ORDINANCE NO. 2008- 3

AN ORDINANCE AUTHORIZING THE CITY OF ROCKPORT, INDIANA TO ISSUE ITS "POLLUTION CONTROL REVENUE REFUNDING BONDS (INDIANA MICHIGAN POWER COMPANY PROJECT), SERIES D," IN THE AGGREGATE PRINCIPAL AMOUNT OF $40,000,000 AND APPROVING AND AUTHORIZING OTHER ACTIONS IN RESPECT THERETO.

WHEREAS, the City of Rockport, Indiana (the "Issuer") is authorized by Indiana Code 36-7-11.9 and 36-7-12 (collectively, the "Act") and by Indiana Code 5-1-5 to issue revenue bonds for the financing of pollution control facilities and to issue revenue bonds to refund and refinance such revenue bonds; and

WHEREAS, Indiana Michigan Power Company (formerly Indiana & Michigan Electric Company) (the "Company") previously initiated the acquisition, construction, installation and equipping of certain pollution control facilities (the "Project") at the Company's Rockport Generating Station, and a portion of the Project was financed and refinanced through the currently outstanding Forty Million Dollars ($40,000,000) City of Rockport, Indiana, Pollution Control Revenue Refunding Bonds (Indiana Michigan Power Company Project), Series C (the "Series C Bonds"); and

WHEREAS, the Company has advised the Issuer that the Company proposes that the Issuer issue pollution control revenue refunding bonds in the aggregate principal amount of Forty Million Dollars ($40,000,000) (the "Series D Bonds") for the purpose of refunding and refinancing the outstanding Series C Bonds; and

WHEREAS, it would appear that such refunding and refinancing of the Series C Bonds would be of public benefit to the health, safety and general welfare of the Issuer and its citizens and complies with the purposes and provisions of the Act and Indiana Code 5-1-5; and

WHEREAS, substantially final forms of a Third Supplemental Indenture of Trust, a Third Amendment to Agreement of Sale, a Bond Purchase Agreement, an Inducement Letter, and a form of City of Rockport, Indiana, Pollution Control Revenue Refunding Bond (Indiana Michigan Power Company Project), Series D (hereinafter collectively referred to as the "Financing Documents"), and a Preliminary Official Statement relating to the Series D Bonds (the "Preliminary Official Statement"), all relating to the sale and issuance of the Series D Bonds in the principal amount of Forty Million Dollars ($40,000,000) have been submitted to and reviewed by the Issuer;

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF ROCKPORT, INDIANA:

SECTION 1.   It is hereby found that the financing referred to in the Financing Documents consisting of the issuance of the Series D Bonds to refund and refinance the Series C Bonds will be of benefit to the health and general welfare of the Issuer and its citizens and does comply with the purposes and provisions of the Act.

SECTION 2.   The forms of the Financing Documents and the Preliminary Official Statement are hereby approved and all such documents shall be inserted in the minutes of the Common Council of the Issuer (the "Common Council") and kept on file by the Clerk-Treasurer of the Issuer (the "Clerk-Treasurer").   Two (2) copies of the Financing Documents and the Preliminary Official Statement are on file in the office of the Clerk-Treasurer for public inspection.

SECTION 3.   Rule 15c2-12(b)(1) of the Securities Exchange Act of 1934, as amended (the "SEC Rule"), provides that, prior to the time a participating underwriter bids for, purchases, offers or sells municipal securities, the participating underwriter shall obtain and review an

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official statement that an issuer of such securities deems final as of its date, except for the omission of no more than the following information: the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the securities depending on such matters. The Mayor of the Issuer (the "Mayor"), the Clerk-Treasurer or any other officer of the Issuer familiar with the matters with respect to the Issuer set forth in the Preliminary Official Statement is hereby authorized to certify to the purchaser or purchasers of the Series D Bonds (the "Purchaser") that the information in the Preliminary Official Statement with respect to the Issuer is deemed to be final within the meaning of the SEC Rule prior to the distribution of the Preliminary Official Statement.

SECTION 4. The Issuer shall issue its Series D Bonds in the aggregate principal amount of Forty Million Dollars ($40,000,000) for the purpose of refinancing the outstanding Forty Million Dollars ($40,000,000) principal amount of the Series C Bonds. The Series D Bonds will be payable as to principal, premium, if any, interest and purchase price solely from the payments made by the Company under an Agreement of Sale dated as of June 1, 1980, as amended, and as to be further amended by the Third Amendment to Agreement of Sale (as so amended, the "Agreement"), in the principal amount equal to the aggregate principal amount of the Bonds issued, which Agreement evidences and secures said loan, and as otherwise provided in the above described Financing Documents. The Series D Bonds shall never constitute a general obligation of, an indebtedness of, or charge against the general credit of the Issuer.

SECTION 5. The Clerk-Treasurer is authorized and directed to sell and deliver the Series D Bonds to the Purchaser designated in the Bond Purchase Agreement at a price equal to the aggregate principal amount thereof, plus accrued interest, if any, at a per annum rate of interest to be determined as set forth in the Financing Documents, but with an initial rate not to
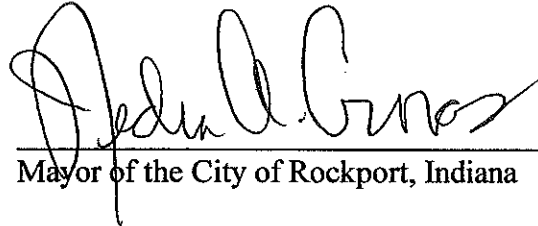
exceed eight percent (8.0%), and including a premium or discount not to exceed five percent (5.0%) of the par amount thereof. The use of an Official Statement in substantially the same form as the Preliminary Official Statement approved herein is approved for use and distribution by the Purchaser and its agents in connection with the marketing and sale of the Series D Bonds.

SECTION 6. The Mayor and the Clerk-Treasurer are authorized and directed to execute those Financing Documents approved herein which require the signature of the Mayor and the Clerk-Treasurer and any other document which may be necessary or desirable to consummate the transaction, and their execution is hereby confirmed, on behalf of the City of Rockport. The signatures of the Mayor and the Clerk-Treasurer on the Series D Bonds may be facsimile signatures. The Clerk-Treasurer is authorized to arrange for the delivery of the Series D Bonds to the Purchaser thereof, payment for which will be made in the manner set forth in the Financing Documents. The Mayor and the Clerk-Treasurer may by their execution of the Financing Documents requiring their signatures and imprinting of their facsimile signatures on the Bonds or their manual signatures thereof approve changes therein and also in those Financing Documents which do not require the signature of the Mayor and/or the Clerk-Treasurer without further approval of this Common Council if such changes do not affect terms set forth in this Ordinance and the Financing Documents pursuant to Indiana Code 36-7-12-27(a)(1) through (a)(10).

SECTION 7. The provisions of this Ordinance and the Financing Documents shall constitute a contract binding between the Issuer and the holder or holders of the Series D Bonds and after the issuance of said Series D Bonds this Ordinance shall not be repealed or amended in any respect which would adversely affect the right of such holder or holders so long as said Series D Bonds or the interest thereon remains unpaid.

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SECTION 8.   This Ordinance shall be in full force and effect upon adoption and compliance with Indiana Code 36-4-6-14.

The foregoing was passed by the Common Council this 7th day of April, 2008, at 8:05 p.m.

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Mayor of the City of Rockport, Indiana

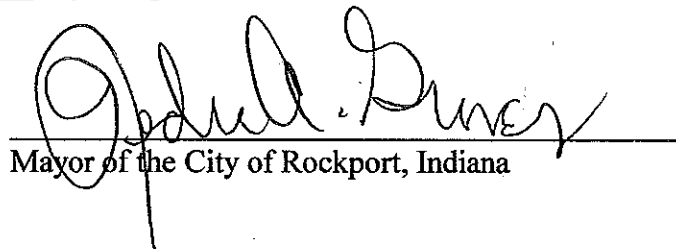ATTEST:

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Clerk-Treasurer

Presented by me to the Mayor this 7th day of April, 2008, at 8:06 p.m.

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Clerk-Treasurer of the City of Rockport, Indiana

Approved and signed by me this 7th day of April, 2008.

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Mayor of the City of Rockport, Indiana