Bond Bank Trust Estate, including the Original Loan Agreement, the Refunded Notes and the Original 2008 Notes, shall be discharged, and accordingly, the Refunded Bonds Trustee shall acknowledge the termination of the Original Loan Agreement and the discharge and release of the Refunded Notes and the Original 2008 Notes, and shall cancel the Refunded Notes and the Original 2008 Notes and return them to the Company.

Funds

General Fund and Deposit of Gross Revenue. The Company shall maintain with a depository selected by the Company, a general fund through the control of the Company (the "General Fund"), into which the Company shall deposit from time to time as received all Gross Revenue. The Company shall use the moneys on deposit in the General Fund for the purpose of paying the principal and interest due on the Senior Notes and any Future RD Notes, and the reasonable expenses of operation, repair and maintenance of the Waterworks and for the cost of any improvements, extensions, replacements or additions to the Waterworks not otherwise financed with the proceeds of Additional Notes or Future RD Notes. Pending the use of such moneys for those purposes, the Company shall invest the moneys in the General Fund in such Qualified Investments as the Company may select.

Sinking Fund. (a) A Sinking Fund is established by the Company with the Trustee for the payment of the principal of and interest on the Notes, which fund shall be designated the Edwardsville Water Corporation Sinking Fund (the "Sinking Fund"). After payment of the reasonable expenses of operation, repair and maintenance of the Waterworks and after each deposit is made for the Senior Notes, there shall be set aside and deposited in said Sinking Fund by the Company as hereinafter provided from its General Fund, on a parity with any payments for debt service and reserves due on any Future RD Notes, a sufficient amount to meet the requirements of the Principal and Interest Account and of the Debt Service Reserve Account in said Sinking Fund. Such payments shall continue until the balance in the Principal and Interest Account, plus the balance in the Debt Service Reserve Account hereinafter described, equals the amount needed to redeem all of the then outstanding Notes. Amounts held in the Sinking Fund (or any account therein) shall not be available to pay debt service or reserves due on any Future RD Notes.

(b) Principal and Interest Account. There shall be transferred from the Company to the Trustee out of the General Fund on the first day of each calendar month and deposited in the Principal and Interest Account an amount equal to the sum of one-sixth (1/6) of the principal due on the Notes on the next succeeding Interest Payment Date, and one-sixth (1/6) of the interest on all then outstanding the Notes payable on the next succeeding Interest Payment Date until the amount so deposited shall equal the principal payable on the next succeeding January 1 or July 1, as the case may be, and the interest payable on the next succeeding Interest Payment Date; provided that any amounts due on a January 1 or a July 1 shall be deposited with the Trustee at least three business days prior to such date. There shall similarly be transferred to the Trustee and credited to the Principal and Interest Account any amount necessary to pay the charges and fees of the Trustee as the same become payable. The Trustee shall, from the sums deposited in the Sinking Fund and credited to the Principal and Interest Account, remit by wire transfer at least three business days prior to the due dates hereof, to the Bond Bank the payments of principal and interest on the Notes and thereafter shall be entitled to receive from such sums payment of the amount of its charges.

(c) Debt Service Reserve Account. After making the deposits contemplated in paragraphs (a) and (b) above and as required by the Senior Notes, the Company shall deposit moneys from the General Fund as a reserve for the Notes, on a monthly basis so that the balance in the Debt Service Reserve Account equals but does not exceed the maximum annual debt service on the Notes (the "Reserve Requirement"). The monthly deposits shall be equal in amount and sufficient to accumulate the Reserve Requirement within five (5) years from the date of delivery of the Notes; provided, however, that with respect to the 2012A Notes and the Amended 2008A Notes the Reserve Requirement shall be fully funded on the date of delivery thereof. Any monthly deposits shall be on a parity with any payments for debt service and reserves due on any Future RD Notes. The balance in the Debt Service Reserve Account as of January 5 and July 5 valued at the lesser of original cost or current market value shall never exceed the Reserve Requirement. Any moneys in the Debt Service Reserve Account in excess of the Reserve Requirement shall be credited on those dates to the Principal and Interest Account.

The moneys in the Debt Service Reserve Account shall be used to pay the principal of and interest on the Notes to the extent that moneys in the Principal and Interest Account are insufficient for that purpose. In the event moneys in the Debt Service Reserve Account are transferred to the Principal and Interest Account to pay principal of and interest on Notes, then such depletion of the balance in the Debt Service Reserve Account shall be made up by the Company within six (6) months of the date of such transfer.

(d) Berkadia Prepayment Account. Funds in the amount of \$312,498.81 will be deposited to the Berkadia Prepayment Account from proceeds of the 2012A-1 Bonds. The proceeds in the Berkadia Prepayment Account shall be immediately applied by the Trustee to the prepayment of the Berkadia Loan upon written direction from the Borrower with payment instructions. Any funds remaining in the Berkadia Prepayment Account following twelve (12) months from the issuance of the 2012A-1 Bonds shall be deposited by the Trustee to the Principal and Interest Account.

Rebate Fund. The Trustee shall establish and maintain, so long as any 2012A-2 Bonds are outstanding, a separate fund to be known as the “Rebate Fund.” The Trustee shall make information regarding the 2012A-2 Notes and investments hereunder available to the Company and shall make deposits and disbursements from the Rebate Fund in accordance with the Qualified Entity Indenture. The Trustee shall invest the moneys in the Rebate Fund in Qualified Investments subject to any instructions provided by bond counsel in order to comply with the provisions of the Qualified Entity Indenture and shall deposit income from such investments immediately upon receipt thereof in the Rebate Fund. New investment instructions may be delivered by the Company so long as they are accompanied by an opinion of bond counsel addressed to the Trustee to the effect that the use of the new investment instructions will not cause the interest on the 2012A-2 Bonds to become includable in the gross income of the owners thereof for federal income tax purposes.

Moneys held in the Rebate Fund shall not be pledged as security for the payment of the principal of, premium, if any, and interest payable on any series of Notes or Additional Notes and shall remain in the Rebate Fund until either (a) the money disbursed to the United States or (b) a determination is made by the Trustee that such funds are not owed to the United States under the rebate requirement of Section 148 of the Code.

Rebate Deposits. If a deposit to the Rebate Fund is required as a result of the computations made by the Company, the Trustee shall upon receipt of direction from the Company accept such payment for the benefit of the Company. If amounts in excess of that required to be rebated to the United States accumulate in the Rebate Fund, the Trustee shall upon direction from the Company transfer such amount to the Company. Records of these determinations and the investment instructions must be retained by the Trustee until six (6) years after the 2012A-2 Bonds are no longer outstanding.

Rebate Disbursements. The Trustee shall pay the United States, or the Bond Bank upon its direction, at least ninety (90%) of the amount required to be on deposit in the Rebate Fund no later than sixty (60) days after every five year period. Not later than sixty (60) days after the final retirement of the Bonds, the Trustee shall pay to the United States, or the Bond Bank upon

its direction, one hundred percent (100%) of the balance remaining in the Rebate Fund. Each payment required to be paid to the United States, or the Bond Bank upon its direction, shall be filed with the Internal Revenue Service Center, Ogden, UT 84201. Each payment shall be accompanied by a copy of the Form 8038 originally filed with respect to the 2012A-2 Bonds and a statement of the Company summarizing the determination of the amount to be paid to the United States.

Prepayment of the 2012A Notes

Prepayment Generally.

(a) Optional Redemption. The 2012A Notes are not subject to optional redemption prior to maturity.

(b) Extraordinary Redemption. If any of the following conditions or events shall have occurred, the Company will have the option to prepay the Notes, in whole or in part, at a price of 100% of the principal amount thereof plus interest accrued to the redemption date:

(1) if title to or the use for a limited period of substantially all of the Mortgaged Property be condemned by any authority having the power of eminent domain;

(2) if title to substantially all of the Mortgaged Property is found to be deficient or nonexistent to the extent that the efficient utilization of the Mortgaged Property by the Company is impaired;

(3) if substantially all of the Mortgaged Property is damaged or destroyed by fire or other casualty;

(4) if as a result of changes in the Constitution of the State of Indiana, or of legislative or administrative action by the State of Indiana or any political subdivision thereof, or by the United States, or by reason of any action instituted in any court, the Qualified Entity Indenture shall become void or enforceable, or impossible of performance without unreasonable delay, or in any other way, by reason of such changes or actions, unreasonable burdens or excessive liabilities are imposed on the Company; or

(5) with respect to the 2012A-2 Notes, within 180 days after the occurrence of a Determination of Taxability.

(c) Mandatory Sinking Fund Redemption. The 2012A-2 Notes are subject to mandatory sinking fund redemption in accordance with the schedules applicable to the 2012A-2 Bonds. (See the following caption in the Official Statement entitled "REDEMPTION PROVISIONS FOR THE 2012A BONDS").

Notice of Redemption. In the case of redemption of Notes, notice of the call for any such redemption identifying the Notes, or portions of Notes, to be redeemed shall be given by mailing a copy of the redemption notice by registered or certified mail not less than (i) forty-five (45) days prior to the date fixed for redemption to the holder thereof and (ii) with respect only to the Amended 2008A Notes, sixty days (60), to the Authority; provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any such Notes shall not affect the validity of any proceedings for the redemption of any other Notes.

On and after the redemption date specified in the aforesaid notice, such Notes, or portions thereof, thus called (provided funds for their redemption are on deposit at the place of payment) shall not bear interest, shall no longer be protected by the Qualified Entity Indenture and shall not be deemed to be outstanding under the provisions of the Qualified Entity Indenture, and the holders thereof shall have the right only to receive the redemption price thereof plus accrued interest thereon to the date fixed for redemption.

Defaults and Remedies

Events of Default. Each of the following events is an “event of default” under the Qualified Entity Indenture:

(a) default in the payment of any installment of interest upon any of the Notes as and when the same shall become due and payable; or

(b) default in the payment of the principal of and premiums, if any, on any of the Notes as and when the same shall become due and payable either at maturity, upon redemption (including mandatory or optional redemption), by declaration or otherwise; or

(c) the Company shall default in and due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Notes or in the Qualified Entity Indenture or any agreement supplemental thereto on the part of the Company to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Company by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the holders of all of the Notes when outstanding; or

(d) the commencement by the Company at any voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, whether consent by it to an entry of an order for relief in an involuntary case and under any such law or to the appointment of or the taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Company or of any substantial part of its property, or the making by it of any general assignment for the benefit of creditors, or the failure of the Company generally to pay its debt as such debt become due, or the taking of corporate action by the Company in furtherance of any of the foregoing; or

(e) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of the Company in an involuntary case under any applicable bankruptcy, insolvency or similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of the Company or of any substantial part of its property, or ordering the windup or liquidation of its affairs or the filing and pendency for sixty (60) days without dismissal of a petition initiating an involuntary case under any other bankruptcy, insolvency or similar law; or

(f) any default (whether such is a failure to make any payment due, or is non-compliance with any covenant or requirement, or otherwise) by the Company under the Financial Assistance Agreement; or

(g) any default (whether such is a failure to make any payment due, or is non-compliance with any covenant or requirement, or otherwise) by the Company under any of the Prior Agreements or, if any Future RD Notes are outstanding, any of the Future RD Note Financing Documents.

Actions by the Trustee. Upon the happening of any event of default and the continuance of the same for the period, if any, specified in the Qualified Entity Indenture.

(a) Acceleration. The Trustee, by notice in writing delivered to the Company, may and if directed to do so by the owners of 25% in aggregate principal amount of Notes then outstanding, declare the entire unpaid principal amount of the Notes then outstanding, and the interest accrued thereon, to be immediately due and payable and the interest and the principal shall thereupon become immediately due and payable. The registered owners of a majority in principal amount of the then outstanding Notes by notice to the Trustee may rescind an acceleration and its consequences if all existing events of default have been cured or waived, except nonpayment of principal or interest that has become due solely because of the acceleration, and if the rescission would not conflict with any judgment or decree.

(b) The Trustee Enter and Take Possession, Operate and Apply Income. The Trustee, personally or by its agents or attorneys, may, to the extent permitted by law, enter into and upon all or any part of the Mortgaged Property and each and every part thereof, and may exclude the Company and its agents wholly therefrom; and having and holding the same, may use, operate, manage and control the Mortgaged Property for any lawful purpose, and upon every such entry, the Trustee, at the expense of the Company may from time to time maintain and restore the Mortgaged Property whereof it shall become possessed as aforesaid either by purchase, repairs or construction, and may insure and reinsure the same as may seem judicious; and likewise, from time to time at the expense of the Company, the Trustee may make all necessary or proper repairs, renewals and replacements, and alterations, additions, betterments and improvements thereto and thereon as to it may seem judicious; and the Trustee shall be entitled to collect and receive all earnings, revenues, rents, issues, profits and income of the same and every part thereof; and after deducting the expenses of operations, maintenance,

repairs, renewals, replacements, alterations, additions, betterments, and improvements and all payments which may be made for taxes, assessments, insurance and prior or other proper charges upon the Mortgaged Property or any part thereof, as well as all advances by the Trustee and compensation for the services of the Trustee and for all counsel and agents and clerks and other employees by its property engaged and employed, the Trustee shall apply the moneys arising as aforesaid as provided in the Qualified Entity Indenture.

(c) Right to Bring Suit, Etc. The Trustee, with or without entry, personally or by attorney, may in its discretion, proceed to protect and enforce its rights by a suit or suits in equity or at law, whether for damages or for the specific performance of any covenant or agreement contained in the Qualified Entity Indenture or in aid of the execution of any power therein granted, or for any foreclosure thereunder, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce any of its rights or duties thereunder; provided, however that all costs incurred by the Trustee shall be paid to the Trustee by the Company on demand.

(d) Foreclosure. The Trustee may, with or without entry, personally or by attorney, sell, to the extent permitted by law, to the highest bidder of all or any part of the Mortgaged Property and all right, title, interest, claim and demand therein, and the right of redemption thereof, in one lot as an entirety, or in separate lots, as the Trustee may elect, and in one sale or any manner of separate sales held at one time or any number of times, which such sale shall be made at public auction at such place in the county in which the Mortgaged Property to be sold is situated and at such time and upon such terms as may be fixed by the Trustee and briefly specified in the notice of such sale or sales. Any sale by the Trustee may nevertheless, at its option, be made at such other place or places, and in, such other manner, as may now or hereafter be authorized by law. In the event of any sale of the Mortgaged Property, the principal of the Notes, if not previously due, immediately thereupon shall become due and payable, anything in the Notes or the Qualified Entity Indenture to the contrary notwithstanding.

Remedies, Rights of Noteholders.

If an event of default occurs, the Trustee may pursue any available remedy by suit at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Notes then outstanding, or to enforce any obligations of the Company under the Qualified Entity Indenture.

Upon the occurrence of an event of default, and if directed so to do by the holders of 25% in aggregate principal amount of Notes then outstanding and indemnified as provided in the Qualified Entity Indenture, the Trustee shall be obliged to exercise such one or more of the rights and powers conferred by the Qualified Entity Indenture as the Trustee, being advised by counsel, shall deem most expedient in the interests of the owners of the Notes.

Upon the occurrence of an event of default, the Authority, so long as it holds the Amended 2008A Notes, may provide written direction to the Trustee to apply any funds held in

the Debt Service Reserve Account to the immediate repayment of the Senior Notes then outstanding.

Right of Owners to Direct Proceeding. The holders of a majority in principal amount of Notes then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Qualified Entity Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Qualified Entity Indenture, and provided that the Trustee is obligated to pursue its remedies under the provisions of the Qualified Entity Indenture before any other remedies are sought.

Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Qualified Entity Indenture shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Sinking Fund and all moneys in the Sinking Fund shall be applied as follows:

(a) Unless the principal of all the Notes shall have become or shall have been declared due and payable, all such moneys shall be applied:

First: To the payment to the persons entitled thereto of all installments of interest then due on the Notes in the order of the maturity of the installments of such interest, and if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

Second: To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on the Notes which shall have become due (other than Notes called for redemption for the payment of which moneys are held pursuant to the provisions of the Qualified Entity Indenture), in the order of their due dates, with interest on such Notes from the respective dates upon which they become due, and if the amount available shall not be sufficient to pay in full Notes due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the person entitled thereto without any discrimination or privilege.

(b) If the principal of all the Notes shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Notes, without preference or priority of principal over interest or of interest over any other installment of interest, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Notes shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled then, subject to the provisions of subsection (b) above in the event that the principal of all the Notes shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of subsection (a) above.

(d) The following provisions shall only apply if the Trustee from time to time holds any funds of the Company in any Fund or Account established by the Qualified Entity Indenture other than those funds from time to time held in the Sinking Fund (or any account therein including the Principal and Interest Account and the Debt Service Reserve Account) pursuant to this Qualified Entity Indenture as amended and supplemented from time to time. Notwithstanding the foregoing, so long as the Senior Notes are outstanding, the Trustee shall apply funds, except for any funds held in the Sinking Fund, first to the payment of the Senior Notes and then to the payment of the Notes. Further, in the event any Future RD Notes are outstanding, the Trustee shall apply any funds available for the payment on the Notes (except with respect to any funds held in the Sinking Fund) on a pro rata basis with the payment of the Future RD Notes. The Trustee shall establish separate accounts for the deposit of any such funds for the payment of Senior Notes or Future RD Notes, as the case may be, and shall hold such funds in trust for the benefit of Berkadia, the holder of the Senior Notes, and RD, the holder of the Future RD Notes, respectively. In the event any such deposit is made, the Trustee shall provide written notice to Berkadia and/or RD, as the case may be, of the deposit of such funds.

(e) Whenever moneys are to be applied as set forth above, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as they may deem appropriate of the deposit with the Trustee of any such moneys and of the fixing of any such date and shall not be required to make payment to the holder of any Note until such Note shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Rights and Remedies of Registered Owners of Notes. No registered owner of any Notes shall have a right to institute any suit, action or proceeding in equity or at law for the enforcement of the Qualified Entity Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy under the Qualified Entity Indenture, unless a default has occurred of which the Trustee has been notified as provided in the Qualified Entity Indenture, or it is deemed to have notice, nor unless also such default shall have become an event of default and the owners of 25% in aggregate principal amount of Notes then outstanding shall have made written requires to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers granted or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in the Qualified

Entity Indenture, nor unless the Trustee shall thereafter fail or refuse to exercise the powers granted, or to institute such action, suit or proceeding in its, his, or their own name or names. No one or more registered owners of the Notes shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Qualified Entity Indenture by its, heirs or their action or to enforce any right thereunder except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the equal benefit of the registered owners of all Notes then outstanding. Nothing in the Qualified Entity Indenture shall, however, affect or impair the right of any registered owner of Notes to enforce the covenants of the Company to pay the principal of and interest on each of the Notes issued thereunder to the respective registered owners thereof at the time, place and in the manner in said Notes expressed.

Waivers of Events of Default. The Trustee may in its discretion waive any event of default and its consequences and rescind any declaration of maturity of principal of and interest on the Notes, and shall do so upon the written request of the holders of (a) a majority in principal amount of the Notes then outstanding in respect of which default in the payment of principal or premium, if any, or interest exists; or (b) a majority in principal amount of Notes then outstanding in the case of any other default; provided, however, that there shall not be waived; or (c) any event of default in the payment of the principal of any outstanding Notes at the date of maturity specified therein; or (d) any default in the payment when due of the interest on any such Notes unless prior to such waiver or rescission, arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Notes in respect of which such default shall have occurred on overdue installments of interest or all arrears of payment of principal and premium, if any, when due, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Company, the Trustee and the registered owners of the Notes shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon. No delay or omission of the Trustee to exercise any right or power accruing upon any event of default shall impair any such right of power. or shall be construed to be a waiver of any such event of default or any acquiescence therein; and every power and remedy given by the Qualified Entity Indenture to the Trustee may be exercised from time to time and as often as may be deemed expedient by the Trustee.

Amended and Supplemental Indenture

Supplemental Indenture Not Requiring Consent of Registered Owners. The Company and the Trustee may without the consent of, or notice to, any of the owners of the Notes, except the Authority so long as it holds the Amended 2008A Notes, enter into an indenture or indentures supplemental to the Qualified Entity Indenture, as shall not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in the Qualified Entity Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the owners of the Notes any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon such owners or the Trustee or any of them;
- (c) To subject to the Qualified Entity Indenture additional revenues, properties or collateral; or
- (d) To make any other change in the Qualified Entity Indenture which, in the judgment of the Trustee, is not to the material prejudice of the Trustee or the owners of the Secured Notes; or
- (e) To provide for the issuance of Additional Notes; or
- (f) To modify, amend or supplement the Qualified Entity Indenture in such manner as required to permit the qualification thereof under the Trustee Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect, and, if they so determine, to add to the Qualified Entity Indenture such other terms, conditions and provisions as may be required by said Trust Indenture Act of 1939, as amended, or similar Federal statute.

Supplemental Indentures Requiring Consent of Registered Owner. The owners of a majority in aggregate principal amount of the Notes then outstanding shall have the right, from time to time, anything contained in the Qualified Entity Indenture to the contrary notwithstanding, to consent to and approve the execution by the Company and the Trustee of such other indenture or indentures supplemental thereto as shall be deemed necessary and desirable by the Company for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Qualified Entity Indenture or in any supplemental indenture; provided however, that nothing in the Qualified Entity Indenture shall permit or be construed as permitting (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of paying of interest on, or reduction of any premium payable on the redemption of, any Note, without the consent of the owner of such Note, or (b) a reduction in the amount of extension of the time of any payment required by any sinking fund applicable to any Notes without the consent of the owners of all the Notes which would be affected by the action to be taken, or (c) the creation of any lien prior to or, except for the lien of Additional Notes and any Future RD Notes, on a parity with the lien of the Qualified Entity Indenture without the consent of the owners of all the Notes at the time outstanding, or (d) a reduction in the aforesaid aggregate principal amount of Notes the owners of which are required to consent to any such supplemental indenture, without the consent of the owners of all the Notes at the time outstanding which would be affected by the action to be taken, or (e) a modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee, or (f) a privilege or priority of any Note over any other Notes, or (g) deprive the owners of any Notes then outstanding of the lien created by the Qualified Entity Indenture.

Liens

The Company will not create or permit to be created or remain and will, at its cost and expense, promptly discharge all liens, security interests, encumbrances and charges on the Waterworks or any part thereof other than Permitted Encumbrances, subject to the rights and priority of the owners of the Senior Notes.

The Company covenants and agrees to not permit any payment or other action in satisfaction of its obligations related to any Future RD Notes in a manner that is inconsistent with a discharge (whether voluntarily or involuntary including any enforcement proceedings) of such obligations related to such Future RD Notes on a parity, same lien basis with the obligations related to the Notes (whether hereunder or under any agreement related to such Future RD Notes, including any Future RD Note Financing Documents) and will, at its cost and expense, promptly defend and discharge all liens, security interests, encumbrances and charges on the Waterworks and the Mortgaged Property against any such action by any other party; provided that nothing in the Qualified Entity Indenture shall in any manner grant or create any lien, security interest, encumbrance, charge or other right (with respect to the Trust Estate or otherwise) in the holders of other obligations of the Company (including any Future RD Notes and the Senior Notes) that does not otherwise exist pursuant to the liens, security interests, encumbrances and charges, if any, securing such obligations.

In the event any liens, security interests, encumbrances and charges on the Waterworks and the Mortgaged Property hereafter granted or related to any Future RD Notes (whether pursuant to any Future RD Note Financing Documents or otherwise) is made in a manner that is inconsistent with a discharge (whether voluntarily or involuntary including any enforcement proceedings) of such being on a parity, same lien basis with the obligations related to the Notes (whether hereunder or under any agreement related to any Notes), then notwithstanding any terms of the Qualified Entity Indenture to the contrary, any lien, security interest, encumbrance, charge or other right (with respect to the Trust Estate or otherwise) granted or related to any Future RD Notes shall in all respects be deemed to be junior and subordinate to the liens, security interests, encumbrances and charges on the Waterworks and the Mortgaged Property granted or related to any Notes and each provision of the Qualified Entity Indenture shall be deemed and construed to effectuate the subordination of Future RD Notes to the Notes.

Insurance

The Company shall maintain the following insurance at its sole cost and expense:

(a) Insurance against loss and damage to the Waterworks under a policy or policies covering such risks as are ordinarily insured against by similar companies, but in any event including fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, damage from aircraft, smoke and uniform standard extended coverage and vandalism and malicious mischief endorsements, limited only as may be

provided in the standard form of such endorsements at the time in use in the State of Indiana. Such insurance shall be in such amount as shall be customarily used for companies similarly situated. No policy of insurance shall be so written that the proceeds thereof will produce less than the minimum coverage required by the preceding sentence, by reason of co-insurance provisions or otherwise.

(b) Comprehensive general public liability insurance for injuries to persons and property, in limits not less than, and with deductibles not greater than, that customarily used for companies similarly situated.

(c) Workmen's compensation insurance respecting all employees of the Company in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided that the Company may be self-insured with respect to all or any part of its liability for workmen's compensation.

Each policy of insurance shall (i) be issued by one or more recognized, financially sound and responsible insurance companies qualified or authorized under the laws of the State of Indiana to assume the risks covered by such policy, (ii) name the Trustee and the Company as insureds, as their respective interests may appear, and (iii) provide that such policy shall not be cancelled without at least ten (10) days prior written notice to each insured named therein. The Company shall deliver or cause to be delivered to the Trustee a certificate of insurance showing compliance with clauses (i) through (iii) of the immediately preceding sentence. As to the insurance required by subsection (a) above, the net proceeds shall be paid to or for the benefit of the Company to repair such loss or damage or to replace the lost or damaged portion of the Waterworks.

Any of the foregoing insurance maintained by the Company may be evidenced by one or more blanket insurance policies covering the Mortgaged Property and other property or assets of the Company, provided that any such policy shall specify that portion of the total coverage of such policy that is allocated to the Mortgaged Property and shall in all other respects comply with the requirements of the Qualified Entity Indenture.

Sale, Lease or Other Disposition of the Waterworks

The Company will not sell, lease or otherwise dispose of the Mortgaged Property or any portion thereof (the "Disposed Property") (other than in the ordinary course of business or as permitted by the Qualified Entity Indenture) unless the Company shall certify to the Trustee that with respect to the sale, lease or disposition of the Disposed Property, in the judgment of the Company the Disposed Property has, or within the next succeeding twenty-four (24) calendar months is reasonably expected to, become inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary, provided the sale, lease, removal or other disposition thereof will not impair the structural soundness, efficiency or economic value of the remaining portion of the Waterworks, and, so long as the Amended 2008A Notes are held by the Authority, the Company has obtained the consent of the Authority.

With the consent of the Authority so long as it holds the Amended 2008A Notes, the Company may at any time request the Trustee to enter into an amendment to the Qualified Entity Indenture for the purpose of effecting the release from the lien of the Qualified Entity Indenture, of any portion of the Mortgaged Property which is not necessary to the operating integrity and unity of the Mortgaged Property and the release of which will not adversely affect the ability of the Company to operate and maintain the Mortgaged Property as provided in the Qualified Entity Indenture. The Trustee will execute the amendment, but the amendment shall not become effective until the following items have been submitted to the Trustee:

- (i) a certificate of the Company (A) stating that the Company is not in default under the Qualified Entity Indenture, (B) giving an adequate legal description of that portion of the Mortgage Property to be released, (C) stating the purpose for which the release is desired, (D) requesting the release and (E) approving any necessary amendment to the Qualified Entity Indenture;
- (ii) an opinion of counsel to the Company stating that to the best of its knowledge, the Company is not in default under the Qualified Entity Indenture;
- (iii) a copy of the instrument conveying the portion of the Mortgaged Property to be released;
- (iv) a copy of the said amendment as executed and evidence of the authority of the officers of the signators to execute and deliver the amendment;
- (v) a certificate of a registered professional engineer, dated not more than sixty (60) days prior to the date of the release and stating that, in his opinion, (A) the part of such Mortgaged Property proposed to be released is not required for the operation of the remaining Mortgaged Property for the purposes hereinabove stated, and is not necessary to the operating integrity and unity of the remaining Mortgaged Property and (B) the release will not destroy the means of ingress thereto and egress therefrom; provided that such engineer may consider any property to be included in the remaining Mortgaged Property in consideration of such release; and
- (vi) either (A) a deposit of an amount of money equal to the value of such portion of the Mortgaged Property as determined by an MAI appraisal furnished to the Trustee and prepared by an MAI appraiser, which amount shall be placed by the Trustee in the Sinking Fund and used to make the payments required to be made by the Company; (B) with the written consent of the Trustee, the Company may, in said amendment, subject to the lien of the Qualified Entity Indenture real property equal in value to the portion of the Mortgaged Property to be released, the value of such real property to be determined by an MAI appraisal furnished to the Trustee and prepared by an MAI appraiser.

The Company may from time to time substitute a fixture for any fixture comprising part of the Mortgaged Property if the fixture so substituted shall be of equivalent value and utility to

that replaced. Any such substituted fixture shall be identified in writing by the Company to the Trustee and shall become a part of the Mortgaged Property and be included under the terms of the Qualified Entity Indenture, and the fixture for which substitution has been made shall become the property of the Company free and clear of any claims of the Trustee or the holders of the Notes therein or thereto.

The Trustee at the request of the Company, and so long as it shall hold the Amended Series 2008A Notes, the Authority, shall release from the lien of the Qualified Entity Indenture any fixture comprising part of the Mortgaged Property identified without substitution therefor so long as in the opinion of the Company, such property is no longer useful to the Company in its operations conducted on or in the Mortgaged Property (whether by reason of changed techniques, obsolescence, depreciation or otherwise), and the Company shall pay to the Trustee (i) the proceeds from the sale or (ii) the fair market value of the fixture as certified by the Company, whichever amount is higher, and the Trustee shall deposit such amount in the Sinking Fund and use it to make the payments required to be made by the Company.

Upon such payment, the purchased equipment shall be free and clear of any claims of the Trustee or the holders of the Notes.

Rate Covenant

The Company shall calculate and certify to the Trustee, and so long as it shall hold the Amended 2008A Notes, the Authority, the Debt Service Coverage Ratio for each fiscal year as soon as practicable, but in no event later than five (5) months following the end of such fiscal year. If the Debt Service Coverage Ratio, as calculated at the end of any fiscal year, is below 1.25, the Company covenants to retain an Independent Consultant to make recommendations to increase the Debt Service Coverage Ratio for subsequent fiscal years to at least 1.25 or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest practicable level. The Company shall submit to the Trustee, and so long as it holds the Amended 2008A Notes, the Authority, quarterly progress reports showing the implementation of the Independent Consultant's recommendations. The Company will follow the recommendations of the Independent Consultant and promptly upon receipt of such recommendations, subject to existing law and regulations, shall revise the respective rates, fees or charges or methods of operations and shall take such other action as shall be in conformity with such recommendations. An event of default under the Qualified Entity Indenture shall not occur if the Company follows the recommendations of the Independent Consultant even if the Debt Service Coverage Ratio for any subsequent fiscal year is below 1.25 unless and until such Debt Service Coverage Ratio falls below 1.05.

The Company shall also establish, maintain and collect reasonable and just rates and charges for facilities and revenues afforded and rendered by the Waterworks, which shall to the extent permitted by law produce sufficient revenues at all times to pay all legal and other necessary expenses incident to the operation of such utility, to include maintenance costs, repair costs, operating charges, upkeep, interest charges on other obligations, to provide the required deposits to the Sinking Fund for the liquidation of Notes, to provide for the required deposits to

pay debt service on any Future RD Notes or other evidences of indebtedness, to provide adequate funds to be used on working capital, to provide for the required deposits to the Debt Service Reserve Account for Notes and to any other required reserves related to other obligations in an amount not to exceed the maximum annual debt service on the Notes or obligations, to provide for extensions and replacements and also for the payment of any taxes that may be assessed against such utility it being the intent and purpose hereof that such charges shall produce an income sufficient to maintain such utility property in sound physical and financial condition to render adequate and efficient service. So long as any of the Notes are outstanding, none of the facilities or services afforded or rendered by the Waterworks may be furnished without a reasonable and just charge being made therefor. The Company shall pay like charges for any and all services rendered by any utility to the Company, and all such payments shall be deemed to be revenues of the utility. 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 and maintenance, and debt service on the Notes and other obligations of the Company.

Limitation on Indebtedness

Other than Additional Notes and Future RD Notes, the Company will not incur, or permit to be incurred, any indebtedness, debt, capitalized lease or obligation having a lien prior to or on a parity with the lien of the Qualified Entity Indenture.

Additional Miscellaneous Covenants

So long as the Authority shall hold the Amended 2008A Notes, the Company 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 Gross Revenue.

Except as otherwise provided by the Qualified Entity Indenture, so long as there are any Outstanding Notes, no Additional Notes, Future RD Notes or other obligations pledging any portion of the Gross Revenue shall be authorized, executed or issued by the Company except such as shall be made subordinate and junior in all respects to the Notes, unless all of the Outstanding Notes are redeemed, retired or defeased pursuant to the Qualified Entity Indenture coincidentally with the delivery of such additional Notes, Future RD Notes or other obligations.

Satisfaction and Discharge; Defeasance

All rights and obligations of the Company under the Qualified Entity Indenture shall terminate, and such instrument shall cease to be of further effect, and the Trustee shall execute and deliver all appropriate instruments evidencing and acknowledging the satisfaction of the Qualified Entity Indenture, and shall assign and deliver to the Company any moneys and investments held by the Trustee thereunder (except moneys or investments held by the Trustee for the payment of principal of, interest on, or premium, if any, on the Notes) when

- (i) all fees and expenses of the Trustee shall have been paid;
- (ii) the Company shall have performed all of its covenants and promises in the Qualified Entity Indenture; and
- (iii) all Notes theretofore authenticated and delivered (1) have become due and payable, or (2) are to be retired or called for redemption under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee at the expense of the Company, or (3) have been delivered to the Trustee cancelled or for cancellation; and, in the case of (1) and (2) above, there shall have been deposited with the Trustee either cash in an amount which shall be sufficient, or Government Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee, shall be sufficient, to pay when due the principal or redemption price, if applicable, and interest due and to become due on the Secured Notes prior to the redemption date or maturity date thereof, as the case may be.

Any Note shall be deemed to be paid and no longer outstanding within the meaning of the Qualified Entity Indenture when (i) payment of the principal of and premium, if any, on such Note, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein) either (1) shall have been made or caused to be made in accordance with the terms thereof, or (2) shall have been provided for by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment, (A) moneys sufficient to make such payment or (B) Government Obligations maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and (ii) all necessary and proper fees, compensation, indemnities and expenses of the Trustee and the Company pertaining to the Notes with respect to which such deposit is made shall have been paid or the payment thereof provided for. At such time as a Note shall be deemed to be paid, such Secured Note shall no longer be secured by or entitled to the benefits of the Qualified Entity Indenture, except for the purposes of any such payment from such moneys or Government Obligations.

APPENDIX D

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This CONTINUING DISCLOSURE UNDERTAKING AGREEMENT (the “Agreement”) is executed and delivered by the EDWARDSVILLE WATER CORPORATION (the “Obligor”), in connection with the issuance by the INDIANA BOND BANK (the “Issuer”) of its Taxable Water Utility Refunding Revenue Bonds, Series 2012A-1 (Edwardsville Water Corporation), in the aggregate principal amount of \$1,555,000 and Water Utility Refunding Revenue Bonds, Series 2012A-2 (Edwardsville Water Corporation), in the aggregate principal amount of \$2,085,000 (collectively, the “Bonds”). The Bonds are being issued pursuant to the Trust Indenture dated as of February 1, 2012, between the Issuer and The Bank of New York Mellon Trust Company, N.A., as Trustee (the “Indenture”). The Bonds will be secured, in part, by payments on the Obligor’s Taxable Secured Notes, Series 2012A-1 and Secured Notes, Series 2012A-2, each dated February 14, 2012, and issued in the principal amounts of \$1,555,000 and \$2,085,000, respectively (collectively, the “Notes”). The Obligor covenants and agrees as follows:

Section 1. Purpose of the Disclosure Agreement.

a. This Disclosure Agreement is being executed and delivered by the Obligor for the benefit of the Bondholders and the Beneficial Owners and in order to assist the Participating Underwriter in complying with subsection (d)(2) of the Rule. The Obligor acknowledges that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement and has no liability to any person, including any Bondholder or Beneficial Owner, with respect to subsection (d)(2) of the Rule.

b. In consideration of the purchase and acceptance of any and all of the Bonds by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Agreement shall be deemed to be and shall constitute a contract between the Obligor and the Bondholders and Beneficial Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Obligor shall be for the benefit of the Bondholders and Beneficial Owners of any and all of the Bonds.

c. The Obligor hereby determines that it will not be an obligated person with respect to more than \$10,000,000 in aggregate amount of outstanding municipal securities, including the Bonds and excluding municipal securities that were offered in a transaction exempt pursuant to subsection (d)(1) of the Rule.

Section 2. Definitions. In addition to the definitions set forth in the Indenture and the Lease, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings.

“Annual Report” shall mean any annual report provided by the Obligor pursuant to, and as described in, Section 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean the Obligor, or any successor Dissemination Agent appointed in writing by the Obligor and which has filed with the Obligor a written acceptance of such appointment.

“EMMA” means the Electronic Municipal Market Access system at www.emma.msrb.org, created and operated by the MSRB.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the 1934 Act.

“National Repository” shall mean any nationally recognized municipal securities information repository for purposes of the Rule. Effective July 1, 2009, the sole National Repository approved by the SEC is the MSRB through the EMMA.

“1934 Act” shall mean the Securities Exchange Act of 1934, as amended.

“Official Statement” shall mean the Official Statement for the Bonds dated February 8, 2012.

“Participating Underwriter” shall mean City Securities Corporation.

“Repository” shall mean the National Repository and the State Repository.

“Rule” shall mean Rule 15c2-12 (17 CFR Part 240, §240.15c2-12) promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

“SEC” shall mean the United States Securities and Exchange Commission.

“Securities Counsel” shall mean legal counsel expert in federal securities law.

“State” shall mean the State of Indiana.

“State Repository” shall mean any public or private repository or entity designated by the State as a state information depository for the purpose of the Rule and recognized as such by the SEC. As of the date of this Disclosure Agreement, there is no State Repository.

Section 3. Provision of Annual Reports.

a. Each year, the Obligor shall provide, or shall cause the Dissemination Agent of the Obligor to provide, not later than the date six months after the first day of the Obligor's fiscal year, commencing with the Obligor's Annual Report for its fiscal year ended December 31, 2012 to the MSRB through EMMA an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen business days (or such lesser number of days as is acceptable to the Dissemination Agent) prior to said date, the Obligor shall provide its Annual Report to its Dissemination Agent (if other than the Obligor). Currently, the Obligor's fiscal year commences on January 1. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Disclosure Agreement; provided, however, that if the audited financial statements of the Obligor are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the Obligor or in the form provided by the State on an annual basis shall be included in the Annual Report.

b. If the Obligor is unable to provide an Annual Report by the date required in subsection (a), the Obligor shall send a notice, in a timely manner, to the MSRB through EMMA, in substantially the form attached as **Exhibit A**.

c. If the Obligor's fiscal year changes, the Obligor shall send notice of such change to the MSRB through EMMA, in substantially the form attached as **Exhibit B**.

d. Whenever any Annual Report or portion thereof is filed as described above, it shall include a cover sheet in substantially the form attached as **Exhibit C**.

e. The Dissemination Agent shall, if the Dissemination Agent is other than the Obligor, file a report with the Obligor certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided.

f. In connection with providing the Annual Report, the Dissemination Agent (if other than the Obligor) is not obligated or responsible under this Disclosure Agreement to determine the sufficiency of the content of the Annual Report for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

Section 4. Content of Annual Reports. The Obligor's Annual Report shall contain or include by reference the following:

a. Audited financial statements of the Obligor for its fiscal year immediately preceding the date such Annual Report becomes available.

b. An update of the financial information and operating data relating to the Obligor of the same nature as that contained in the Official Statement under the caption "THE CORPORATION".

c. The annual report of the Obligor filed by the Obligor with the Indiana Utility Regulatory Commission (the "IURC") for its fiscal year immediately preceding the date such Annual Report becomes available and any tariffs filed by the Obligor with the IURC during such fiscal year.

Any or all of the items listed above may be included by specific reference to other documents that previously have been provided to each of the Repositories or filed with the SEC. Notwithstanding the foregoing, if the document included by reference is a final official statement, it need only be available from the MSRB. The Obligor shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

a. The Obligor shall disclose the following events to the MSRB through EMMA, within 10 business days of the occurrence of any of the following events, if material (which determination of materiality shall be made by the Obligor in accordance with the standards established by federal securities laws):

- (1) non-payment related defaults;
- (2) modifications to rights of Bondholders;
- (3) bond calls;
- (4) release, substitution or sale of property securing repayment of the Bonds;
- (5) the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the Obligor, or entry into or termination of a definitive agreement relating to the foregoing; and
- (6) appointment of a successor or additional trustee or the change of name of a trustee.

b. The Obligor shall disclose the following events to the MSRB through EMMA, within 10 business days of the occurrence of any of the following events, regardless of materiality:

- (1) principal and interest payment delinquencies;
- (2) unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) substitution of credit or liquidity providers, or their failure to perform;

- (5) defeasances;
- (6) rating changes;
- (7) adverse tax opinions or events affecting the status of the Bonds, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material events, notices or determinations with respect to the tax status of the Bonds;
- (8) tender offers; and
- (9) bankruptcy, insolvency, receivership or similar event of the Obligor.

The disclosure may be accompanied by a certificate of an authorized representative of the Obligor in the form of Exhibit D attached hereto.

c. If the Obligor determines that the occurrence of a Listed Event must be filed as set forth above, the Obligor shall promptly cause a notice of such occurrence to be filed with the MSRB through EMMA, together with a cover sheet in substantially the form attached as Exhibit C. In connection with providing a notice of the occurrence of a Listed Event described above in subsection (b)(5), the Obligor shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

d. In connection with providing a notice of the occurrence of a Listed Event, the Dissemination Agent (if other than the Obligor), solely in its capacity as such, is not obligated or responsible under this Disclosure Agreement to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

e. The Obligor acknowledges that the “rating changes” referred to above in subsection (b)(6) may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the Obligor is liable.

f. The Obligor acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the Obligor or the Issuer does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

Section 6. Termination of Reporting Obligation.

a. The Obligor’s obligations under this Disclosure Agreement shall terminate upon the legal defeasance, the prior redemption or the payment in full of all of the Bonds. If the Obligor’s obligation to pay the principal of and interest on the Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Obligor, and the Obligor shall have no further responsibility hereunder.

b. This Disclosure Agreement, or any provision hereof, shall be null and void in the event that the Obligor (i) receive an opinion of Securities Counsel, addressed to the Obligor, to the effect that those portions of the Rule, which require such provisions of this Disclosure Agreement, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) delivers notice to such effect to the MSRB through EMMA.

Section 7. Dissemination Agent. The Obligor, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Agent, with or without appointing a successor Dissemination Agent. Except as otherwise provided in this Disclosure Agreement, the Dissemination Agent (if other than the Obligor) shall not be responsible in any manner for the content of any notice or report prepared by the Obligor pursuant to this Disclosure Agreement.

Section 8. Amendment; Waiver.

a. Notwithstanding any other provisions of this Disclosure Agreement, this Disclosure Agreement may be amended, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(1) if the amendment or waiver relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the Obligor, or type of business conducted by the Obligor or in connection with the refunding plan pursuant to which the Bonds are issued;

(2) this Disclosure Agreement, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) the amendment or waiver either (A) is approved by the Bondholders in the same manner as provided in the Indenture for amendments to the Indenture with the consent of the Bondholders, or (B) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

b. In the event of any amendment to, or waiver of a provision of, this Disclosure Agreement, each Obligor shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Agreement, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to

be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Obligor from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Obligor chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Obligor shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Failure to Comply. In the event of a failure of the Obligor or its Dissemination Agent (if other than the Obligor) to comply with any provision of this Disclosure Agreement, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the Obligor or the Dissemination Agent (if other than the Obligor) under this Disclosure Agreement, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Disclosure Agreement shall not constitute a default with respect to the Bonds or under the Lease. Notwithstanding the foregoing, if the alleged failure of the Obligor to comply with this Disclosure Agreement is the inadequacy of the information disclosed pursuant hereto, then the Bondholders and the Beneficial Owners (on whose behalf a Bondholder has not acted with respect to this alleged failure) of not less than twenty percent (20%) of the aggregate principal amount of the then outstanding Bonds must take the actions described above before the Obligor shall be compelled to perform with respect to the adequacy of such information disclosed pursuant to this Disclosure Agreement.

Section 11. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Obligor, the Dissemination Agent, the Participating Underwriter, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

Section 13. Transmission of Information and Notices. Unless otherwise required by law or this Disclosure Agreement, and, in the sole determination of the Obligor or its Dissemination Agents, as applicable, subject to technical and economic feasibility, the Obligor or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of such information and notices.

Section 14. Additional Disclosure Obligations. The Obligor acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the Obligor, and that under some circumstances, compliance with this Disclosure Agreement,

without additional disclosures or other action, may not fully discharge all duties and obligations of the Obligor under such laws.

Section 15. Governing Law. This Disclosure Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Agreement shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Agreement addresses matters of federal securities laws, including the Rule, this Disclosure Agreement shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

Section 16. Severability. If any portion of this Disclosure Agreement is held or deemed to be, or is, invalid, illegal, inoperable or unenforceable, the validity, legality, operability or enforceability of the remaining portions of this Disclosure Agreement shall not be affected, and this Disclosure Agreement shall be construed as if it did not contain such invalid, illegal, inoperable or unenforceable portion.

Signature Page to Continuing Disclosure Undertaking Agreement

EDWARDSVILLE WATER CORPORATION

By: _____
Dale Lafferre, President

ATTEST:

Richard A. Riley,
Secretary

EXHIBIT A

NOTICE TO THE NATIONAL REPOSITORY AND
TO THE STATE REPOSITORY, OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Indiana Bond Bank

Name of Bond Issue: Taxable Water Utility Refunding Revenue Bonds, Series 2012A-1 (Edwardsville Water Corporation) and Water Utility Refunding Revenue Bonds, Series 2012A-2 (Edwardsville Water Corporation)

Name of Obligor: Edwardsville Water Corporation

Date of Bonds: February 14, 2012

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Undertaking Agreement with respect to the Bonds. The Obligor anticipates that the Annual Report will be filed by _____.

EDWARDSVILLE WATER CORPORATION

By _____

Its _____

Dated: _____

EXHIBIT B

NOTICE TO THE NATIONAL REPOSITORY AND
TO THE STATE REPOSITORY, OF CHANGE IN OBLIGOR'S FISCAL YEAR

Name of Issuer: Indiana Bond Bank

Name of Bond Issue: Taxable Water Utility Refunding Revenue Bonds, Series 2012A-1 (Edwardsville Water Corporation) and Water Utility Refunding Revenue Bonds, Series 2012A-2 (Edwardsville Water Corporation)

Name of Obligor: Edwardsville Water Corporation

Date of Bonds: February 14, 2012

NOTICE IS HEREBY GIVEN that the Obligor's fiscal year has changed. Previously the Obligor's fiscal year ended on December 31. It now ends on _____.

EDWARDSVILLE WATER CORPORATION

By _____

Its _____

Dated: _____

EXHIBIT C

**MUNICIPAL SECONDARY MARKET
DISCLOSURE INFORMATION COVER SHEET**

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, and any applicable State Information Depository pursuant to Securities and Exchange Commission rule 15c2-12 or any analogous state statute.

Issuer's and/or Other Obligated Person's Name: _____

CUSIP Numbers (attach additional sheet if necessary):

Nine-digit number(s) to which the information relates:

Information relates to **all securities** issued by the issuer having the following six-digit numbers(s):

Number of pages of attached information: _____

Description of Material Event Notice / Financial Information (Check One):

1. _____ Principal and interest payment delinquencies
2. _____ Non-payment related defaults
3. _____ Unscheduled draws on debt service reserves reflecting financial difficulties
4. _____ Unscheduled draws on credit enhancements reflecting financial difficulties
5. _____ Substitution of credit or liquidity providers, or their failure to perform
6. _____ Adverse tax opinions or events affecting the tax-exempt status of the security
7. _____ Modifications to rights of security holders
8. _____ Bond calls
9. _____ Defeasances
10. _____ Release, substitution, or sale of property securing repayment of the securities
11. _____ Rating changes
12. _____ Failure to provide annual financial information as required
13. _____ Other material event notice (specify)
- *14. _____ Financial information: Please check all appropriate boxes:

CAFR: (a) includes does not include Annual Financial Information
(b) Audited? Yes No

Annual Financial Information: Audited? Yes No

Operating Data

Fiscal Period Covered: _____

*Financial information **should not** be filed with the MSRB.

I hereby represent that I am authorized by the Issuer or the Obligated Person, or its agent to distribute this information publicly:

Signature: _____

Name: _____ Title _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

EXHIBIT D
CERTIFICATE RE: MATERIAL EVENT DISCLOSURE

The undersigned, on behalf of the Edwardsville Water Corporation, as Obligor under the Continuing Disclosure Undertaking Agreement, dated February 14, 2012 (the "Agreement"), hereby certifies that the information enclosed herewith constitutes notice of the occurrence of a material event which is required to be provided pursuant to Section 5 of the Agreement.

Dated: _____

EDWARDSVILLE WATER CORPORATION

By: _____

Name: _____

Title: _____