

[COMMENT1]CITY OF ROCKPORT, INDIANA  
WATERWORKS REFUNDING REVENUE BONDS OF 2005

PURCHASE CONTRACT

The Members of the Common Council  
City of Rockport, City Hall  
Rockport, Indiana

Dear Members of the Common Council:

The undersigned, City Securities Corporation ("Underwriter"), hereby offers to enter into the following agreement with the City of Rockport, Indiana ("City") which, upon acceptance of this offer, will be binding upon the City and the Underwriter. This offer is made subject to acceptance on or before 5:00 p.m., Eastern Standard Time, March 21, 2005.

1. Upon the terms and conditions and upon the basis of the respective representations and covenants hereafter set forth, the Underwriter hereby agrees to purchase from the City, and the City hereby agrees to sell to the Underwriter all, but not less than all, of the City's Waterworks Refunding Revenue Bonds of 2005 ("Bonds"). The Bonds shall accrue interest from April 12, 2005, and shall mature annually on October 1 in the years and in such amounts, bear interest at such rates and be subject to redemption, all as set forth in Schedule A attached hereto and made a part hereof.

2. The purchase price of the Bonds shall be \$1,561,225 (which is \$1,585,000, the original principal amount of the Bonds less \$23,775 in underwriter's discount).

3. The Bonds shall be authorized and secured by, and issued under, a Bond Ordinance drafted by Ice Miller, Indianapolis, Indiana, Bond Counsel, and approved by the Underwriter.

4. The City hereby authorizes a Preliminary Official Statement and a final Official Statement (collectively, "Official Statement") prepared for and on behalf of the City and other documents to be used in connection with the public offering and sale of the Bonds.

5. The City, at its expense, shall furnish the Underwriter with a sufficient number of copies, as agreed upon between the City and the Underwriter, of an Official Statement, within seven (7) business days, as required in connection with the sale by the Underwriter of the Bonds. Copies in addition to the number agreed upon will be provided at the Underwriter's expense.

6. The Bonds, registered in the name of Cede & Co. shall be delivered to the Underwriter at the offices of The Depository Trust Company in New York, New York, on April 12, 2005, at which time the Underwriter agrees to pay the purchase price in full. Such delivery and payment is referred to as the "Closing." The Bonds will be made available to J.P.

Morgan Trust Company, National Association, in Indianapolis, Indiana, the registrar and paying agent bank, for checking and packaging at least two (2) business days prior to the Closing.

7. The Underwriter shall have the right to cancel its obligation to purchase the Bonds if between the date hereof and the date of Closing, (i) (a) legislation shall be introduced in Congress, or enacted or actively considered for enactment by the Congress, or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of the Congress by any committee of such House, or (b) a decision by a Federal Court of the United States or the United States Tax Court shall be rendered, or a ruling or regulation by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed with respect to Federal taxation upon revenues or other income to be derived by the City or upon interest on obligations of the general character of the Bonds, or (c) other action or events shall have occurred or transpired, any of which has the purpose or effect, directly or indirectly, of materially adversely affecting the Federal or Indiana income tax or other Indiana tax consequences of any of the transactions contemplated in connection herewith, and in the reasonable judgment of the Underwriter materially adversely affects the market for the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds at the contemplated offering price, or (ii) there shall exist in the reasonable judgment of the Underwriter any fact or any event shall have occurred which either (a) makes untrue or incorrect any statement of a material fact or material information contained in the Official Statement, or (b) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect, or (iii) there shall have occurred any outbreak of hostilities or any national or international calamity or crisis, including a financial crisis, the effect of which on the financial markets of the United States being such as would in the reasonable judgment of the Underwriter materially adversely affect the market for the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds at the contemplated offering price, or (iv) there shall be in force a general suspension of trading on the New York Stock Exchange or a general banking moratorium shall have been declared by Federal, Indiana or New York authorities, the effect of which would, in the reasonable judgment of the Underwriter, materially adversely affect the market for the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds at the contemplated offering prices, or (v) there shall have occurred, since the date hereof, any material adverse change in the affairs of the City from that reflected in the financial statements of the City contained in the Official Statement.

8. The City hereby represents and warrants to the Underwriter that:

(a) It is authorized by law to enter into this Purchase Contract and the documents herein referred to and to perform all of its obligations to consummate the transactions contemplated hereby and thereby;

(b) The information contained in the Official Statement as of the Closing will be complete and correct in all material respects and does not and will not contain any untrue statement of a material fact and does not and will not omit a material fact required

or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(c) The City has not been in default as to principal and interest payments on any securities at any time after December 31, 1975.

The City agrees that it shall take all necessary action to authorize the execution and delivery of, and shall execute and deliver the Bonds, the Bond Ordinance and any and all other agreements, certificates, and documents as may be required to consummate the transactions contemplated hereby and by the Official Statement.

Any certificate signed by an authorized officer of the City and delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to statements made therein.

9. The obligations of the Underwriter hereunder shall be subject to:

(a) The performance by the City of its obligations to be performed hereunder at and prior to the Closing;

(b) The accuracy of the warranties and representations of the City; and

(c) Delivery to the Underwriter of executed counterparts of the following documents in such number as shall be reasonably required and in form and substance satisfactory to the Underwriter:

(i) The Bond Ordinance;

(ii) A Continuing Disclosure Undertaking Agreement;

(iii) The unqualified approving opinion of Bond Counsel in the form set forth in the Official Statement, dated the date of Closing; and

(iv) Such additional legal opinions, bonds, proceedings, and such other documents, including references to the provisions of the Internal Revenue Code of 1986, as amended, as Bond Counsel or the Underwriter may reasonably request to evidence compliance by the City with legal requirements, the truth and accuracy of their representations herein, the accuracy and completeness of the Official Statement as of the Closing and the due performance or satisfaction by the City at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the City.

10. The City shall pay, or cause to be paid, from the proceeds of the sale of the Bonds, or other sources, the fees and disbursements of Bond Counsel, the fees and disbursements of the City's legal counsel and financial advisor, the cost of the preparing and printing of the Official Statement, the fees of any rating agency, any insurance premiums, the cost of printing

and delivery of definitive Bonds and any other costs and expenses of the issuance and delivery of the Bonds. The Underwriter shall pay the cost of advertising the Bonds and all other expenses incurred by them in connection with their offering and distribution of the Bonds.

11. All representations, warranties, and agreements of the City shall remain in full force and effect regardless of any investigations made by or on behalf of the Underwriter and shall survive the Closing.

12. Any notice or other communication to be given to the City shall be given by delivering the same in writing at the address set forth above, and any notice or other communication to be given to the Underwriter shall be given in writing to City Securities Corporation, 30 South Meridian Street, Suite 600, Indianapolis, Indiana 46204.

This Purchase Contract is made solely for the benefit of the parties hereto, and no other person, including any holders of the Bonds, shall acquire or have any right hereunder or by virtue hereof.

The approval and acceptance of this offer by the City, as evidenced by the execution of the acceptance clause below, shall cause this document to constitute a contract for the sale by the City and the purchase by the Underwriter of the herein described Bonds, subject to and in accordance with the terms and conditions herein outlined and established.

Respectfully submitted,

CITY SECURITIES CORPORATION

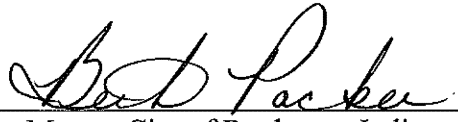
By: \_\_\_\_\_

Printed: \_\_\_\_\_

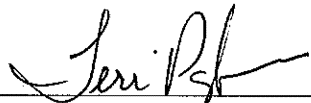
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Accepted this 21<sup>st</sup> day of March, 2005, as authorized by action of the Common Council of the City of Rockport, Indiana.

CITY OF ROCKPORT, INDIANA

By:   
Mayor, City of Rockport, Indiana

ATTEST:

  
Clerk-Treasurer, City of Rockport, Indiana

## SCHEDULE A

### Amounts, Maturities and Interest Rates

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2005	\$25,000	2.25%	2015	\$70,000	4.30
2006	50,000	2.65	2016	75,000	4.40
2007	50,000	3.00	2017	80,000	4.50
2008	50,000	3.25	2018	85,000	4.60
2009	55,000	3.50	2019	90,000	4.70
2010	55,000	3.75	2020	90,000	4.75
2011	60,000	3.90	2021	100,000	4.80
2012	60,000	4.00	2022	105,000	4.90
2013	65,000	4.10	2025	350,000	5.00
2014	70,000	4.20			

### Optional Redemption Provisions

Bonds maturing on and after April 1, 2016, are redeemable at the option of the City on October 1, 2015, or any date thereafter, on thirty (30) days' notice, in whole or in part, in the order of maturity as determined by the City and by lot within a maturity, at par, plus accrued interest to the date fixed for redemption.

### Mandatory Sinking Fund Redemption

The Bonds maturing on October 1, 2025 are subject to mandatory sinking fund redemption prior to maturity, at a redemption price equal to the principal amount thereof plus accrued interest, on October 1 in the years and in the amounts set forth below:

#### 2025 Term Bond

<u>Year</u>	<u>Amount</u>
2023	\$110,000
2024	115,000
2025*	125,000

\* Final Maturity