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NEW ISSUE
Book-Entry-Only

Programmatic Rating: Standard & Poor's Corporation "AA+"

***This Preliminary Official Statement is deemed "nearly final"
and is dated April 5, 2013***

In the opinion of TWPeterson Law Office, Indianapolis, Indiana under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended, for federal income tax purposes. Such exclusion is conditioned on continuing compliance with the Tax Covenants (hereinafter defined). In the opinion of TWPeterson Law Office, Indianapolis, Indiana, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is exempt from income taxation in the State of Indiana. The Bonds have been designated qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986. See "TAX MATTERS" herein.

\$4,000,000
MICHIGAN CITY AREA SCHOOLS
LaPorte and Porter Counties, Indiana
GENERAL OBLIGATION BONDS OF 2013

Original Date: Date of Delivery (Anticipated to be April 30, 2013)

Due: January 15 and July 15, as shown below

Michigan City Area Schools (the "School Corporation") is issuing \$4,000,000 of General Obligation Bonds of 2013 (the "Bonds") for the purpose of providing funds to pay the total cost of two separate and distinct projects: the renovation of, improvements to and equipment for Michigan City High School (the "High School Project") and the renovation of, improvements to and equipment for Elston Middle School (the "Middle School Project") (collectively, the "Projects"), and to pay issuance costs.

The Bonds will be issued as provided in the Bond Resolution adopted by the Board of School Trustees on March 14, 2013 (the "Bond Resolution" or "Resolution"). The Bonds are payable from ad valorem property taxes levied on all taxable property within the School Corporation as more fully described in this Official Statement. The total indebtedness of the School Corporation subject to the statutory debt limit, including the Bonds, amounts to less than two percent of one third of the net assessed valuation of the School Corporation, as required by the statutes of the State of Indiana.

The Bonds will be issued only as fully registered bonds, and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). Purchases of beneficial interests in the Bonds will be made in book-entry-only form in the denomination of \$5,000 or any integral multiples thereof. Purchasers of beneficial interests in the Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interests in the Bonds. Interest on the Bonds will be payable semiannually on January 15 and July 15 of each year, beginning July 15, 2014. Principal and interest will be disbursed on behalf of the School Corporation by U.S. Bank National Association, in Indianapolis, Indiana (the "Registrar" and "Paying Agent"). Interest on the Bonds will be paid by check, mailed one business day prior to the interest payment date or by wire transfer to depositories. The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of the Paying Agent. Interest on, together with the principal of, the Bonds will be paid directly to DTC by the Paying Agent so long as DTC or its nominee is the registered owner of the Bonds. The final disbursement of such payments to the Beneficial Owners of the Bonds will be the responsibility of the DTC Participants and the Indirect Participants. See "BOOK-ENTRY-ONLY SYSTEM". The Bonds are not subject to optional redemption prior to maturity. The Bonds may be issued as "Term Bonds" at the Underwriter's (hereinafter defined) discretion and subject to mandatory sinking fund redemption as more fully described herein.

MATURITY SCHEDULE
(Base CUSIP* _____)

<u>Maturity</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
July 15, 2014	\$615,000				January 15, 2016	\$675,000			
January 15, 2015	665,000				July 15, 2016	685,000			
July 15, 2015	670,000				January 15, 2017	690,000			

*Copyright 2013, American Bankers Association. CUSIP data herein provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc.

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

INFORMATION FOR BIDDING

Date and Time of Sale: Upon 24 hours' notice. Anticipated to take place on April 16, 2013, at 11:00 a.m. (EDT)

Place of Sale: Umbaugh, 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240

Maximum Interest Rate: 4.0%

Maximum Discount: 0.50% (\$20,000)

Multiples: 1/8, 1/20, or 1/100 of 1%, non-descending

Anticipated Closing Date: April 30, 2013

Good Faith Deposit: \$40,000 certified or cashier's check or wire transfer submitted by the winning bidder no later than 3:30 p.m. (EDT) on the business day following the award

Method of Bidding: Electronic bidding by *PARITY*® or traditional bidding

Basis of Award: Net Interest Cost (NIC)

NO BID WILL BE CONSIDERED WHICH RESULTS IN MORE THAN \$4,000,000 BEING PAID TO MICHIGAN CITY AREA SCHOOLS AT CLOSING.

For a complete description of terms and conditions for bidding, please refer to the next section of this Official Statement (Appendix i) for the Notice of Intent to Sell Bonds.

The Bonds are being offered for delivery when, as and if issued and received by the Underwriter (hereinafter defined) and subject to the approval of legality by TWPeterson Law Office, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed on by Mr. William Kaminski, Newby Lewis Kaminski & Jones LLP, as Attorney for the School Corporation. The Bonds are expected to be available for delivery to DTC, in New York, New York on or about April 30, 2013.

IN CONNECTION WITH THIS OFFERING THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 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.

No dealer, broker, salesman or other person has been authorized by the School Corporation to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the School Corporation. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities described herein by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the School Corporation and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinions 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 School Corporation since the date of delivery of the securities described herein to the initial purchaser thereof. However, upon delivery of the securities, the School Corporation will provide a certificate stating there have been no material changes in the information contained in the Final Official Statement, since its delivery.

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- i Notice of Intent to Sell Bonds
- A General Information
- B Bond Resolution
- C Legal Opinion
- D Continuing Disclosure Undertaking

PROJECT PERSONNEL

Names and positions of officials and others who have taken part in the planning of the project and this bond issue are:

Board of School Trustees

Donald J. Dulaney, President
James L. Kintzele, Sr., Vice President
Beth Pishkur, Secretary
Beryle Burgwald
Deborah Chubb
Marty Corley
Dr. J. Jeffrey Jones

Superintendent

Dr. Barbara Eason-Watkins

Assistant Superintendent

Xavier Botana

Business Manager/
Chief Financial Officer

Lance Werner

School Corporation Attorney

William S. Kaminski
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916 Lincolnway Street
P.O. Box 1816
LaPorte, Indiana 46350

Bond Counsel

Thomas W. Peterson
TWPeterson Law Office
3535 East 96th Street, Suite 126
Indianapolis, Indiana 46240

Financial Advisor

Todd A. Samuelson
H.J. Umbaugh & Associates
Certified Public Accountants, LLP
112 IronWorks Avenue, Suite C
Mishawaka, Indiana 46544

This introduction to the Official Statement contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

PRELIMINARY OFFICIAL STATEMENT

\$4,000,000

MICHIGAN CITY AREA SCHOOLS LaPorte and Porter Counties, Indiana GENERAL OBLIGATION BONDS OF 2013

INTRODUCTION TO THE OFFICIAL STATEMENT

Michigan City Area Schools (the “School Corporation”) is issuing \$4,000,000 of General Obligation Bonds of 2013 (the “Bonds”).

SECURITY AND SOURCES OF PAYMENT

The Bonds are payable from ad valorem property taxes to be levied on all taxable property within the School Corporation.

CIRCUIT BREAKER TAX CREDIT

Indiana Code Title 6, Article 1.1, Chapter 20.6 provides taxpayers with a tax credit for all property taxes in an amount that exceeds the gross assessed value of real and personal property eligible for the credit (“Circuit Breaker Tax Credit”). If applicable, the Circuit Breaker Tax Credit will result in a reduction of property tax collections for each political subdivision in which the Circuit Breaker Tax Credit is applied. The legislation requires local governments to fund their debt service obligations regardless of any property tax revenues shortfalls due to the Circuit Breaker Tax Credit. The State may intercept funds to pay debt service. (See “Intercept Program” and “Circuit Breaker Tax Credit” herein).

PURPOSE

The School Corporation is issuing \$4,000,000 of General Obligation Bonds of 2013 for the purpose of providing funds to pay the total cost of two separate and distinct projects: the renovation of, improvements to and equipment for Michigan City High School (the “High School Project”) and the renovation of, improvements to and equipment for Elston Middle School (the “Middle School Project”) (collectively, the “Projects”), and to pay issuance costs. Funding for the Projects will be provided from proceeds of the Bonds.

REDEMPTION PROVISIONS

The Bonds are not subject to optional redemption prior to maturity. The Bonds may be issued as Term Bonds at the discretion of the Underwriter and in that case, would be subject to mandatory sinking fund redemption as more fully described herein.

DENOMINATIONS

The Bonds are being issued in the denomination of \$5,000 or integral multiples thereof.

REGISTRATION AND EXCHANGE FEATURES

Each registered bond shall be transferable or exchangeable only on such record at the principal corporate trust office of the Registrar and Paying Agent, U.S. Bank National Association, at the written request of the registered owner thereof or his attorney duly authorized in writing upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. A further description of the registration and exchange features of the Bonds can be found in the Bond Resolution.

BOOK-ENTRY-ONLY SYSTEM

The Bonds shall initially be issued and held in book-entry form on the books of the central depository system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Bond certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC. The School Corporation and the Registrar and Paying Agent may deem and treat the Clearing Agency (Cede & Co.) as the absolute owner and holder of such Bond for all purposes including, without limitation, the receiving of payment of the principal of, premium, if any, and interest on such Bonds, the receiving of notice and the giving of consent. Interest payable July 15, 2014, and semiannually thereafter, will be paid by check mailed one business day prior to the interest payment date to the registered owner or by wire transfer on the interest payment date to the depository shown as the registered owner (Refer to "Book-Entry-Only System" herein).

PROVISIONS FOR PAYMENT

The principal on the Bonds shall be payable at the principal corporate trust office of the Registrar and Paying Agent, or by wire transfer to DTC or any successor depository. All payments of interest on the Bonds shall be paid by check, mailed one business day prior to the interest payment date to the registered owners as the names appear as of the fifteenth day immediately preceding the interest payment date and at the addresses as they appear on the registration books kept by the Registrar or at such other address as is provided to the Registrar or by wire transfer to DTC or any successor depository. If payment of principal or interest is made to DTC or any successor depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall be instructed to wire transfer payments by 1:00 p.m. (New York City time) so such payments are received at the depository by 2:30 p.m. (New York City time). Payments on the Bonds shall be made in lawful money of the United States of America, which, on the date of such payment, shall be legal tender.

So long as DTC or its nominee is the registered owner of the Bonds, principal and interest on the Bonds will be paid directly to DTC by the Paying Agent. (The final disbursement of such payments to the Beneficial Owners of the Bonds will be the responsibility of the DTC Participants and Indirect Participants, as defined and more fully described herein.)

NOTICES

Notice of redemption shall be mailed to the registered owners of all Bonds, not less than 30 days prior to the date fixed for redemption.

TAX MATTERS

In the opinion of TWPeterson Law Office, Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes. Such exclusion is conditioned on continuing compliance with the Tax Covenants, hereinafter defined. In the opinion of TWPeterson Law Office, interest on the Bonds is exempt from income taxation in the State of Indiana. See Appendix C.

The School Corporation has designated the Bonds as qualified tax-exempt obligations to qualify for the \$10,000,000 exception from the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986 relating to the disallowance of 100% of the deduction for interest expense allocable to tax-exempt obligations.

MISCELLANEOUS

The information contained in this Official Statement has been compiled from School Corporation officials and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, it is believed to be correct as of this date. However, the Official Statement speaks only as of its date, and the information contained herein is subject to change.

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights and

obligations of the owners thereof. Additional information may be requested from Lance Werner, Business Manager/ Chief Financial Officer, Michigan City Area Schools, 408 South Carroll Avenue, Michigan City, Indiana 46360, phone (219) 873-2000, ext. 8343.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the owners of the Bonds.

THE PROJECTS

PROJECT DESCRIPTIONS

The renovations and improvements of the High School Project include but are not limited to roof repair and replacement at Michigan City High School.

The renovations and improvements of the Middle School Project include but are not limited to roof repair and replacement at Elston Middle School.

CONSTRUCTION PROGRAMS

Construction bids for the Projects are to be received in May, 2013. Construction of the Projects will begin in June, 2013. Construction for the High School Project is anticipated to be completed by November, 2013. Construction for the Middle School Project is anticipated to be completed by October, 2013.

ESTIMATED SOURCES AND USES OF FUNDS

Estimated Sources of Funds

General Obligation Bonds of 2013	\$4,000,000
Total Estimated Sources of Funds	\$4,000,000

Estimated Uses of Funds

High School Project Construction Costs	\$1,950,000
Middle School Project Construction Costs	1,950,000
Allowance for Underwriter's Discount (0.50%)	20,000
Costs of Issuance	80,000
Total Estimated Uses of Funds	\$4,000,000

SCHEDULE OF AMORTIZATION OF \$4,000,000 PRINCIPAL AMOUNT
OF GENERAL OBLIGATION BONDS OF 2013

<u>Payment Date</u>	<u>Principal Outstanding</u> (-----In Thousands-----)	<u>Principal</u>	<u>Interest Rates</u> (%)	<u>Interest</u>	<u>Total</u>	<u>Budget Year Total</u>
07/15/2014	\$4,000	\$615				
01/15/2015	3,385	665				
07/15/2015	2,720	670				
01/15/2016	2,050	675				
07/15/2016	1,375	685				
01/15/2017	690	690				
Totals		\$4,000				

SECURITIES BEING OFFERED

AUTHORIZATION AND APPROVAL PROCESS

The Bonds are to be issued under the authority of Indiana law, including, without limitation, Indiana Code Title 20, Article 48, Chapter 1, and all the laws amendatory thereof and supplemental thereto and pursuant to the Bond Resolution (Appendix B) adopted by the Michigan City Area Schools Board of School Trustees on March 14, 2013.

Pursuant to Indiana State Statute, projects that are considered controlled projects are subject to certain public approval procedures. A controlled project is one that is financed by a bond or lease, is payable by property taxes and costs more than the lesser of (a) \$2 million or (b) the greater of 1% of gross assessed value, if that amount is at least \$1 million. The exceptions for a controlled project are (a) when property taxes are used only as a back-up to enhance credit, (b) when a project is being refinanced to generate taxpayer savings, (c) when the project is mandated by federal law, and (d) when the project is in response to a natural disaster, emergency or accident that is approved by the county council.

The High School Project and Middle School Project are considered two separate and distinct projects, with neither Project's total cost exceeding \$2,000,000. Thus, the Projects are non-controlled projects, and the issuance of Bonds was able to continue without additional approval procedures.

SECURITY AND SOURCES OF PAYMENT

The Bonds are payable from ad valorem property taxes to be levied on all taxable property within the Michigan City Area Schools.

The total bonded indebtedness of the School Corporation subject to the statutory debt limit, including the Bonds, amounts to less than two percent of one third of the net assessed valuation of the School Corporation as required by the statutes of the State of Indiana.

INTERCEPT PROGRAM

Indiana Code Title 20, Article 48, Chapter 1, Section 11 (the "Act") provides that the Department of Local Government Finance shall review levies and appropriations of school corporations for lease rental purposes. In the event a school corporation fails to levy and appropriate sufficient funds for such purpose, the Department of Local Government Finance shall establish levies and appropriations which are sufficient to pay such obligations.

The Act further provides that upon failure of any school corporation to make debt service or lease rental payments when due and upon notice and claim, the Treasurer of the State of Indiana shall make such payments from the funds of the State (the "State Intercept Program"). Such payments are limited to the amounts appropriated by the General Assembly for distribution to the school corporation from State funds in the calendar year. Such debt service or lease rental payments made by the State Treasurer would then be deducted from State distributions being made to the school corporation. The estimated State distributions for 2013 and resulting debt service coverage levels are as follows:

The estimated State distributions for 2013 and resulting debt service coverage levels are as follows:

2013 Basic Grant Distributions (all funds) (1):

Total Estimated State Distributions	<u>\$40,031,048</u>
Estimated Combined Maximum Annual Debt Service (2)	<u>\$11,850,446</u>
State distributions required to provided two-times coverage	<u>\$23,700,892</u>
State distributions above/(below) two-times coverage amount	<u>\$16,330,156</u>

(1) Per the Indiana Department of Education.

(2) Based upon the estimated combined total debt service for budget year 2016, including the Bonds.

While the above description is based upon enacted legislation, the General Assembly may make amendments to such statutes and therefore there is no assurance of future events.

INVESTMENT OF FUNDS

The proceeds of this issue are to be invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds, including particularly Indiana Code 5-13, and the acts amendatory thereof and supplemental thereto. The School Corporation shall direct the investment of bond proceeds.

THE BONDS

INTEREST CALCULATION

Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

REDEMPTION PROVISIONS

Optional Redemption:

The Bonds are not subject to optional redemption prior to maturity.

Mandatory Sinking Fund Redemption:

If any Bonds are issued as Term Bonds, the Paying Agent shall credit against the mandatory sinking fund requirement for the Term Bonds, and corresponding mandatory redemption obligation, in the order determined by the School Corporation, any Term Bonds which have previously been redeemed (otherwise than as a result of a previous mandatory redemption requirement) or delivered to the Paying Agent for cancellation or purchased for cancellation by the Paying Agent and not theretofore applied as a credit against any redemption obligation. Each Term Bond so delivered or canceled shall be credited by the Paying Agent 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 on future redemption obligations, and the principal amount of that Term Bond to be redeemed by operation of the mandatory sinking fund requirement shall be accordingly reduced; provided, however, the Paying Agent shall only credit such Term Bond to the extent received on or before 45 days preceding the applicable mandatory redemption date.

If fewer than all the Bonds are called for redemption at one time, the Bonds shall be redeemed in order of maturity determined by the School Corporation and by lot within maturity. Each \$5,000 principal amount shall be considered a separate bond for purposes of mandatory redemption.

Notice of Redemption:

Notice of redemption shall be mailed to the registered owners of all Bonds to be redeemed at least 30 prior to the date fixed for such redemption. If any of the Bonds are so called for redemption, and payment therefore is made to the Paying Agent in accordance with the terms of the Bond Resolution, then such Bonds shall cease to bear interest from and after the date fixed for redemption in the call.

BOOK-ENTRY-ONLY SYSTEM

The 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 Bonds. The ownership of one fully registered Bond for each maturity of the 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 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 Bonds. The 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 Bond will be issued for the 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all 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 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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.

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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 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 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 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 School Corporation 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 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 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 School Corporation or the Paying Agent, 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 Paying Agent, or the School Corporation, 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 School Corporation or the Paying Agent, 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 Bonds at any time by giving reasonable notice to the School Corporation or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The School Corporation 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 School Corporation believes to be reliable, but neither the School Corporation nor the Underwriter takes any responsibility for the accuracy thereof.

In the event that the book-entry-only system is discontinued, the Paying Agent will provide for the registration of the Bonds in the name of the Beneficial Owners thereof. The School Corporation, the Registrar, the Paying Agent and any other Fiduciary would treat the person in whose name any Bond is registered as the absolute owner of such 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 School Corporation receives notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a clearing agency for the Bonds or (2) the School Corporation elects to discontinue its use of DTC as a clearing agency for the Bonds, then the School Corporation and the Paying Agent 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 Bonds, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the Bonds and to transfer the ownership of each of the Bonds to such person or persons, including any other clearing agency, as the holder of such Bonds may direct in accordance with the Bond Resolution. Any expenses of such a discontinuation and transfer, including any expenses of printing new certificates to evidence the Bonds will be paid by the School Corporation.

PROCEDURES FOR PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION

The debt service payments on the Bonds are payable from ad valorem property taxes required by law to be levied or on behalf of the School Corporation. The Indiana General Assembly enacted legislation (Indiana Code Title 6, Article 1.1, Chapter 20.6), which provides taxpayers with a tax credit for all property taxes in an amount that exceeds a certain percentage of the gross assessed value of eligible property. See "Circuit Breaker Tax Credit" herein for further details on the levy and collection of property taxes.

Real and personal property in the State is assessed each year as of March 1. On or before August 1st each year, the County Auditor must submit to each underlying taxing unit a statement of (i) the estimated assessed value of the taxing unit as of March 1st of that year, and (ii) an estimate of the taxes to be distributed to the taxing unit during the last six months of the current budget year. The estimated value is based on property tax lists delivered to the Auditor by the County Assessor on or before July 1.

The estimated value is used when the governing body of a local taxing unit meets to establish its budget for the next fiscal year (January 1 through December 31), and to set tax rates and levies. By statute, the budget, tax rate and levy must be established no later than November 1. The budget, tax levy and tax rate are subject to review and revision by the Department of Local Government Finance (DLGF) which, under certain circumstances, may revise, reduce or increase the budget, tax rate, or levy of a taxing unit. The DLGF may increase the tax rate and levy if the tax rate and levy proposed by the School Corporation is not sufficient to make its debt service payments. The DLGF must complete its actions on or before February 15. Taxing units have until December 31st of the calendar year immediately preceding the ensuing calendar year to file a shortfall appeal.

On or before March 15, the County Auditor prepares and delivers the tax duplicate, which is a roll of property taxes payable in that year, to the County Treasurer. Upon receipt of the tax duplicate, the County Treasurer publishes notice of the tax rate in accordance with Indiana statutes. The County Treasurer mails tax statements at least 15 days prior to the date that the first installment is due (due dates may be delayed due to a general reassessment or other factors). Property taxes are due and payable to the County Treasurer in two installments on May 10 and November 10, unless a later due date is established by order of the DLGF. If an installment of property taxes is not completely paid on or before the due date, a penalty of 10% of the amount delinquent is added to the amount due; unless the installment is completely paid within thirty (30) days of the due date and the taxpayer is not liable for delinquent property taxes first due and payable in a previous year for the same parcel, the amount of the penalty is five percent (5%) of the amount of the delinquent taxes. On May 10 and November 10 of each year thereafter, an additional penalty equal to 10% of any taxes remaining unpaid is added. The penalties are imposed only on the principal amount of the delinquency. Property becomes subject to tax sale procedures after 15 months of delinquency. The County Auditor distributes property tax collections to the various taxing units on or about June 30 after the May 10 payment date and on or about December 31 after the November 10 payment date.

Pursuant to State law, personal property is assessed at its actual historical cost less depreciation. Pursuant to State law, real property is valued for assessment purposes at its "true tax value" as defined in the Real Property Assessment Rule, 50 IAC 2.3, the 2011 Real Property Assessment Manual ("Manual"), as incorporated into 50 IAC 2.3 and the 2011 Real Property Assessment Guidelines, Version A ("Guidelines"), as adopted by the DLGF. The Manual defines "true tax value" as "the market value-in-use of property with the exception of agricultural land for its current use, as reflected by the utility received by the owner or a similar user, from the property." In the case of agricultural land, true tax value shall be the value determined in accordance with the Guidelines and IC 6-1.1-4-13. The Manual permits assessing officials in each county to choose any acceptable mass appraisal method to determine true tax value, taking into consideration the ease of administration and the uniformity of the assessments produced by that method. The Guidelines were adopted to provide assessing officials with an acceptable appraisal method, although the Manual makes it clear that assessing officials are free to select from any number of appraisal methods, provided that they produce "accurate and uniform values throughout the jurisdiction and across all classes of property". The Manual specifies the standards for accuracy and validation that the DLGF uses to determine the acceptability of any alternative appraisal method.

"Net Assessed Value" or "Taxable Value" represents the "Gross Assessed Value" less certain deductions for mortgages, veterans, the aged, the blind, economic revitalization areas, resource recovery systems, rehabilitated residential property, solar energy systems, wind power devices, hydroelectric systems, geothermal devices and tax-exempt property. The "Net Assessed Value" or "Taxable Value" is the assessed value used to determine tax rates.

Changes in assessed values of real property occur periodically as a result of general reassessments scheduled by the State legislature, as well as when changes occur in the property value due to new construction or demolition of improvements. The next reassessment is scheduled to be effective as of the March 1, 2012 assessment date and affects taxes payable beginning in 2013, and reassessments are scheduled to occur every four years thereafter. Effective with the tax year payable 2007, all real property assessments are revalued annually to reflect market value based on comparable sales data ("Trending"). When a change in assessed value occurs, a written notification is sent to the affected property owner. If the owner wishes to appeal this action, the owner may file a petition requesting a review of the action. This petition must be filed with the county assessor in which the property is located within 45 days after the written notification is given to the taxpayer or May 10 of that year, whichever is later. While the appeal is pending, the taxpayer may pay taxes based on the current year's tax rate and the previous or current year's assessed value.

Effective with the tax year payable 2009, the standard deduction for homesteads was increased from the lesser of \$45,000 or 50% of assessed value to the lesser of \$45,000 or 60% of assessed value. Additionally, a supplemental

homestead deduction equal to 35% of the next \$600,000 of assessed value remaining after the standard deduction and 25% of the remaining assessed value over \$600,000 was implemented beginning in 2009.

CIRCUIT BREAKER TAX CREDIT

Description of Circuit Breaker:

Indiana Code Title 6, Article 1.1, Chapter 20.6 provides taxpayers with a tax credit for all property taxes in an amount that exceeds the gross assessed value of real and personal property eligible for the credit ("Circuit Breaker Tax Credit"). For property assessed as a homestead (as defined in Indiana Code Title 6, Article 1.1, Chapter 12, Section 37), the Circuit Breaker Tax Credit is equal to the amount by which the property taxes attributable to the homestead exceed 1% of the gross assessed value of the homestead. Property taxes are limited to 2.0% of the gross assessed value of other residential property, agricultural property, and long-term care facilities; and 3.0% of the gross assessed value for other non-residential real property and personal property. Additional property tax limits are available to certain senior citizens.

If applicable, the Circuit Breaker Tax Credit will result in a reduction of property tax collections for each political subdivision in which the Circuit Breaker Tax Credit is applied. School corporations are authorized to impose a referendum tax levy, if approved by voters, to replace property tax revenue that the school corporation will not receive due to the application of the Circuit Breaker Tax Credit. Otherwise school corporations and other political subdivisions may not increase their property tax levy or borrow money to make up for any property tax revenue shortfall due to the application of the Circuit Breaker Tax Credit.

Effective July 1, 2012, property tax revenue subject to reduction by the Circuit Breaker Tax Credit under Indiana Code Title 6, Article 1.1, Chapter 20.6, Section 9.8 is classified as either "protected taxes" or "unprotected taxes." Protected taxes ("Protected Taxes") include taxes levied to pay debt service or lease rental on obligations payable from ad valorem property taxes. A debt service fund containing Protected Taxes is funded first by the taxing unit before property taxes are deposited into any other funds. In addition, Indiana Code Title 6, Article 1.1, Chapter 20.6, Section 10, requires taxing units to fully fund the payment of outstanding debt service or lease rental obligations payable from ad valorem property taxes, regardless of any reduction in property tax collections due to the application of the Circuit Breaker Tax Credit. For school corporations, any shortfall could also be funded through the State Intercept Program (herein defined); however, application of the State Intercept Program will result in a shortfall in distributions to the school corporation's general fund so schools are encouraged by the DLGF to fund any shortfall directly from the school corporation's general fund and avoid the application of the State Intercept Program. Indiana Code Title 6, Article 1.1, Chapter 20.6, Section 10, applicable to all political subdivisions, provides that upon notification of a failure to pay debt service on bonds or leases payable from property taxes, the State must intercept local option income tax distributions and available distributions of other State monies for the benefit of bondholders. This reallocation of revenues may impact the ability of political subdivisions to provide existing levels of service and, in extreme cases, the ability to make debt service or lease rental payments.

The General Assembly has designated Lake County and St. Joseph County as "eligible counties" with the result that the property tax levy by political subdivisions for debt service on bonds issued prior to July 1, 2008 and lease rental payments for Leases entered into prior to July 1, 2008 are outside of the circuit breaker calculation through December 31, 2019.

There has been no judicial interpretation of this legislation. In addition, there can be no assurance as to future events or legislation that may affect the Circuit Breaker Tax Credit or the collection of property taxes.

The voters of the State, at the general election held on November 2, 2010, approved an amendment to the State Constitution, which includes provisions very similar to those which provide for the application of the Circuit Breaker Tax Credit (the "Amendment"). The Amendment has become part of the State Constitution with the effect that the General Assembly may not adopt a law which would provide for property taxes that exceed 1% of the gross assessed value of a homestead; 2% of the gross assessed valuation of agricultural property and other residential property; and 3% of all other real property and personal property in the State.

The Amendment provides that, with respect to property taxes first due and payable in 2012 and thereafter, property taxes imposed after being approved by the voters in a referendum will not be considered for purposes of calculating the limits to property tax liability under the provisions of the Amendment. In addition, under the Amendment, the

General Assembly may, by law, provide that property taxes imposed in Lake and St. Joseph County to pay debt service and make lease rental payments for bonds or leases issued or entered into before July 1, 2008, will not be considered for purposes of calculating the limits to property tax liability under the provisions of the Amendment; provided that any such law may not apply after December 31, 2019. As discussed above, the General Assembly has enacted such a law, and it applies through and including December 31, 2019.

The School Corporation cannot predict the timing, likelihood or impact on property tax collections of any future judicial actions, amendments to the State Constitution, including legislation, regulations or rulings taken, promulgated or issued to implement the regulations, statutes or the Amendment described above or of future property tax reform in general. In addition, there can be no assurance as to future events or legislation that may impact such regulations or statutes or the Amendment or the collection of property taxes by the School Corporation.

Estimated Circuit Breaker Tax Credit for the School Corporation:

According to the LaPorte and Porter County abstracts, the Circuit Breaker Tax Credit allocable to the School Corporation for budget year 2010, when the Circuit Breaker Tax Credit was fully implemented, was \$2,791,275. For budget year 2011, the Circuit Breaker Tax Credit is \$1,534,019. The 2012 Circuit Breaker Tax Credit for the portion of the School Corporation within Porter County is \$1,313. The LaPorte County information for 2012 is not yet available as of the date of this Official Statement. These estimates do not include the impact of the debt service for the Bonds.

The Circuit Breaker Tax Credit amounts above do not reflect the potential effect of any further changes in the property tax system or methods of funding local government that may be enacted by the Indiana General Assembly in the future. The effects of these changes could affect the Circuit Breaker Tax Credit and the impact could be material. Other future events, such as the loss of a major taxpayer, reductions in assessed value, increases in property tax rates of overlapping taxing units or the reduction in local option income taxes applied to property tax relief could increase effective property tax rates and the amount of the lost revenue due to the Circuit Breaker Tax Credit, and the resulting increase could be material.

CONTINUING DISCLOSURE

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in S.E.C. Rule 15c2-12, as amended (the "SEC Rule"), the School Corporation will enter into a Continuing Disclosure Undertaking (the "Undertaking"), to be dated the date of delivery of the Bonds. Pursuant to the terms of the Undertaking, the School Corporation will agree to provide the following information while any of the Bonds are outstanding:

- Financial Statements. To the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access System ("EMMA"), when and if available, the Audit or Examination Report of the School Corporation as prepared and examined by the State Board of Accounts for each twelve (12) month period ending June 30, together with the opinion of such accountants and all notes thereto, within sixty (60) days of receipt from the State Board of Accounts; and
- Financial Information in this Official Statement. To the MSRB through EMMA, within 180 days of each December 31, unaudited annual financial information for the School Corporation for such calendar year including (i) unaudited financial information of the School Corporation and (ii) operating data of the type provided under the following headings in Appendix A to this Official Statement (collectively, the "Annual Information").

APPENDIX A

MICHIGAN CITY AREA SCHOOLS

- Enrollment
- Summary of Receipts and Expenditures by Fund

GENERAL ECONOMIC AND FINANCIAL INFORMATION

- Schedule of Historical Net Assessed Valuation

- Detail of Net Assessed Valuation
 - Comparative Schedule of Tax Rates
 - Property Taxes Levied and Collected
 - Large Taxpayers
- Reportable Events. In a timely manner, within 10 business days of the occurrence, to the MSRB through EMMA, notice of the following events, if material, with respect to the Bonds (which determining materiality shall be made by the School Corporation):
 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 obligated person, 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.

Within ten business days, to EMMA, notice 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 other material events affecting the tax-exempt 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 securities;
 8. tender offers; and
 9. bankruptcy, insolvency, receivership or similar event of the obligated person.
- Failure to Disclose. In a timely manner, to the MSRB through EMMA, notice of the School Corporation failing to provide the annual financial information as described above.

The School Corporation may, from time to time, amend or modify the Undertaking without the consent of or notice to the owners of the Bonds if either (a)(i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the School Corporation, or type of business conducted; (ii) the Undertaking, as so amended or modified, would have complied with the requirements of the SEC Rule on the date of execution of the Undertaking, after taking into account any amendments or interpretations of the SEC Rule, as well as any change in circumstances; and (iii) such amendment or modification does not materially impair the interests of the holders of the Bonds, as determined either by (A) nationally recognized bond counsel or (B) an approving vote of the bondholders pursuant to the terms of the Trust Indenture at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds the Undertaking) is permitted by the SEC Rule, as then in effect.

The School Corporation may, at its sole discretion, use an agent in connection with the dissemination of any annual financial information required to be provided by the School Corporation pursuant to the terms of the Undertaking.

The purpose of the Undertaking is to enable the Underwriter to purchase the Bonds by providing for an undertaking by the School Corporation in satisfaction of the SEC Rule. The Undertaking is solely for the benefit of the owners of the Bonds and creates no new contractual or other rights for the SEC, underwriters, brokers, dealers, municipal securities dealers, potential customers, other obligated persons or any other third party. The sole remedy against the School Corporation for any failure to carry out any provision of the Undertaking shall be for specific performance of the School Corporation's disclosure obligations under the Undertaking and not for money damages of any kind or in any amount or any other remedy. The School Corporation's failure to honor its covenants under the Undertaking shall not constitute a breach or default of the Bonds, the Bond Resolution or any other agreement.

In the previous five years, the School Corporation has failed to comply with previous undertakings. The filings have been made, and the School Corporation is now in compliance.

BOND RATING

Standard & Poor's Corporation ("Standard & Poor's") has assigned a programmatic bond rating of "AA+" to the Bonds. Such rating reflects only the view of Standard & Poor's and any explanation of the significance of such rating may only be obtained from Standard & Poor's.

The rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by Standard & Poor's. Any downward revision or withdrawal of the rating may have an adverse effect upon the market price of the Bonds.

The School Corporation did not apply to any other rating service for a rating on the Bonds.

UNDERWRITING

The Bonds are being purchased by _____ (the "Underwriter") at a purchase price of \$_____, which is the par amount of the Bonds of \$4,000,000.00 less the underwriter's discount of \$_____ plus the original issue premium of \$_____. The Notice of Intent to Sell Bonds provides that all of the Bonds will be purchased by the Underwriter if any of such Bonds are purchased.

The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the 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 Bonds into investment trusts), who may reallow concessions to other dealers. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

FINANCIAL ADVISOR

H.J. Umbaugh & Associates, Certified Public Accountants, LLP (the "Financial Advisor") has been retained by the School Corporation to provide certain financial advisory services including, among other things, preparation of the deemed "nearly final" Preliminary Official Statement and the Final Official Statement (the "Official Statements"). The information contained in the Official Statements has been compiled from records and other materials provided by School Corporation officials and other sources deemed to be reliable. The Financial Advisor has not and will not independently verify the completeness and accuracy of the information contained in the Official Statements.

The Financial Advisor's duties, responsibilities and fees arise solely as financial advisor to the School Corporation and they have no secondary obligations or other responsibility. The Financial Advisor's fees are expected to be paid from proceeds of the Bonds.

Municipal Advisor Registration:

H.J. Umbaugh & Associates, Certified Public Accountants, LLP ("Umbaugh") is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, Umbaugh is providing certain specific municipal advisory services to the School Corporation, but is neither a placement agent to the School Corporation nor a broker/dealer.

The offer and sale of the Bonds shall be made by the School Corporation, in the sole discretion of the School Corporation, and under its control and supervision. The School Corporation agrees that Umbaugh does not undertake to sell or attempt to sell the Bonds, and will take no part in the sale thereof.

Other Financial Industry Activities and Affiliations:

Umbaugh Cash Advisory Services, LLC ("UCAS") is a wholly-owned subsidiary of H.J. Umbaugh & Associates, Certified Public Accountants, LLP ("Umbaugh"). UCAS is registered as an investment adviser with the Securities and Exchange Commission under the federal Investment Advisers Act. UCAS provides non-discretionary

investment advice with the purpose of helping clients create and maintain a disciplined approach to investing their funds prudently and effectively. UCAS may provide advisory services to the clients of Umbaugh.

UCAS has no other activities or arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

TAX MATTERS

In the opinion of TWPeterson Law Office, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") for federal income tax purposes. This opinion relates only to the exclusion from gross income of interest on the Bonds for federal income tax purposes under Section 103 of the Code and is conditioned on continuing compliance by the Issuer with the Tax Covenants (hereinafter defined). Failure to comply with the Tax Covenants could cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to the date of issue. In the opinion of TWPeterson Law Office, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is exempt from income taxation in the State of Indiana (the "State"). This opinion relates only to the exemption of interest on the Bonds for State income tax purposes. See Appendix C for the form of opinion of Bond Counsel.

The Code imposes certain requirements which must be met subsequent to the issuance of the Bonds as a condition to the exclusion from gross income of interest on the Bonds for federal income tax purposes. The Issuer will covenant not to take any action, within its power and control, nor fail to take any action with respect to the Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Bonds pursuant to Section 103 of the Code (collectively, the "Tax Covenants"). The Bond Resolution and certain certificates and agreements to be delivered on the date of delivery of the Bonds establish procedures under which compliance with the requirements of the Code can be met. It is not an event of default under the Bond Resolution if interest on the 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 Bonds.

The interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, interest on the Bonds is included in adjusted current earnings in calculating corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

IC 6-5.5 imposes a franchise tax on certain taxpayers (as defined in IC 6-5.5) which, in general, include 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 Bonds.

Although Bond Counsel will render an opinion that interest on the Bonds is excluded from federal gross income and exempt from State income tax, the accrual or receipt of interest on the 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 Bonds. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors with regard to the other tax consequences of owning the Bonds.

Under existing laws, judicial decisions, regulations and rulings, the Bonds have been designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the exception from the 100% disallowance of the deduction for interest expense allocable to interest on tax-exempt obligations acquired by financial institutions.

ORIGINAL ISSUE DISCOUNT

The initial public offering price of the Bonds maturing on _____ through and including _____ (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.

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 Bonds maturing on _____ through and including _____ (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.

LITIGATION

To the knowledge of the officers and counsel for the School Corporation, there is no litigation pending or threatened, against the School Corporation, which in any way questions or affects the validity of the Bonds, or any proceedings or transactions relating to the issuance, sale or delivery thereof.

The officers and counsel for the School Corporation will certify at the time of delivery of the Bonds that there is no litigation pending or in any way threatened questioning the validity of the Bonds, or any of the proceedings had relating to the authorization, issuance and sale of the Bonds, the Bond Resolution or the Project.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of TWPeterson Law Office, Indianapolis, Indiana, Bond Counsel, whose approving opinion will be available at the time of delivery of the Bonds. TWPeterson Law Office has not been asked nor has it undertaken to review the accuracy or sufficiency of this Official Statement, and will express no opinion thereon. The form of opinion of Bond Counsel is included as Appendix C of this Official Statement.

LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The remedies available to the bondholders upon a default under the Bond Resolution 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 federal bankruptcy code), the remedies provided in the Bond Resolution may not be readily available or may be limited. Under federal and State environmental laws certain liens may be imposed on property of the School Corporation from time to time, but the School Corporation has no reason to believe, under existing law, that any such lien would have priority over the lien on the property taxes pledged to owners of the Bonds.

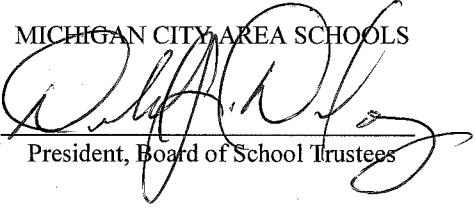
The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Indiana and the United States of America and bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

These exceptions would encompass any exercise of federal, State or local police powers (including the police powers of the School Corporation), in a manner consistent with the public health and welfare. Enforceability of the Bond Resolution in a situation where such enforcement may adversely affect public health and welfare may be subject to these police powers.

The School Corporation certifies to the best of its knowledge and belief that this Official Statement, as of its date and as it relates to the School Corporation and its economic and financial condition, (i) is complete and accurate; (ii) does not contain any untrue statement of a material fact; and (iii) does not omit any material facts or information which would make the statements contained herein misleading.

This Official Statement and its execution are duly authorized.

MICHIGAN CITY AREA SCHOOLS

By: 
President, Board of School Trustees

Attest:


Secretary, Board of School Trustees

APPENDIX i

NOTICE OF INTENT TO SELL BONDS

\$4,000,000

MICHIGAN CITY AREA SCHOOLS

General Obligation Bonds of 2013

Upon not less than twenty-four (24) hours notice given by telephone by the undersigned Secretary prior to the ninetieth day after this notice is first published, Michigan City Area Schools (the "School Corporation") will receive and consider bids for the purchase of the School Corporation's General Obligation Bonds of 2013 (the "Bonds"). Any person interested in submitting a bid for the Bonds must furnish in writing to the Michigan City Area Schools c/o H.J. Umbaugh & Associates, Certified Public Accountants, LLP, 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240, phone: (317) 465-1500, facsimile: (317) 465-1550 or by e-mail to clark@umbaugh.com on or before 2:00 p.m. (Indianapolis Time) April 12, 2013, the person's name, address, and telephone number. Interested persons may also furnish a telecopy number. The undersigned Secretary will notify (or cause to be notified) each person so registered of the date and time bids will be received not less than twenty-four (24) hours before the date and time of sale. The notification shall be made by telephone at the number furnished by such person and also by telecopy, if a telecopy number has been received or by electronic e-mail, if an e-mail address has been received. It is anticipated that the sale will occur at 11:00 a.m. (Indianapolis Time) on April 16, 2013.

At the time designated for the sale, the School Corporation will receive bids for the Bonds via **PARITY®**, in the manner described below, until 11:00 am, Indianapolis time, on the designated sale date. Bids may be submitted electronically via **PARITY®** pursuant to this Notice of Intent to Sell Bonds (the "Notice") until 11:00 am, Indianapolis time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or

directions set forth in **PARITY**® conflict with this Notice, the terms of this Notice shall control. For further information about **PARITY**®, potential bidders may contact the School Corporation’s financial advisor, H.J. Umbaugh & Associates, Certified Public Accountants, LLP at (317) 465-1500 or **PARITY**® at (212) 849-5021.

As an alternative to **PARITY**®, bidders may submit a sealed bid to the School Corporation’s financial advisor at the address described above until 11:00 am, Indianapolis time, on the date selected for the sale in the notice given by, or on behalf of the School Corporation, twenty-four hours prior to the sale of the Bonds. Upon completion of the bidding procedures described herein, the results of the sealed, non-electronic bids received shall be compared to the electronic bids received by the School Corporation.

The Bonds to be sold are described as follows:

General Obligation Bonds of 2013 of the Michigan City Area Schools, an Indiana school corporation, in the principal amount of \$4,000,000; Fully registered form; Denomination \$5,000 and integral multiples thereof; Originally dated on the date of delivery of the Bonds; Bearing interest at a rate or rates to be determined by bidding, payable on July 15, 2014, and semiannually thereafter; Interest payable by check mailed one business day prior to the interest payment date or by wire transfer to depositories on the interest payment date to the person or depository in whose name each Bond is registered with the Registrar on the fifteenth day immediately preceding such interest payment date; Maturing or subject to mandatory redemption on January 15 and July 15 on the dates and in the amounts as follows:

<u>Date</u>	<u>Amount</u>
July 15, 2014	\$615,000
January 15, 2015	\$665,000
July 15, 2015	\$670,000
January 15, 2016	\$675,000
July 15, 2016	\$685,000
January 15, 2017	\$690,000

The Bonds are NOT redeemable prior to maturity at the option of the School Corporation.

A bid may designate that a given maturity or maturities shall constitute a term bond, and the semi-annual amounts set forth above shall constitute the mandatory sinking fund redemption requirements for such term bond or bonds. In the case of any redemption, 30 days' notice will be given by mail to the registered owners of the Bonds to be redeemed, and accrued interest will be paid to the date fixed for redemption. Interest on the Bonds so called for redemption will cease on the redemption date fixed in said notice if funds are available at the place of redemption to redeem the Bonds so called on the date fixed in said notice, or thereafter when presented for payment.

For purposes of computing net interest cost, the mandatory redemption amounts shall be treated as maturing on the dates set forth in the schedule set forth above.

Each bid must be for all of the Bonds and must state the rate of interest which each maturity of the Bonds is to bear, stated in multiples of $1/8^{\text{th}}$, $1/20^{\text{th}}$ or $1/100^{\text{th}}$ of 1%. The maximum interest rate on the Bonds shall not exceed 4.00% per annum. All Bonds maturing on the same date shall bear the same rate, and the rate of interest bid for each maturity must be equal to or greater than the rate bid on the immediately preceding maturity. Bids shall set out the total amount of interest payable over the term of the Bonds and the net interest cost on the Bonds covered by the bid. No bid for less than 99.5% of the face value of the Bonds will be considered: However, no bid will be considered which results in more than \$4,000,000 being paid to Michigan City Area Schools at closing. The Bonds will be awarded to the highest qualified bidder who has submitted a bid in accordance herewith. The highest bidder will be the one who offers the lowest net interest cost to the School Corporation, to be determined by computing the total interest on all of the Bonds to their maturities based upon the schedule provided by the School Corporation prior to the sale and deducting therefrom the premium bid, if any, and

adding thereto the discount bid, if any. No conditional bids will be considered. The right is reserved to reject any and all bids. If an acceptable bid is not received for the Bonds on the date of sale hereinbefore fixed, the sale may be continued from day to day thereafter, during which time no bids for less than the highest bid received at the time of the advertised sale will be considered.

Bidders must comply with the Rules of **PARITY**® in addition to the requirements of this Notice. To the extent there is a conflict between the Rules of **PARITY**® and this Notice, this Notice shall control. Bidders may change and submit bids as many times as they wish during the sale, but they may not withdraw a submitted bid. The last bid submitted by a bidder prior to the deadline for the receipt of bids will be compared to all other final bids to determine the winning bid. During the sale, no bidder will see any other bidder's bid, nor will they see the status of their bid relative to other bids (e.g. whether their bid is a leading bid).

Each bid not submitted via **PARITY**® must be enclosed in a sealed envelope addressed to the School Corporation and marked on the outside "Bid for General Obligation Bonds of 2013". A good faith deposit ("Deposit") in the form of cash, certified or cashier's check or federal fund wire in the amount of \$40,000 payable to the order of the School Corporation is required to be submitted by the successful purchaser (the "Purchaser") not later than 3:30 p.m. (Indianapolis time) on the next business day following the award. If such Deposit is not received by that time, the School Corporation may reject the bid. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its accepted bid, the Deposit will be retained by the School Corporation as liquidated damages.

The successful bidder shall make payment to the bank of the School Corporation and accept delivery thereof from the Registrar and Paying Agent within five days after being notified that the Bonds are ready for delivery, at such place in the City of Indianapolis, Indiana, as the successful bidder may designate. The Bonds will be ready for delivery within 45 days after the date of sale. If the School Corporation fails to have the Bonds ready for delivery prior to the close of banking hours on the forty-fifth day after the date of sale, the bidder may secure the release of his bid upon request in writing, filed with the School Corporation. The successful bidder is expected to apply to a securities depository registered with the SEC to make such Bonds depository-eligible. At the time of delivery of the Bonds to the successful bidder, the bidder will be required to certify to the School Corporation the initial reoffering price to the public of a substantial amount of each maturity of the Bonds.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the successful bidder therefor to accept delivery of and pay for the Bonds in accordance with the terms of its proposal. No CUSIP identification number shall be deemed to be a part of any Bond or a part of the contract evidenced thereby and no liability shall hereafter attach to the School Corporation or any of its officers or agents because of or on account of such numbers. All expenses in relation to the printing of CUSIP identification numbers on the Bonds shall be paid for by the School Corporation; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the successful bidder. The successful bidder will also be responsible for any other fees or expenses it incurs in connection with the resale of the Bonds.

The approving opinion of TWPeterson Law Office, bond counsel of Indianapolis, Indiana, together with a transcript of the proceedings relating to the issuance of the Bonds and closing papers in the usual form showing no litigation questioning the validity of the Bonds, will be furnished to the successful bidder at the expense of the School Corporation.

The Bonds are being issued for the purpose of renovating Michigan City High School and Elston Middle School buildings. All action has been taken and the Bonds are issued in compliance with the provisions of I.C. 20-48-1. The School Corporation will certify as to facts to support the conclusion that the Bonds do not constitute private activity bonds as defined in Section 141 of the Internal Revenue Code.

The Bonds constitute an indebtedness only of the School Corporation, payable in accordance with the terms of the Bonds. In the opinion of bond counsel, under the existing federal statutes, decisions, regulations and rulings, the interest on the Bonds is excludable from gross income for purposes of federal income taxation. Interest on the Bonds is exempt from all income taxation in Indiana. The Bonds have been designated as qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Internal Revenue Code.

The School Corporation has prepared a preliminary official statement relating to the Bonds which it has deemed to be a nearly final official statement. A copy of the Preliminary Official Statement may be obtained from in limited quantities prior to submission of a bid by request from the School Corporation's financial advisor. Within seven (7) business days of the sale, the School Corporation will provide the successful bidder with up to 10 copies of the final official statement at the School Corporation's expense. Additional copies, at the purchaser's expense, must be requested within five (5) business days of the sale. Inquiries concerning matters contained in the nearly final official statement must be made and pricing and other

information necessary to complete the final Official Statement must be submitted by the successful bidder within two (2) business days following the sale to be included in the final official statement.

The School Corporation has agreed to enter into a Continuing Disclosure Undertaking in order to permit the successful purchaser to comply with the SEC Rule 15(c)2-12. A copy of such Agreement is available from the School Corporation or financial advisor at the addresses below.

Further information relative to said issue and a copy of the nearly final official statement may be obtained upon application to H.J. Umbaugh & Associates, Certified Public Accountants, LLP, 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240, financial advisor to the Michigan City Area Schools; or Mr. Lance Werner, Business Manager, Michigan City Area Schools, 408 South Carroll Avenue, Michigan City, Indiana 46360. If bids are submitted by mail, they should be addressed to the School Corporation, in care of H.J. Umbaugh & Associates, Certified Public Accountants, LLP, 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240.

Dated this ____ day of March, 2013.

/s/

Secretary, Board of School Trustees
Michigan City Area Schools

APPENDIX A

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MICHIGAN CITY AREA SCHOOLS

PROJECT DESCRIPTION

Michigan City Area Schools (the “School Corporation”) is issuing \$4,000,000 of General Obligation Bonds of 2013 (the “Bonds”) for the purpose of providing funds to pay the total cost of two separate and distinct projects: the renovation of, improvements to and equipment for Michigan City High School (the “High School Project”) and the renovation of, improvements to and equipment for Elston Middle School (the “Middle School Project”) (collectively, the “Projects”), and to pay issuance costs.

SYSTEM OVERVIEW

The Michigan City Area Schools consists of the City of Michigan City, the Towns of Trail Creek, Long Beach, Michiana Shores and Pottawattamie Park, and the surrounding Townships in LaPorte County; and a small portion of Michigan City and the Towns of Pines and Beverly Shores in Porter County. The land area of the School Corporation is approximately 150 square miles, located in the northern part of LaPorte and Porter Counties. The School Corporation is governed by a seven-member elected Board of School Trustees; and a Superintendent of Schools, appointed by the Board, is responsible for administration. The School Corporation employs 477 certified and 714 non-certified personnel. School administrators report a 2012/2013 enrollment of 6,054 students.

FACILITIES

The School Corporation presently operates the following schools.

<u>School</u>	<u>Grades</u>	<u>Year Opened</u>	<u>Additions/ Renovations</u>	<u>2012/2013 Enrollment</u>
Coolspring Elementary School	K - 5	1935	1954, 1985	263
Edgewood Elementary School	K - 5	1954	1956, 1966, 1996, 1997	258
Joy Elementary School	K - 5	1961	1968, 1989	382
Knapp Elementary School	K - 5	1961	1962, 1963, 1988	321
Lake Hills Elementary School	K - 5	2008		420
Marsh Elementary School	K - 5	1941	1955, 1958, 1989	232
Niemann Elementary School	K - 5	1925	1951, 1955, 1962, 1975	295
Pine Elementary School	K - 5	2008		335
Springfield Elementary School	K - 5	1995		273
Barker Middle School	6 - 8	1960	1974, 1989, 2005	447
Elston Middle School	6 - 8	1924	1931, 1936, 1954, 1966, 1977, 1980, 2005	652
Krueger Middle School	6 - 8	1963	1989, 2005	380
Michigan City High School	9 - 12	1971	1995, 1996, 1997, 2001	1,796
A. K. Smith Career Center	11 - 12	1966		-

SERVICES

The school system provides a complete academic curriculum in grades kindergarten through twelve. English/language arts, mathematics, science, social studies, music, art, and physical education are available at all grade levels. Foreign language and business education instruction are available to high school students. Practical arts are provided for grades eight through twelve. Vocational education is available through the A.K. Smith Career Center. The curriculum provides a wide variety of vocational training in many fields, including auto mechanics, marine mechanics, industrial mechanics, and cosmetology. Special education programs are available to assist those students in need of such services. Individual educational plans form the basis of instruction for these students. Gifted education is also provided for students of the School Corporation.

ENROLLMENT

Presented below are enrollment figures as provided by the office of the Superintendent of Michigan City Area Schools. The statistics represent the number of students enrolled at the beginning of the school years.

<u>School</u>	<u>School Year</u>									
	<u>2003/2004</u>	<u>2004/2005</u>	<u>2005/2006</u>	<u>2006/2007</u>	<u>2007/2008</u>	<u>2008/2009</u>	<u>2009/2010</u>	<u>2010/2011</u>	<u>2011/2012</u>	<u>2012/2013</u>
Coolspring Elementary	363	441	405	405	403	335	321	273	284	263
Eastport Early Learning (1)					290	380	450	461		
Edgewood Elementary	280	287	308	308	358	352	356	357	267	258
Joy Elementary	468	477	423	423	431	386	349	335	382	382
Knapp Elementary	548	485	516	516	396	420	397	376	336	321
Lake Hills Elementary (2)							310	325	375	420
Marsh Elementary	288	267	281	281	302	264	275	264	246	232
Mullen Elementary (2)	373	281	294	373	281	294				
Niemann Elementary	308	340	301	301	275	325	327	302	289	295
(New) Pine Elementary (2)								316	373	335
Pine Elementary (2)	230	274	269	230	274	269	280			
Springfield Elementary	324	355	342	342	390	321	337	303	302	273
Barker Middle School	561	418	408	408	421	396	383	429	424	447
Elston Middle School	559	822	736	736	662	646	637	640	602	652
Krueger Middle School	559	427	434	434	395	396	408	357	362	380
Michigan City High School (3)	<u>1,945</u>	<u>1,981</u>	<u>2,042</u>	<u>2,042</u>	<u>2,030</u>	<u>1,948</u>	<u>1,907</u>	<u>1,922</u>	<u>1,909</u>	<u>1,796</u>
Totals	<u>6,806</u>	<u>6,855</u>	<u>6,759</u>	<u>6,799</u>	<u>6,908</u>	<u>6,732</u>	<u>6,737</u>	<u>6,660</u>	<u>6,151</u>	<u>6,054</u>

- (1) Eastport Early Learning Center housed a pre-kindergarten program that operated between 2007 and 2011.
(2) Within the 2008/2009 school year, students were moved from the 1969 Mullen Elementary Building into the new Lake Hills Elementary, and from the 1949 Pine Elementary building into the new Pine Elementary.
(3) Includes Michigan City Area Schools students who attend the A.K. Smith Career Center. The Center is a regional facility.

Presented below are total projected enrollment figures as provided by the office of the Superintendent of the School Corporation.

<u>Year</u>	<u>Projected Enrollment</u>
2013/2014	6,000
2014/2015	6,010
2015/2016	6,020
2016/2017	6,030
2017/2018	6,040

BOARD OF SCHOOL TRUSTEES

<u>Name</u>	<u>Current Term Began</u>	<u>Current Term Ends</u>
Donald J. Dulaney, President	January 1, 2013	December 31, 2016
James L. Kintzele, Vice President	January 1, 2011	December 31, 2014
Beth Pishkur, Secretary	January 1, 2013	December 31, 2016
Beryle Burgwald	January 1, 2011	December 31, 2014
Deborah Chubb	January 1, 2013	December 31, 2016
Marty Corley	January 1, 2013	December 31, 2016
J. Jeffrey Jones	January 1, 2011	December 31, 2014

ADMINISTRATION AND STAFF

The School Corporation is under the direction of a seven-member elected Board of School Trustees who serve four-year terms. The Superintendent, appointed by the Board of Trustees, directs a certified staff of 477 and a non-certified staff of 714 with union representation as follows:

<u>Union Name</u>	<u>Union Representation</u>	<u>Number of Members</u>	<u>Contract Expiration Date</u>
Michigan City Education Association	Teachers	392	June 30, 2013
Michigan City Classified Association	Bus drivers, monitors, custodial and maintenance personnel	86	December 31, 2013
Michigan City Education Support Professionals	Secretarial and paraprofessional personnel, classroom aides	115	December 31, 2013

PENSION OBLIGATIONS

Teachers of Michigan City Area Schools have pensions funded under the State of Indiana Teachers' Retirement Fund (TRF). Pension information below is provided by the School Corporation.

Michigan City Area Schools:

Number of TRF employees	472
Employer contribution (as of December 31, 2012)	\$1,262,855
2013 employer rate of contribution	7.5%

Certain other employees of Michigan City Area Schools have pensions funded under the Public Employees' Retirement Fund of the State of Indiana (PERF). Pension information below is provided by the School Corporation.

Michigan City Area Schools:

Number of PERF employees	406
Employer contribution (as of December 31, 2012)	\$952,653
2013 employer rate of contribution	10%

The State of Indiana has not made available recent information on unfunded liabilities. Current unfunded balances may be material. Any additional questions should be addressed to Indiana Public Retirement System at 1 North Capitol, Suite 001, Indianapolis, IN 46204.

GENERAL PHYSICAL AND DEMOGRAPHIC INFORMATION

LOCATION

The Michigan City Area Schools are located in northern LaPorte and Porter Counties in northwest Indiana along the south shore of Lake Michigan approximately 55 miles east of Chicago and ten miles southwest of the Michigan state line.

GENERAL CHARACTERISTICS

The City of Michigan City has a diverse economy featuring an industrial base which is accompanied by retail, service and tourism sectors. The community is also near the Chicago area.

Lake Michigan provides a variety of recreational opportunities to residents of the Michigan City area. A number of marinas and charter fishing operations are located along the lakeshore, and several fishing tournaments are held each spring for local residents. Michigan City maintains more than 30 parks, including Washington Park, a 118-acre lakefront park that offers a marina, zoo, museum and public beaches. Indiana Dunes National Lakeshore is a 15,000-acre park dedicated to preserving the ecology of the sand dunes and is located within the School Corporation

area. Indiana Dunes State Park is comprised of 2,182 acres of historical landscape. Both parks offer facilities for camping, hiking and biking, as well as cross-country and downhill skiing and snowmobiling.

A variety of live professional community concerts, classes and art exhibits are offered to the residents of Michigan City area on a regular basis. The International Friendship Gardens represents styles of gardens from countries around the world, and local theater groups are known for semi-professional and children's productions. The Old Lighthouse, built in 1858, is Indiana's only lighthouse. Restored by the Michigan City Historical Society, the lighthouse is on the National Register of Historic Places and houses an area historical museum. The Barker Mansion, home of an early industrialist in Michigan City, is open to the public year round.

The current location of the Michigan City Public Library, which opened in 1977, has won numerous distinguished architectural awards. A 200-seat meeting room is available to the public. Library programs offered include a call-in story service, summer reading programs, a literacy program and in-house access to the Internet.

PLANNING AND ZONING

The City of Michigan City has a nine-member Plan Commission to provide orderly growth for residential, commercial and industrial areas within the City. Michigan City also has a five-member Board of Zoning Appeals. LaPorte and Porter Counties have each adopted county-wide plans to maintain orderly growth in the unincorporated areas of the School Corporation.

HIGHER EDUCATION

Ivy Tech Community College and Brown Mackie College each maintain a campus in Michigan City. Purdue University North Central is also located within 10 miles of Michigan City.

GENERAL ECONOMIC AND FINANCIAL INFORMATION

COMMERCE AND INDUSTRY

Blue Chip Casino and Hotel opened in Michigan City in 1997. In early 2009, Blue Chip completed a \$130 million expansion that included a 300-room, 22-story hotel and a 15,000 square foot convention center. Company officials estimate employment at Blue Chip Casino and Hotel at 1,128 workers.

Sullair Corporation was established in Michigan City in 1965 and is a manufacturer of air and gas compressors. According to the Michigan City Economic Development Corporation ("EDC"), current employment is estimated at approximately 550 workers.

Indiana State Prison officials at the Michigan City facility report that a 2008 merger with the nearby minimum security Lakeside Correctional Facility resulted in a total employment of 640 full-time workers. However, a State hiring freeze applying to some job classifications has reduced the workforce at the prison to approximately 560 State employees. Approximately 72 food service workers and 24 medical personnel also work on the prison campus as employees of private contractors.

Hearthside Food Solutions, formerly the Michigan City Baking Company, has been a part of Michigan City industry since 1998 and produces cookies, crackers, and other commercial baked goods. In 2012 Hearthside Food Solutions added 25,000 square feet of manufacturing space. According to the EDC, Hearthside has approximately 315 workers.

Weil-McLain, a Division of Marley Wylain Company, has been in continuous operation in Michigan City since 1881. The manufacturer of hydronic heating systems currently employs 350 workers, according to the EDC.

Tonn and Blank Corporation, a construction company, began operations in Michigan City in 1922. The company specializes in manufacturing, healthcare, government, commercial and industrial construction projects. According to company personnel, employment is currently at 200 but is expected to increase to approximately 300 in the next year.

LARGE EMPLOYERS

Below is a list of the School Corporation's largest employers. The number of employees shown are as reported by company personnel unless otherwise noted. Because of reporting time lags and other factors inherent in collecting and reporting such information, the statistics may not reflect recent employment levels.

<u>Name</u>	<u>Year Established</u>	<u>Type of Business</u>	<u>Reported Employment</u>
Michigan City Area Schools		Public education	1,191 (1)
Blue Chip Casino and Hotel	1997	Gaming and hotel	1,128 (2)
Franciscan St. Anthony Health, Michigan City	1903	Acute care hospital	1,078
Indiana State Prison		State correctional facility	560 (3)
Sullair Corporation	1965	Mfr. air and gas compressors	550 (4)
Lakeshore Foods	1948	Retail grocery	405 (5)
City of Michigan City		Municipal government	381
Weil-McLain (A Division of Marley Wylain Company)	1881	Mfr. hydronic heating equipment (boilers)	350 (4)
Super Wal-Mart Store	1990	Retail store	330
Tandem Transport Corp.	1982	Transportation and freight distribution	325 (4)
Hearthside Food Solutions	1998	Mfr. cookies, crackers, baked goods	315 (4)

(1) Includes 477 certified and 714 non-certified employees.

(2) Includes 1,107 Blue Chip employees and an additional 21 corporate employees.

(3) Represents state employees. Approximately 96 additional food service and medical personnel are contract workers.

(4) As per Michigan City Economic Development Corporation.

(5) Total for all locations. Approximately 156 employees work in Michigan City facilities.

EMPLOYMENT

<u>Year</u>	<u>Unemployment Rate</u>			<u>Labor Force</u>	
	<u>LaPorte County</u>	<u>Porter County</u>	<u>Indiana</u>	<u>LaPorte County</u>	<u>Porter County</u>
2003	6.8%	5.1%	5.3%	53,563	79,429
2004	6.1%	4.8%	5.3%	52,548	79,337
2005	5.9%	4.7%	5.4%	52,976	80,979
2006	5.6%	4.3%	5.0%	53,216	82,847
2007	5.1%	3.8%	4.6%	52,796	83,423
2008	6.2%	4.7%	5.8%	52,886	84,681
2009	12.0%	9.5%	10.4%	52,432	83,937
2010	11.9%	8.8%	10.1%	51,404	82,119
2011	10.4%	7.9%	9.0%	51,040	82,653
2012, Dec.	10.5%	8.5%	8.5%	49,601	80,336

Source: Indiana Business Research Center

BUILDING PERMITS

Provided below is a summary of the number of building permits and estimated construction costs for the School Corporation.

<u>Year</u>	<u>Residential</u>		<u>Commercial/ Agricultural/Industrial</u>		<u>All Other (1)</u>	
	<u>Total Permits</u>	<u>Estimated Costs</u>	<u>Total Permits</u>	<u>Estimated Costs</u>	<u>Total Permits</u>	<u>Estimated Costs</u>
2008	206	\$5,974,000	94	\$15,015,439	1,547	\$2,138,656
2009	189	2,469,857	58	5,463,640	1,319	2,197,659
2010	206	3,867,510	59	3,866,060	1,343	1,687,577
2011	239	4,857,390	66	5,964,512	1,299	1,986,792
2012	226	9,551,317	68	3,040,578	1,197	1,768,573

(1) Represents electrical, HVAC, plumbing, roofing/siding and sign building permits that are not included in the Residential or Commercial/Agricultural/Industrial categories.

Source: City of Michigan City Building Inspection Department

POPULATION

<u>Year</u>	<u>Michigan City Area School Corporation</u>		<u>LaPorte County</u>		<u>Porter County</u>	
	<u>Population</u>	<u>Percent of Change</u>	<u>Population</u>	<u>Percent of Change</u>	<u>Population</u>	<u>Percent of Change</u>
1970	57,549	16.25%	105,342	10.76%	87,114	44.52%
1980	57,019	-0.92%	108,632	3.12%	119,816	37.54%
1990	52,546	-7.84%	107,066	-1.44%	128,932	7.61%
2000	51,296	-2.38%	110,106	2.84%	146,798	13.86%
2010	48,480	-5.49%	111,467	1.24%	164,343	11.95%

Source: U.S. Census Bureau

AGE STATISTICS

	<u>City of Michigan City</u>	<u>LaPorte County</u>	<u>Porter County</u>
Under 25 Years	10,217	34,705	55,151
25 to 44 Years	8,748	29,069	42,020
45 to 64 Years	8,252	31,826	46,809
65 Years and Over	4,262	15,867	20,363

Source: U.S. Census Bureau's 2010 Census

EDUCATIONAL ATTAINMENT

<u>Years of School Completed</u>	<u>Persons 25 and Over</u>		
	<u>City of Michigan City</u>	<u>LaPorte County</u>	<u>Porter County</u>
Less than 9th grade	3.9%	3.9%	2.4%
9th to 12th grade, no diploma	12.7%	10.6%	6.0%
High school graduate	37.7%	38.5%	35.4%
Some college, no degree	24.1%	22.1%	22.1%
Associate's degree	7.3%	7.9%	8.6%
Bachelor's degree	9.0%	10.9%	16.8%
Graduate or professional degree	5.3%	6.1%	8.7%

Source: U.S. Census Bureau's 2007-2011 American Community Survey 5-Year Estimates

MISCELLANEOUS ECONOMIC INFORMATION

	<u>City of Michigan City</u>	<u>LaPorte County</u>	<u>Porter County</u>	<u>Indiana</u>
Per capita income, past 12 months*	\$18,847	\$22,968	\$28,452	\$24,497
Median household income, past 12 months*	\$35,011	\$46,934	\$62,394	\$48,393
Average weekly earnings in manufacturing (3rd qtr. of 2012)	N/A	\$865	\$1,234	\$1,014
Area in square miles - 2010	23.10	598.20	418.10	36,419.55
Population per square mile - 2010	1,361.5	186.2	395.9	181.0
Retail sales in 2007:				
Total retail sales	\$730,078,000	\$1,363,592,000	\$1,956,275,000	\$78,745,589,000
Sales per capita**	\$22,623	\$12,355	\$11,958	\$12,145
Sales per establishment	\$2,786,557	\$2,754,731	\$3,912,550	\$3,323,721

*In 2011 inflation-adjusted dollars – 5-year estimates

**Based on 2010 Population.

Source: Bureau of Census Reports and the Indiana Business Research Center

<u>Adjusted Gross Income</u>	<u>Year</u>	<u>LaPorte County Total</u>	<u>Porter County Total</u>
	2007	\$2,070,730,981	\$4,553,537,217
	2008	2,110,267,945	4,203,819,374
	2009	1,949,613,405	3,817,650,579
	2010	1,995,448,028	4,066,881,459
	2011	2,090,026,481	4,237,821,599

Source: Indiana Department of Revenue

MISCELLANEOUS ECONOMIC INFORMATION (Cont'd)

Employment and Earnings - 2011

<u>LaPorte County</u>	<u>Earnings</u> (In 1,000s)	<u>Percent of</u> <u>Earnings</u>	<u>Distribution</u> <u>of</u> <u>Labor Force</u>
Services	\$689,405	30.53%	37.77%
Manufacturing	504,372	22.34%	14.62%
Government	378,642	16.77%	13.80%
Retail trade	156,099	6.91%	12.28%
Construction	149,299	6.61%	5.27%
Transportation and warehousing	113,687	5.03%	3.78%
Other*	112,030	4.96%	3.23%
Finance, insurance and real estate	72,231	3.20%	6.16%
Farming	63,681	2.82%	1.86%
Information	13,693	0.61%	0.75%
Forestry, fishing, related activities	4,092	0.18%	0.36%
Mining	904	0.04%	0.12%
Totals	<u>\$2,258,135</u>	<u>100.00%</u>	<u>100.00%</u>

* In order to avoid disclosure of confidential information, specific earnings and employment figures are not available for the Utilities and Wholesale Trade Sectors. The data is incorporated here.

<u>Porter County</u>	<u>Earnings</u> (In 1,000s)	<u>Percent of</u> <u>Earnings</u>	<u>Distribution</u> <u>of</u> <u>Labor Force</u>
Services	\$1,069,601	31.96%	42.54%
Manufacturing	805,065	24.06%	12.67%
Government	385,288	11.51%	10.05%
Wholesale and retail trade	372,741	11.14%	14.79%
Construction	357,526	10.68%	6.62%
Transportation and warehousing	144,567	4.32%	3.34%
Finance, insurance and real estate	111,402	3.33%	7.85%
Utilities	37,947	1.13%	0.40%
Information	32,661	0.98%	0.95%
Farming	27,898	0.83%	0.68%
Other*	1,803	0.06%	0.11%
Totals	<u>\$3,346,499</u>	<u>100.00%</u>	<u>100.00%</u>

* In order to avoid disclosure of confidential information, specific earnings and employment figures are not available for the Forestry, Fishing, Related Activities and Mining Sectors. The data is incorporated here.

Source: Bureau of Census Reports and the Indiana Business Research Center

SCHEDULE OF INDEBTEDNESS

The following schedule shows the outstanding indebtedness of the Michigan City Area Schools and the taxing units within and overlapping its jurisdiction as of March 15, 2013 and including issuance of the Bonds, as reported by the respective taxing units.

<u>Direct Debt</u>	<u>Original Par Amount</u>	<u>Final Maturity</u>	<u>Outstanding Amount</u>
Tax Supported Debt:			
General Obligation Bonds of 2013	\$4,000,000	01/15/17	\$4,000,000
Michigan City School Building Corporation			
First Mortgage Bonds, Series 2012A (Tax-Exempt)	1,560,000	01/15/27	1,560,000
First Mortgage Bonds, Series 2012B (Taxable)	6,910,000	01/15/27	6,910,000
First Mortgage Bonds, Series 2007	42,865,000	01/15/25	39,750,000
First Mortgage Bonds, Series 2002 (CABs)	50,415,000 *	01/15/22	40,441,929
General Obligation Pension Bonds of 2004	11,255,000	01/05/25	<u>8,410,000</u>
 Total Direct Debt			 <u><u>\$101,071,929</u></u>

*Capital Appreciation Bonds. Amount represents the value at maturity.

The Michigan City Area Schools have Tax Anticipation Warrants outstanding in the amount of \$10,914,384. Of that amount, \$8,804,384 is due on May 31, 2013 and \$2,110,000 is due December 31, 2013.

<u>Overlapping Debt</u>	<u>Total Debt</u>	<u>Percent Allocable to School Corporation*</u>	<u>Amount Allocable to School Corporation</u>
Tax Supported Debt:			
City of Michigan City	\$20,390,000	100.00%	\$20,390,000
Michigan City Sanitary District	2,170,000	100.00%	2,170,000
Beverly Shores Town	4,017,000	100.00%	4,017,000
Long Beach Town	345,000	100.00%	345,000
Springfield Township	37,000	100.00%	37,000
Michigan Township	27,500	100.00%	27,500
Porter County	26,685,000	2.56%	683,136
Porter County Public Library	2,950,000	3.13%	<u>92,335</u>
 Total Tax Supported Debt			 <u><u>27,761,971</u></u>
Revenue Supported Debt:			
City of Michigan City	\$9,605,000	100.00%	\$9,605,000
Michigan City Port Authority	1,550,000	100.00%	1,550,000
Porter County Municipal Airport Authority	3,130,000	2.56%	<u>80,128</u>
 Total Revenue Supported Debt			 <u><u>11,235,128</u></u>
 Total Overlapping Debt			 <u><u>\$38,997,099</u></u>

*Based upon the 2010 payable 2011 net assessed valuation for the taxing units in LaPorte County and the 2011 payable 2012 net assessed valuation for the taxing units in Porter County.

The schedule presented above is based on information furnished by the obligors or other sources and is deemed reliable. We make no representation or warranty as to its accuracy or completeness.

DEBT RATIOS

The following presents the ratios relative to the tax supported indebtedness of the taxing units within and overlapping Michigan City Area Schools as of March 15, 2013 and including issuance of the Bonds.

	Direct Tax Supported Debt <u>\$101,071,929</u>	Allocable Portion of All Other Overlapping Tax Supported Debt <u>\$27,761,971</u>	Total Direct and Overlapping Tax Supported Debt <u>\$128,833,900</u>
Per capita (1)	\$2,084.82	\$572.65	\$2,657.47
Percent of net assessed valuation (2)	3.19%	0.87%	4.06%
Percent of gross assessed valuation (3)	2.11%	0.58%	2.69%
Per pupil (4)	\$16,695.07	\$4,585.72	\$21,280.79

- (1) According to the U.S. Census Bureau, the 2010 population of Michigan City Area Schools is 48,480.
- (2) The net assessed valuation of Michigan City Area Schools for taxes payable in 2011 is \$3,171,763,750 according to the LaPorte and Porter County Auditor's office.
- (3) The gross assessed valuation of Michigan City Area Schools for taxes payable in 2011 is \$4,788,521,150 according to the LaPorte and Porter County Auditor's office.
- (4) Enrollment of Michigan City Area Schools is 6,054 as reported by school personnel.

DEBT LIMIT

The amount of general obligation debt a political subdivision of the State of Indiana can incur is controlled by the constitutional debt limit, which is an amount equal to 2% of the value of taxable property within the political subdivision. Pursuant to Indiana Code 36-1-15, the value of taxable property within the political subdivision is divided by three for the purposes of this calculation. The School Corporation debt limit, based upon the adjusted value of taxable property, is shown below.

Certified net assessed valuation (1)	\$3,197,014,670
Times: 2% general obligation debt issue limit	<u>2%</u>
Sub-total	63,940,293
Divided by 3	<u>3</u>
General obligation debt issue limit	21,313,431
Less: Proposed and outstanding general obligation debt	<u>(12,410,000)</u>
Estimated amount remaining for general obligation debt issuance	<u><u>\$8,903,431</u></u>

- (1) Represents certified net assessed valuation of \$2,952,203,631 for taxes payable in 2011 in LaPorte County and \$244,811,039 for taxes payable in 2013 in Porter County. Beginning in 2006 tax year payable 2007, all real property assessments are revalued annually to reflect market value based on comparable sales data ("Trending"). Due to delays related to Trending, the LaPorte County Certified Net Assessed Valuations for the tax year payable 2012 and 2013 are not yet available, pursuant to the LaPorte County Auditor's Office.

SCHEDULE OF HISTORICAL NET ASSESSED VALUATION

(As Provided by the LaPorte and Porter County Auditors' Offices)

<u>Year Payable</u>	<u>Real Estate</u>	<u>Utilities</u>	<u>Personal Property</u>	<u>Total Taxable Value</u>
2008	\$2,986,393,154	\$4,506,160 (1)	\$158,200,468	\$3,149,099,782
2009 (2)	2,602,708,306	129,046,340	153,815,760	2,885,570,406
2010	2,538,382,697	143,741,430	167,750,530	2,849,874,657
2011	2,848,042,283	153,077,250	170,644,217	3,171,763,750
2012	218,016,451	4,889,890	1,488,870	224,395,211 (3)

- (1) Per the LaPorte County Auditor's Office, state utility values for LaPorte County were inadvertently left off the Pay 2008 Abstract.
- (2) In 2009, the standard deduction for homesteads increased from the lesser of \$45,000 or 50% of assessed value to the lesser of \$45,000 or 60% of assessed value. Additionally, a supplemental homestead deduction equal to 35% for up to \$600,000 of assessed value remaining after the application of the standard deduction and 25% of the remaining assessed value above \$600,000 was implemented.
- (3) Represents Michigan City Area Schools located in Porter County only. Beginning in 2006 tax year payable 2007, all real property assessments are revalued annually to reflect market value based on comparable sales data ("Trending"). Due to delays related to Trending, the LaPorte County Net Assessed Valuations for the tax year payable 2012 are not yet available, pursuant to the LaPorte County Auditor's Office.

NOTE: Net assessed valuations represent the assessed value less certain deductions for mortgages, veterans, the aged and the blind, as well as tax-exempt property.

Real property is valued for assessment purposes at its true tax value as defined in the Real Property Assessment Rule, 50 IAC 2.4, the 2011 Real Property Assessment Manual ("Manual"), as incorporated into 50 IAC 2.4, and the 2011 Real Property Assessment Guidelines ("Guidelines"), as adopted by the Department of Local Government Finance (DLGF). In the case of agricultural land, true tax value is the value determined in accordance with the Guidelines adopted by the DLGF and IC 6-1.1-4-13. In the case of all other real property, true tax value is defined as "The market value-in-use of a property for its current use, as reflected by the utility received by the owner or by a similar user, from the property."

Real property assessments are annually adjusted to market value based on sales data. The process of adjusting real property assessments to reflect market values has been termed "trending" by the DLGF.

The Manual permits assessing officials in each county to choose any acceptable mass appraisal method to determine true tax value, taking into consideration the ease of administration and the uniformity of the assessments produced by that method. The Guidelines were adopted to provide assessing officials with an acceptable appraisal method, although the Manual makes it clear that assessing officials are free to select from any number of appraisal methods, provided that they produce accurate and uniform values throughout the jurisdiction and across all classes of property. The Manual specifies the standards for accuracy and validation that the DLGF uses to the acceptability of any alternative appraisal method.

DETAIL OF NET ASSESSED VALUATION
As of 2010 for Taxes Payable in 2011
(As Provided by the LaPorte and Porter County Auditors' Offices)

(Cont'd)

	<u>LaPorte County (1)</u>							<u>Subtotals</u>
	<u>Michigan City - Coolspring Township</u>	<u>Trail Creek - Coolspring Township</u>	<u>Michigan Township</u>	<u>Michigan City - Michigan Township</u>	<u>Town of Long Beach</u>	<u>Michiana Shores - Michigan Township</u>	<u>Town of Pottawattamie Park</u>	
Gross Value of Land	\$130,219,500	\$7,395,100	\$45,725,100	\$476,900,700	\$280,297,200	\$42,565,800	\$5,629,200	\$988,732,600
Gross Value of Improvements	<u>427,182,800</u>	<u>37,491,200</u>	<u>60,605,700</u>	<u>1,314,439,200</u>	<u>289,539,300</u>	<u>48,413,900</u>	<u>10,959,500</u>	<u>2,188,631,600</u>
Total Gross Value of Real Estate	557,402,300	44,886,300	106,330,800	1,791,339,900	569,836,500	90,979,700	16,588,700	3,177,364,200
Less: Mortgage Exemptions, Veterans, Blind, Age 65 & Other Exemptions	(103,681,825)	(22,700,967)	(19,969,510)	(380,130,632)	(90,319,650)	(11,911,060)	(6,449,345)	(635,162,989)
Tax Exempt Property	(25,885,768)	(1,778,900)		(64,642,638)		(40,600)	(3,450,500)	(95,798,406)
TIF	<u>(131,358,205)</u>			<u>(268,321,012)</u>				<u>(399,679,217)</u>
Net Assessed Value of Real Estate	<u>296,476,502</u>	<u>20,406,433</u>	<u>86,361,290</u>	<u>1,078,245,618</u>	<u>479,516,850</u>	<u>79,028,040</u>	<u>6,688,855</u>	<u>2,046,723,588</u>
Business Personal Property	44,196,320	150,590	45,080	133,394,450	769,860	83,900	90,690	178,730,890
Less: Deductions	<u>(3,017,900)</u>	<u>(30,900)</u>		<u>(28,265,973)</u>			<u>(13,500)</u>	<u>(31,328,273)</u>
Net Assessed Value of Personal Property	<u>41,178,420</u>	<u>119,690</u>	<u>45,080</u>	<u>105,128,477</u>	<u>769,860</u>	<u>83,900</u>	<u>77,190</u>	<u>147,402,617</u>
Net Assessed Value of Utility Property	<u>5,307,340</u>	<u>367,620</u>	<u>1,272,480</u>	<u>113,140,440</u>	<u>1,375,320</u>	<u>337,970</u>	<u>57,180</u>	<u>121,858,350</u>
Total Net Assessed Value	<u><u>\$342,962,262</u></u>	<u><u>\$20,893,743</u></u>	<u><u>\$87,678,850</u></u>	<u><u>\$1,296,514,535</u></u>	<u><u>\$481,662,030</u></u>	<u><u>\$79,449,910</u></u>	<u><u>\$6,823,225</u></u>	<u><u>\$2,315,984,555</u></u>

(1) Beginning in 2006 tax year payable 2007, all real property assessments are revalued annually to reflect market value based on comparable sales data ("Trending"). Due to delays related to Trending, the Net Assessed Valuations for the tax year payable 2012 are not yet available, pursuant to the LaPorte County Auditor's Office.

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DETAIL OF NET ASSESSED VALUATION
As of 2010 for Taxes Payable in 2011
(As Provided by the LaPorte and Porter County Auditors' Offices)

(Cont'd)

	LaPorte County (1)							Subtotals
	Subtotals Carried Forward	Trail Creek - Michigan Township	Coolspring Township I	Springfield Township	Michiana Shores - Springfield Township	Pottawattamie Park - Michigan City - Sanitary District	Long Beach- Michigan City - Sanitary District	
Gross Value of Land	\$988,732,600	\$12,369,300	\$108,786,800	\$85,883,500	\$13,966,100	\$895,400	\$15,174,200	\$1,225,807,900
Gross Value of Improvements	<u>2,188,631,600</u>	<u>61,368,800</u>	<u>386,956,300</u>	<u>195,090,500</u>	<u>22,064,400</u>	<u>3,565,900</u>	<u>20,185,500</u>	<u>2,877,863,000</u>
Total Gross Value of Real Estate	3,177,364,200	73,738,100	495,743,100	280,974,000	36,030,500	4,461,300	35,359,700	4,103,670,900
Less: Mortgage Exemptions, Veterans, Blind, Age 65 & Other Exemptions	(635,162,989)	(38,565,497)	(192,853,330)	(90,568,476)	(7,163,316)	(2,353,090)	(10,426,135)	(977,092,833)
Tax Exempt Property	(95,798,406)	(557,400)	(12,018,090)	(6,799,700)	(84,500)			(115,258,096)
TIF	<u>(399,679,217)</u>	<u> </u>	<u>(7,030,026)</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>(406,709,243)</u>
Net Assessed Value of Real Estate	<u>2,046,723,588</u>	<u>34,615,203</u>	<u>283,841,654</u>	<u>183,605,824</u>	<u>28,782,684</u>	<u>2,108,210</u>	<u>24,933,565</u>	<u>2,604,610,728</u>
Business Personal Property	178,730,890	628,440	11,062,240	12,563,320	99,430		221,080	203,305,400
Less: Deductions	<u>(31,328,273)</u>	<u>(40,920)</u>	<u>(3,013,660)</u>	<u>(325,080)</u>	<u>(66,450)</u>	<u> </u>	<u> </u>	<u>(34,774,383)</u>
Net Assessed Value of Personal Property	<u>147,402,617</u>	<u>587,520</u>	<u>8,048,580</u>	<u>12,238,240</u>	<u>32,980</u>	<u>0</u>	<u>221,080</u>	<u>168,531,017</u>
Net Assessed Value of Utility Property	<u>121,858,350</u>	<u>825,810</u>	<u>17,154,290</u>	<u>7,499,590</u>	<u>765,790</u>	<u> </u>	<u> </u>	<u>148,103,830</u>
Total Net Assessed Value	<u><u>\$2,315,984,555</u></u>	<u><u>\$36,028,533</u></u>	<u><u>\$309,044,524</u></u>	<u><u>\$203,343,654</u></u>	<u><u>\$29,581,454</u></u>	<u><u>\$2,108,210</u></u>	<u><u>\$25,154,645</u></u>	<u><u>\$2,921,245,575</u></u>

(1) Beginning in 2006 tax year payable 2007, all real property assessments are revalued annually to reflect market value based on comparable sales data ("Trending"). Due to delays related to Trending, the Net Assessed Valuations for the tax year payable 2012 are not yet available, pursuant to the LaPorte County Auditor's Office.

(Continued on next page)

DETAIL OF NET ASSESSED VALUATION
As of 2010 for Taxes Payable in 2011
(As Provided by the LaPorte and Porter County Auditors' Offices)

	Subtotals Carried Forward	LaPorte County (1)			Porter County			Total
		Trail Creek - Coolspring Twp. - Michigan City - Sanitary District	Trail Creek - Michigan Twp. - Michigan City - Sanitary District	Coolspring Twp. I - Michigan City - Sanitary District	Pine Township - Michigan City Sch.	Town of Beverly Shores	Town of Pines	
Gross Value of Land	\$1,225,807,900	\$1,710,400	\$131,000	\$5,303,000	\$19,554,700	\$66,288,200	\$8,196,300	\$1,326,991,500
Gross Value of Improvements	<u>2,877,863,000</u>	<u>10,218,500</u>	<u>526,200</u>	<u>13,284,500</u>	<u>36,523,800</u>	<u>139,733,400</u>	<u>24,841,300</u>	<u>3,102,990,700</u>
Total Gross Value of Real Estate	4,103,670,900	11,928,900	657,200	18,587,500	56,078,500	206,021,600	33,037,600	4,429,982,200
Less: Mortgage Exemptions, Veterans, Blind, Age 65 & Other Exemptions	(977,092,833)	(2,338,475)	(214,615)	(1,589,756)	(19,668,799)	(40,988,428)	(12,808,992)	(1,054,701,898)
Tax Exempt Property	(115,258,096)				(2,511,900)	(1,150,000)	(840,600)	(119,760,596)
TIF	<u>(406,709,243)</u>			<u>(768,180)</u>				<u>(407,477,423)</u>
Net Assessed Value of Real Estate	<u>2,604,610,728</u>	<u>9,590,425</u>	<u>442,585</u>	<u>16,229,564</u>	<u>33,897,801</u>	<u>163,883,172</u>	<u>19,388,008</u>	<u>2,848,042,283</u>
Business Personal Property	203,305,400	520,690		261,970	552,870	165,170	655,600	205,461,700
Less: Deductions	<u>(34,774,383)</u>	<u>(1,640)</u>			<u>(35,150)</u>		<u>(6,310)</u>	<u>(34,817,483)</u>
Net Assessed Value of Personal Property	<u>168,531,017</u>	<u>519,050</u>	<u>0</u>	<u>261,970</u>	<u>517,720</u>	<u>165,170</u>	<u>649,290</u>	<u>170,644,217</u>
Net Assessed Value of Utility Property	<u>148,103,830</u>	<u>23,440</u>			<u>2,825,710</u>	<u>1,147,660</u>	<u>976,610</u>	<u>153,077,250</u>
Total Net Assessed Value	<u>\$2,921,245,575</u>	<u>\$10,132,915</u>	<u>\$442,585</u>	<u>\$16,491,534</u>	<u>\$37,241,231</u>	<u>\$165,196,002</u>	<u>\$21,013,908</u>	<u>\$3,171,763,750</u>

(1) Beginning in 2006 tax year payable 2007, all real property assessments are revalued annually to reflect market value based on comparable sales data ("Trending"). Due to delays related to Trending, the Net Assessed Valuations for the tax year payable 2012 are not yet available, pursuant to the LaPorte County Auditor's Office.

COMPARATIVE SCHEDULE OF TAX RATES

Per \$100 of Net Assessed Valuation

(As Provided by the LaPorte and Porter County Auditor's Office)

Detail of Tax Rate:	Year Taxes Payable				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>LaPorte County</u>		(1)			(2)
Pre-School Education	\$0.0014				
General	0.5662				
Debt Service	0.4040	\$0.3356	\$0.5765	\$0.4000	
Pension Debt	0.0308	0.0511	0.0373	0.0338	
Capital Projects	0.1264	0.2152	0.2176	0.2053	
Transportation	0.1373	0.1367	0.1437	0.1125	
Bus Replacement	0.0154	0.0448	0.0283	0.0075	
Totals	<u>\$1.2815</u>	<u>\$0.7834</u>	<u>\$1.0034</u>	<u>\$0.7591</u>	
<u>Porter County</u>					
Pre-School Education	\$0.0015				
General	0.5871				
Debt Service	0.4189	\$0.3558	\$0.6028	\$0.4138	\$0.4108
Pension Debt	0.0308	0.0511	0.0373	0.0338	0.0346
Capital Projects	0.1311	0.2273	0.2272	0.2125	0.1280
Transportation	0.1424	0.1449	0.1502	0.1164	0.1147
Bus Replacement	0.0160	0.0475	0.0296	0.0078	
Totals	<u>\$1.3278</u>	<u>\$0.8266</u>	<u>\$1.0471</u>	<u>\$0.7843</u>	<u>\$0.6881</u>
Total Tax Rate (3):					
<u>LaPorte County</u>					
Michigan City - Coolspring Twp	\$3.3718	\$2.8418	\$3.1275	\$2.6373	
Trail Creek - Coolspring Twp	\$2.4953	\$2.1658	\$2.4522	\$2.0265	
Michigan Township	\$1.9542	\$1.4685	\$1.7134	\$1.3761	
Michigan City - Michigan Twp	\$3.3675	\$2.8360	\$3.1216	\$2.6342	
Long Beach	\$2.1001	\$1.6664	\$1.9191	\$1.5862	
Michiana Shores - Michigan Twp	\$2.0497	\$1.5763	\$1.8296	\$1.4695	
Pottawattamie Park	\$2.3810	\$2.0719	\$2.3541	\$2.2374	
Trail Creek - Michigan Twp	\$2.4910	\$2.1600	\$2.4463	\$2.0234	
Coolspring Township	\$1.9938	\$1.5098	\$1.7565	\$1.4059	
Springfield Township	\$2.0503	\$1.5732	\$1.8207	\$1.4534	
Michiana Shores - Springfield Twp	\$2.0725	\$1.5951	\$1.8494	\$1.4846	
Pottawattamie Park - MC Sanitary	\$2.5638	\$2.2455	\$2.5299	\$2.3902	
Long Beach - MC Sanitary	\$2.2829	\$1.8400	\$2.0949	\$1.7390	
Trail Creek - Coolspring - MC San.	\$2.6781	\$2.3394	\$2.6280	\$2.1793	
Trail Creek - Michigan - MC San.	\$2.6738	\$2.3336	\$2.6221	\$2.1762	
Coolspring Township - MC Sanitary	\$2.1766	\$1.6834	\$1.9323	\$1.5587	
<u>Porter County</u>					
Pine Township - MC Schools	\$1.8657	\$1.3888	\$1.6267	\$1.3818	\$1.2923
Beverly Shores	\$2.1033	\$1.7596	\$1.8900	\$1.9440	\$1.7045
Pines	\$2.1367	\$1.7354	\$1.9964	\$1.7753	\$1.6835

- (1) Beginning in year payable 2009 and thereafter, the State has assumed 100% of the cost of School General and Preschool Special Education for local schools; Family & Children Medical Assistance to Wards, Children's Psychiatric Residential Treatment, Children with Special Health Care Needs, and Juvenile Incarceration Costs for counties; member benefits of the Pre-1977 Pension Plans for cities and towns; State Fair; and the Indiana Department of Natural Resources Forestry. As a result, the tax rate payable in 2009 may show a significant decrease when compared to prior years.
- (2) Beginning in 2006 tax year payable 2007, all real property assessments are revalued annually to reflect market value based on comparable sales data ("Trending"). Due to delays related to Trending, tax rates for the tax year payable 2012 are not yet available, pursuant to the LaPorte County Auditor's Office.
- (3) Includes tax rates of overlapping taxing units.

PROPERTY TAXES LEVIED AND COLLECTED

Collection Year	Taxes Levied	Circuit Breaker Tax Credit (1)	Taxes Levied		Collected as Percent of Gross Levy	Collected as Percent of Net Levy
			Net of Circuit Breaker Tax Credit	Taxes Collected		
2008	\$32,729,545		\$32,729,545	\$33,206,508		101.46%
2009	19,692,656	(\$509,636)	19,183,020	19,086,746 (2)	96.92%	99.50%
2010	25,223,434	(2,791,275)	22,432,159	22,477,160 (2)	89.11%	100.20%
2011	25,188,208	(1,534,019)	23,654,189	12,607,393 (3)	50.05%	53.30%
2012	19,471,181 (4)	(1,313) (5)	19,469,868	13,622,013 (3)	69.96%	69.96% (5)

Source: The LaPorte and Porter County Auditor's Office and the DLGF Budget Orders for the School Corporation.

(1) Circuit Breaker Tax Credits allocable to the School Corporation per the LaPorte and Porter County Abstracts.

(2) The School Corporation received a combined reconciliation for 2009 and 2010 in November of 2012. Of the \$15,010,873 that was distributed, \$6,358,013 has been allocated to taxes payable in 2009 and \$8,652,860 has been allocated to taxes payable in 2010.

(3) A portion of the property taxes have not been fully distributed in LaPorte County. The above reflects Porter County distributions and a portion of LaPorte County taxes collected through provisional billings.

(4) Represents Michigan City Area Schools actual tax levy for Porter County and estimated levy for LaPorte County.

(5) Circuit Breaker Tax Credits allocable to the School Corporation per the 2012 Porter County Abstract. The LaPorte County portion will be calculated when Abstract is provided for 2012.

Prior to 2003, total taxes collected included property tax replacement credits (PTRC) distributed by the State of Indiana to each county in an amount up to approximately 20% of the tax levy. Legislation adopted by the Indiana General Assembly in 2002 increased the PTRC for taxes payable in 2003 and thereafter to replace 60% of the general fund levies for school corporations and to eliminate PTRC for depreciable personal property. With legislation adopted by the Indiana General Assembly in 2008, beginning with property taxes payable in 2009, the State assumed 100% of the cost of School General and Pre-school Education funds of local schools, along with certain county and municipal funds and eliminated all PTRC payments paid to local taxing units.

Indiana Code 6-1.1-20.6 provides taxpayers with a tax credit for all property taxes in an amount that exceeds the gross assessed value of real and personal property eligible for the credit ("Circuit Breaker Tax Credit"). For property assessed as a homestead (as defined in IC 6-1.1-20.9-1), the Circuit Breaker Tax Credit was the amount by which the property taxes attributable to the homestead exceeded 2% of the gross assessed value of the homestead, beginning with property taxes first due and payable in 2008. The following year, the Indiana General Assembly expanded these tax credits. For taxes payable in 2009, property taxes for homesteads were limited to 1.5% of the gross assessed value of the homestead; property taxes for agricultural, other residential property and long term care facilities were limited to 2.5% of their gross assessed value; and property taxes for all other real and personal property were limited to 3.5% of gross assessed value.

Effective with property taxes payable in 2010, property taxes for residential homesteads are limited to 1.0% of the gross assessed value of the homestead; property taxes for agricultural, other residential property and long term care facilities are limited to 2.0% of their gross assessed value; and property taxes for all other real and personal property are limited to 3.0% of gross assessed value. Additional property tax limits have been made available to certain senior citizens. School corporations are authorized to impose a referendum tax levy to replace property tax revenue that the school corporation will not receive due to the Circuit Breaker Tax Credit. Other political subdivisions may not increase their property tax levy or borrow money to make up for any property tax revenue shortfall due to the application of the Circuit Breaker Tax Credit.

Effective July 1, 2012, property tax revenue subject to reduction by the Circuit Breaker Tax Credit under Indiana Code Title 6, Article 1.1, Chapter 20.6, Section 9.8 is classified as either "protected taxes" or "unprotected taxes." Protected taxes ("Protected Taxes") include taxes levied to pay debt service or lease rental on obligations payable from ad valorem property taxes. A debt service fund containing Protected Taxes is funded first by the taxing unit before property taxes are deposited into any other funds.

LARGE TAXPAYERS

The following is a list of the ten largest taxpayers located within Michigan City Area Schools.

<u>Name</u>	<u>Type of Business</u>	<u>2010/2011 Net Assessed Valuation (1)</u>	<u>Percent of Total Net Assessed Valuation (2)</u>
Blue Chip Casino, LLC (3)	Riverboat casino	\$199,627,860	6.29%
Northern Indiana Public Service Co., Inc.	Electric and natural gas utility	148,109,290	4.67%
F/C Michigan City Development, LLC F/C Michigan Parking, LLC	Outlet mall	113,016,670	3.56%
Sullair Corporation	Mfr. of air and gas compressors	25,054,370	0.79%
Edward Rose Of Indiana, LLC	Apartments	19,593,240	0.62%
Meijer Stores Limited Partnership	Retail store	17,873,370	0.56%
MCSLC LLC	Nursing home	16,529,750	0.52%
Michigan City Property/APJ Hospitality/Knights Inn	Hotel	14,511,000	0.46%
Wal-Mart	Retail store	13,786,750	0.43%
Menard, Inc.	Retail store	<u>13,541,760</u>	<u>0.43%</u>
Totals		<u><u>\$581,644,060</u></u>	<u><u>18.33%</u></u>

- (1) Beginning in 2006 tax year payable 2007, all real property assessments are revalued annually to reflect market value based on comparable sales data ("Trending"). Due to delays relating to Trending, the Net Assessed Valuation for the tax year payable 2012 is not yet available, pursuant to the LaPorte County Auditor's Office.
- (2) The total net assessed valuation of the Michigan City Area Schools is \$3,171,763,750 for taxes payable in 2011, according to the LaPorte and Porter County Auditor's office.
- (3) Located in a tax increment allocation area; therefore, all or a portion of the taxes are captured as TIF and not distributed to individual taxing units.

Source: County Treasurer's office and the Indiana Department of Local Government Finance.

Note: The following financial statements on pages A-19 - A-22 are excerpts from the Michigan City Area Schools 2010 and 2011 audit reports of the Indiana State Board of Accounts. Consequently, these schedules do not include all disclosures required by generally accepted accounting principles. Complete audits will be furnished upon request.

MICHIGAN CITY AREA SCHOOLS

**STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2010

	<u>General</u>	<u>Transportation Operating</u>	<u>Early Learning</u>	<u>Fiscal Stabilization</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Construction</u>	<u>Other</u>	<u>Totals</u>
Receipts:									
Local sources	\$3,720,750	\$3,575,049	\$700,000		\$7,380,758	\$5,631,154		\$3,098,617	\$24,106,328
Intermediate sources	199,871							12,225	212,096
State sources	48,182,512							359,881	48,542,393
Federal sources				\$1,288,550				12,201,045	13,489,595
Temporary Loans		3,667,712			5,680,000	5,733,126			15,080,838
Other	232,306	8,793						19,410	260,509
Total receipts	52,335,439	7,251,554	700,000	1,288,550	13,060,758	11,364,280	0	15,691,178	101,691,759
Disbursements:									
Current:									
Instruction	28,525,228		243,135	4,458,514				6,622,101	39,848,978
Support services	16,302,960	3,466,550	27,668	514,655		3,215,663		3,822,897	27,350,393
Noninstructional services	660,279							4,353,686	5,013,965
Facilities acquisition & construction	1,592					3,702,126	3,306,840	37,687	7,048,245
Debt services	6,160,000	3,000,270			9,273,065	6,000,000		1,017,145	25,450,480
Nonprogrammed charges	620							123,087	123,707
Total disbursements	51,650,679	6,466,820	270,803	4,973,169	9,273,065	12,917,789	3,306,840	15,976,603	104,835,768
Excess (deficiency) of receipts over (under) disbursements	684,760	784,734	429,197	(3,684,619)	3,787,693	(1,553,509)	(3,306,840)	(285,425)	(3,144,009)
Other financing sources (uses):									
Proceeds of long-term debt					270		247,915		248,185
Sale of capital assets	7,827								7,827
Transfers in	172,092	928						343,288	516,308
Transfers out	(5,122)							(511,186)	(516,308)
Total other financing sources (uses)	174,797	928	0	0	270	0	247,915	(167,898)	256,012

(Continued on next page)

MICHIGAN CITY AREA SCHOOLS

(Cont'd)

**STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS**

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2010

	<u>General</u>	<u>Transportation Operating</u>	<u>Early Learning</u>	<u>Fiscal Stabilization</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Construction</u>	<u>Other</u>	<u>Totals</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	\$859,557	\$785,662	\$429,197	(\$3,684,619)	\$3,787,963	(\$1,553,509)	(\$3,058,925)	(\$453,323)	(\$2,887,997)
Cash and investments - beginning	<u>(5,316,022)</u>	<u>1,201,950</u>	<u>473,280</u>	<u>3,684,619</u>	<u>2,045,587</u>	<u>2,840,157</u>	<u>3,365,893</u>	<u>1,528,053</u>	<u>9,823,517</u>
Cash and investments - ending	<u>(\$4,456,465)</u>	<u>\$1,987,612</u>	<u>\$902,477</u>	<u>\$0</u>	<u>\$5,833,550</u>	<u>\$1,286,648</u>	<u>\$306,968</u>	<u>\$1,074,730</u>	<u>\$6,935,520</u>
<u>Cash and Investment Assets - Ending</u>									
Cash and investments	(\$4,456,465)	\$1,987,612	\$902,477			\$1,286,648	\$306,968	\$1,074,730	\$1,101,970
Restricted Assets:									
Cash and investments					\$5,833,550				5,833,550
Total cash and investment assets - ending	<u>(\$4,456,465)</u>	<u>\$1,987,612</u>	<u>\$902,477</u>	<u>\$0</u>	<u>\$5,833,550</u>	<u>\$1,286,648</u>	<u>\$306,968</u>	<u>\$1,074,730</u>	<u>\$6,935,520</u>
<u>Cash and Investment Fund Balance - Ending</u>									
Restricted For:									
Debt service					\$5,833,550				\$5,833,550
Unrestricted	<u>(\$4,456,465)</u>	<u>\$1,987,612</u>	<u>\$902,477</u>			<u>\$1,286,648</u>	<u>\$306,968</u>	<u>\$1,074,730</u>	<u>1,101,970</u>
Total cash and investment fund balance - ending	<u>(\$4,456,465)</u>	<u>\$1,987,612</u>	<u>\$902,477</u>	<u>\$0</u>	<u>\$5,833,550</u>	<u>\$1,286,648</u>	<u>\$306,968</u>	<u>\$1,074,730</u>	<u>\$6,935,520</u>

Note: Negative ending balance for the General Fund due to a delay in property tax collections.

MICHIGAN CITY AREA SCHOOLS

**STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING
SOURCES (USES), AND CASH AND INVESTMENT BALANCES**

REGULATORY BASIS

For the Years Ended June 30, 2011

	Cash and Investments <u>06-30-10</u>	<u>Receipts</u>	<u>Disbursements</u>	Other Financing Sources <u>(Uses)</u>	Cash and Investments <u>06-30-11</u>
General	(\$4,456,465)	\$50,103,401	\$43,486,525	\$48,334	\$2,208,745
Debt Service	5,833,550	10,285,203	14,252,205	(9,000)	1,857,548
Retirement/Severance Bond Debt Service	(446,472)	1,437,378	1,216,892		(225,986)
Capital Projects	1,286,648	8,973,787	9,796,506		463,929
School Transportation	1,987,612	2,868,600	4,426,513	160,551	590,250
School Bus Replacement	108,866	405,382			514,248
Construction	306,968		240,871	12,579	78,676
School Lunch	678,887	3,528,679	3,305,142		902,424
Textbook Rental	497,116	534,189	472,793		558,512
Educational License Plates	2,224	2,212	1,870		2,566
Early Intervention 2009-2010	10,272		10,272		0
Early Intervention 2010-2011		72,244	61,045		11,199
IN Youth Institute		717	717		0
Hours for Ours 2007-2008	2,539		2,539		0
Hours for Ours 2008-2009	14,258	795	216		14,837
Impact Pro Don	2,582	4,516	2,186		4,912
Early Learning	902,477		48,773		853,704
United Way 2008-2009	1,175		1,175		0
United Way 2009-2010	11,044	12,253	22,841		456
United Way 2010-2011		11,437	55		11,382
Wellness Grant 2009-2010	7,076		6,594		482
Laura Bush Grant		15,000			15,000
Champion Program		5,409			5,409
After School 2008-2009	25,467	92,701	56,777		61,391
Safe Harbor 2008-2009	54,285		40,028		14,257
MC Enrichment 2009-2010	18,672		18,672		0
MC Enrichment 2010-2011		21,000	946		20,054
Unity 2009-2010	1,350		1,015		335
Unity 2010-2011		3,943	3,443		500
Gifted and Talented 2009-2010	1,401		1,401		0
Gifted and Talented 2010-2011		54,242	11,736		42,506
Medicaid Reimbursement State- 2009	6,927	18,401		(16,410)	8,918
Non-English Speaking Programs 2010-2011		13,994	13,994		0
Tobacco Cessation 2009-2010	(1,205)	12,336	11,131		0
Title I School Improvement Marsh 2010-2011		10,886	10,886		0
Title I 2009-2010	(10,573)	277,687	197,994	(69,120)	0
Title I 2010-2011		1,657,976	1,682,623	(78,412)	(103,059)
Title I School Improvement Niemann 2009-2010	19,038		19,038		0
Title I School Improvement Marsh 2009-2010	13,653	8,000	21,653		0
Special Education Carryover 2009-2010	1,258		1,258		0
Special Education 2009-2010	(241,826)	284,734	42,908		0
Special Education 2010-2011		1,489,048	1,508,028		(18,980)
Special Education Preschool 2010-2011		64,639	69,049		(4,410)
Sub-totals	<u>\$6,638,804</u>	<u>\$82,270,789</u>	<u>\$81,068,310</u>	<u>\$48,522</u>	<u>\$7,889,805</u>

Note: Negative beginning balance for the General Fund due to a delay in property tax collections.

(Continued on next page)

MICHIGAN CITY AREA SCHOOLS

**STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING
SOURCES (USES), AND CASH AND INVESTMENT BALANCES**

REGULATORY BASIS

For the Years Ended June 30, 2011

	Cash and Investments <u>06-30-10</u>	<u>Receipts</u>	<u>Disbursements</u>	Other Financing Sources <u>(Uses)</u>	Cash and Investments <u>06-30-11</u>
Sub-totals carried forward	\$6,638,804	\$82,270,789	\$81,068,310	\$48,522	\$7,889,805
Adult Basic Education 2010-2011		82,453	113,444		(30,991)
ABE Night School 2009-2010	11,273		11,273		0
Drug Free Title IV 2008-2010	7,171		7,171		0
Drug Free Title IV 2009-2011	(229)	24,814	26,278		(1,693)
Carl Perkins 2010-2011		104,512	112,852		(8,340)
Carl Perkins 2009-2010	21,885	61,660	83,545		0
Donnelly Grant 2010-2012		125,487	125,487		0
Tech Prep 2009-2010	(1,507)	13,000	11,493		0
Tech Prep 2010-2011		3,046	3,558		(512)
Medicaid Reimbursement 2009-2010	46,038	43,845	16,856		73,027
Other Federal Programs		16,575			16,575
Counseling Grant 2009-2010		11,178	11,178		0
Afternoon Rocks 2008-2010	8,941				8,941
DNR/Natural Resources 2010-2011		5,000	5,000		0
21st Century Cohort V 2010-2011	10,709	371,838	391,265	(2,944)	(11,662)
21st Century Cohort III 2009-2010	15,474		15,474		0
21st Century Cohort IV 2010-2011	(3,568)	350,624	346,159	(10,075)	(9,178)
Title II Part A 2008-2010	17,854	11,278	29,132		0
Title II Part A 2009-2011	(29,376)	104,511	83,039		(7,904)
Title II Part A 2010-2012		117,069	118,786		(1,717)
Title II Part D Cadre 1 2009-2010	10,519	25,001	35,520		0
Title II Part D Cadre 2 2009-2010	10,606	52,361	62,967		0
English Language Acquisition 2009-2010	(502)	502			0
Math and Science 2009-2010, Yr 3	74,584		74,584		0
Math and Science 2009-2010, Yr 2	43,861		43,861		0
Math and Science 2010-2011, Yr 2	151,961	10,002	120,559	(41,404)	0
Math and Science 2010-2011, Yr 3			12,389	41,406	29,017
Title I Stimulus	(41,708)	428,651	387,140		(197)
Special Education Stimulus	(60,652)	282,956	222,304		0
Special Ed Preschool Stimulus	3,382	40,972	44,354		0
Education Jobs		200,519	215,789		(15,270)
Totals	<u>\$6,935,520</u>	<u>\$84,758,643</u>	<u>\$83,799,767</u>	<u>\$35,505</u>	<u>\$7,929,901</u>

The following schedules on pages A-23 - A-29 contain limited and unaudited financial information which is presented solely for the purpose of conveying a statement of cash and investment balances for the Michigan City Area Schools. Consequently, these schedules do not include all disclosures required by generally accepted accounting principles.

MICHIGAN CITY AREA SCHOOLS

SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

	Calendar Year	
	<u>2011</u>	<u>2012</u>
<u>GENERAL FUND</u>		
Receipts:		
Local Property Tax	\$362,902	\$2,656,827
License Excise Tax		182,149
Commercial Vehicle Excise Tax		100,450
Local Option Property Tax Replacement	774,632	
Tuition	492,342	
Earnings on Investments	11,028	15,346
School Corporation Activities	67,683	74,133
Other Revenue from Local Sources	69,068	117,073
Revenue from Intermediate Sources	197,550	203,412
Revenue from State Sources	42,433,472	42,472,096
Loans	10,331,794	1,358,000
Sale of Property, Adjustments and Refunds	31,924	11,375
Interfund Transfers	19,090	6,563,354
Other	341,559	459,703
	<u>55,133,045</u>	<u>54,213,916</u>
Expenditures:		
Instruction	31,420,838	31,731,018
Support Services	16,341,454	16,150,219
Community Services	614,711	604,152
Debt Services	5,176,998	6,512,796
Interfund Transfers		1,873,725
	<u>53,554,001</u>	<u>56,871,910</u>
Net Increase (Decrease) in Cash & Investments	1,579,043	(2,657,994)
Beginning Balance - January 1st	<u>(183,067)</u>	<u>1,395,976</u>
Ending Balance - December 31st	<u>\$1,395,976</u>	<u>(\$1,262,018)</u>

The General Fund is the primary operating fund and is used to budget and account for all receipts and disbursements relative to the basic operation and basic programs of the School Corporation. Prior to 2009, a portion of the General Fund was funded from local property taxes. As of 2009, the State assumed the full cost for the General Fund that previously had been paid from local property taxes.

Note: Due to delays in the distribution of property taxes, taxes from prior years (2007 - 2010) were received in 2011 and 2012.

(Continued on next page)

MICHIGAN CITY AREA SCHOOLS

SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

	Calendar Year	
	<u>2011</u>	<u>2012</u>
<u>DEBT SERVICE FUND</u>		
Receipts:		
Local Property Tax	\$4,930,996	\$24,489,704
License Excise Tax	456,674	823,133
Commercial Vehicle Excise Tax	2,556	184,636
Local Option Property Tax Replacement		591,099
Interfund Transfers		4,633,358
Loans	9,443,366	7,682,000
Total Receipts	14,833,592	38,403,929
Expenditures:		
Principal on Debt	8,883,203	13,906,000
Interest on Debt	603,209	618,195
Lease Rental	9,591,321	8,673,845
Interfund Transfers		3,600,000
Debt Service TBR - Transfers ECA Only		51,848
Advancements and Obligations	43,990	
Total Expenditures	19,121,724	26,849,888
Net Increase (Decrease) in Cash & Investments	(4,288,132)	11,554,040
Beginning Balance - January 1st	2,829,704	(1,458,428)
Ending Balance - December 31st	(\$1,458,428)	\$10,095,612

The Debt Service Fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

Note: Due to delays in the distribution of property taxes, taxes from prior years (2007 - 2010) were received in 2011 and 2012.

(Continued on next page)

MICHIGAN CITY AREA SCHOOLS

SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

	Calendar Year	
	<u>2011</u>	<u>2012</u>
<u>RETIREMENT/SEVERANCE BOND FUND</u>		
Receipts:		
Local Property Tax	\$708,231	\$1,640,412
License Excise Tax	69,533	54,825
Commercial Vehicle Excise Tax	209	16,707
Loans	790,265	
Total Receipts	1,568,238	1,711,945
Expenditures:		
Principal on Debt	1,296,317	455,000
Interest on Debt	580,610	557,130
Total Expenditures	1,876,927	1,012,130
Net Increase (Decrease) in Cash & Investments	(308,689)	699,815
Beginning Balance - January 1st	(244,431)	(553,120)
Ending Balance - December 31st	(\$553,120)	\$146,695

The Retirement/Severance Bond Fund accounts for debt service payments anticipated to be made on debt issued for unfunded payments for termination of employment or to pay postretirement or severance benefits.

Note: Due to delays in the distribution of property taxes, taxes from prior years (2007 - 2010) were received in 2011 and 2012.

(Continued on next page)

MICHIGAN CITY AREA SCHOOLS

SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

	Calendar Year	
	<u>2011</u>	<u>2012</u>
<u>CAPITAL PROJECTS FUND</u>		
Receipts:		
Local Property Tax	\$4,385,660	\$4,109,390
License Excise Tax	430,092	148,587
Commercial Vehicle Excise Tax	1,312	52,182
Local Option Property Tax Replacement		194,322
Loans	7,447,068	4,878,000
Interfund Transfers		530,417
Other	11,268	
Total Receipts	12,275,400	9,912,898
Expenditures:		
Support Services	3,648,029	3,146,045
Facilities Acquisition and Construction	1,717,289	1,609,437
Debt Services	5,196,402	5,734,232
Total Expenditures	10,561,721	10,489,714
Net Increase (Decrease) in Cash & Investments	1,713,679	(576,816)
Beginning Balance - January 1st	(1,019,697)	693,983
Ending Balance - December 31st	\$693,983	\$117,167

The Capital Projects Fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

Note: Due to delays in the distribution of property taxes, taxes from prior years (2007 - 2010) were received in 2011 and 2012.

(Continued on next page)

MICHIGAN CITY AREA SCHOOLS

SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

	Calendar Year	
	<u>2011</u>	<u>2012</u>
<u>TRANSPORTATION FUND</u>		
Receipts:		
Local Property Tax	\$2,586,363	\$4,953,582
License Excise Tax	254,995	217,145
Commercial Vehicle Excise Tax	719	74,693
Other Revenue from Local Sources	500	
Local Option Property Tax Replacement		165,180
Interfund Transfers	88,431	392,933
Loans	667,442	
Other	9,979	5,598
	<u>3,608,429</u>	<u>5,809,130</u>
Expenditures:		
Support Services	3,780,928	4,032,114
Debt Services	1,667,442	667,442
	<u>5,448,370</u>	<u>4,699,556</u>
Net Increase (Decrease) in Cash & Investments	(1,839,942)	1,109,574
Beginning Balance - January 1st	<u>3,263,866</u>	<u>1,423,925</u>
Ending Balance - December 31st	<u>\$1,423,925</u>	<u>\$2,533,499</u>

The Transportation Fund accounts for financial resources for the transportation of school children to and from school.

Note: Due to delays in the distribution of property taxes, taxes from prior years (2007 - 2010) were received in 2011 and 2012.

(Continued on next page)

MICHIGAN CITY AREA SCHOOLS

SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)

	Calendar Year	
	<u>2011</u>	<u>2012</u>
<u>TRANSPORTATION SCHOOL BUS REPLACEMENT FUND</u>		
Receipts:		
Local Property Tax	\$349,007	\$923,765
License Excise Tax	35,611	42,811
Commercial Vehicle Excise Tax	48	28,341
Local Option Property Tax Replacement		961
Interfund Transfers		309,330
	384,666	1,305,207
Expenditures:		
Support Services	308,568	357,215
Interfund Transfers		290,000
	308,568	647,215
Net Increase in Cash & Investments	76,098	657,992
Beginning Balance - January 1st	493,252	569,350
Ending Balance - December 31st	\$569,350	\$1,227,342

The Transportation School Bus Replacement Fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

Note: Due to delays in the distribution of property taxes, taxes from prior years (2007 - 2010) were received in 2011 and 2012.

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MICHIGAN CITY AREA SCHOOLS

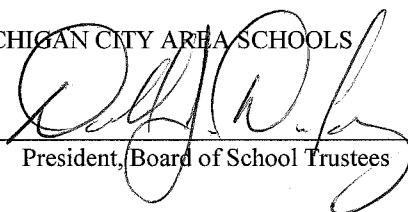
SUMMARY OF RECEIPTS AND EXPENDITURES BY FUND
(Unaudited)


	Calendar Year	
	<u>2011</u>	<u>2012</u>
<u>OTHER FUNDS</u>		
Receipts:		
Revenues from Local Sources	\$1,515,952	\$1,629,998
Revenues from State Sources	178,047	189,067
Revenues from Federal Sources	10,908,553	9,534,216
Revenues from Intermediate Sources	2,100	3,875
Interfund Transfers	41,404	3,890,000
Other Financing Sources	12,579	8,000,000
Other	33,697	45,558
Total Receipts	12,692,333	23,292,714
Expenditures:		
Support Services	2,666,750	2,367,862
Community Services	4,271,643	4,454,971
Facilities Acquisition and Construction	161,663	442,171
Instruction	5,920,029	5,009,762
Nonprogrammed Charges	127,766	84,032
Interfund Transfers	48,479	10,552,722
Total Expenditures	13,196,330	22,911,521
Net Increase (Decrease) in Cash & Investments	(503,997)	381,193
Beginning Balance - January 1st	2,087,549	1,583,552
Ending Balance - December 31st	\$1,583,552	\$1,964,745
 <u>GRAND TOTALS</u>		
Total Receipts	\$100,495,702	\$134,649,739
Total Expenditures	104,067,641	123,481,936
Net Increase (Decrease) in Cash & Investments	(3,571,939)	11,167,803
Beginning Balance - January 1st	7,227,175	3,655,237
Ending Balance - December 31st	\$3,655,237	\$14,823,040

Note: Due to delays in the distribution of property taxes, taxes from prior years (2007 - 2010) were received in 2011 and 2012.

The School Corporation certifies to the best of its knowledge and belief that this Official Statement, as of its date and as it relates to the School Corporation and its economic and financial condition, (i) is complete and accurate; (ii) does not contain any untrue statement of a material fact; and (iii) does not omit any material facts or information which would make the statements contained herein misleading.

This Official Statement and its execution are duly authorized.

MICHIGAN CITY AREA SCHOOLS
By: 
President, Board of School Trustees

Attest: 
Secretary, Board of School Trustees

APPENDIX B

FINAL BOND RESOLUTION

WHEREAS, Michigan City Area Schools (the "Issuer" or "School Corporation") is a school corporation organized and existing under the provisions of IC 20-4; and

WHEREAS, the Board of School Trustees previously found that the present facilities of the School Corporation are not adequate to provide the proper education of the pupils now attending or who will attend its schools; and

WHEREAS, the Board adopted two preliminary bond resolutions determining to issue bonds in the aggregate amount of Four Million Dollars (\$4,000,000) consisting of Series A in the amount of Two Million Dollars (\$2,000,000) for the purpose of providing funds to pay the total cost of the proposed renovation of, improvements to (including but not limited to roof repair and replacement) and equipment for Michigan City High School and Series B in the amount of Two Million Dollars (\$2,000,000) for the purpose of providing funds to pay the total cost of the proposed renovation of, improvements (including but not limited to roof repair and replacement) and equipment for Elston Middle School (the "Projects"); now therefore,

BE IT RESOLVED by the Board of School Trustees of the Issuer that, for the purpose of obtaining funds to be applied on the cost of the Projects, there shall be issued and sold the negotiable, general obligations of the School Corporation to be designated as "General Obligation Bonds of 2013, Series A" in the principal amount of Two Million Dollars (\$2,000,000) and "General Obligation Bonds of 2013, Series B" in the principal amount of Two Million Dollars (\$2,000,000), bearing interest at a rate or rates as shown below, which interest shall be payable on July 15, 2014, and semi-annually thereafter on January 15 and July 15 in each year. The bonds shall be fully registered in the denomination of Five Thousand Dollars (\$5,000) or integral multiples thereof, and shall mature or be subject to mandatory redemption on January 15 and July 15 on the dates and amounts as set forth on the attached Schedule A:

The original date shall be the date of delivery of the bonds. The authentication certificate shall be dated when executed by the Registrar and Paying Agent.

Interest shall be paid from the interest payment date to which interest has been paid next preceding the date of authentication unless the bond is authenticated on or before the fifteenth day immediately preceding the first interest payment date, in which case interest shall be paid from the original date, or unless the bond is authenticated after the fifteenth day immediately preceding an interest payment date and on or before such interest payment date, in which case interest shall be paid from such interest payment date.

Interest shall be payable by check mailed on the interest payment date to the person in whose name the bonds are registered on the bond register maintained at the principal corporate trust office of U.S. Bank National Association (the "Registrar and Paying Agent") or successor registrar and paying agent, as of the fifteenth day immediately preceding such interest payment date or by wire transfer of immediately available funds on the interest payment date to the depositories shown as registered owners. Principal of the bonds shall be payable upon presentation of the bonds at the principal corporate trust office of the Registrar and Paying Agent in lawful money of the United States of America or by wire transfer of immediately available funds to depositories who present the bonds to the Registrar and Paying Agent at least two business days prior to the payment date. The bonds are transferable by the registered owner at the principal corporate trust office of the Registrar and Paying Agent upon surrender and cancellation of a bond and on presentation of a duly executed written instrument of transfer, and thereupon a new bond or bonds of the same aggregate principal amount and maturity and in authorized

denominations will be issued to the transferee or transferees in exchange therefor. The bonds may be exchanged upon surrender at the principal corporate trust office of the Registrar and Paying Agent, duly endorsed by the registered owner for the same aggregate principal amount of bonds of the same maturity in authorized denominations as the owner may request.

The Issuer agrees that on or before the fifth business day immediately preceding any payment date, it will deposit with the Registrar and Paying Agent funds in an amount equal to the principal of, premium, if any, and interest on the Bonds which shall become due on the next payment date.

Notwithstanding any other provision of this Resolution, the Issuer will enter into an agreement with the Registrar and Paying Agent in which the Registrar agrees that upon any default or insufficiency in the payment of principal and interest as provided herein, the Registrar will immediately, without any direction, security or indemnity file a claim with the Treasurer of the State of Indiana for an amount equal to such principal and interest in default and consents to the filing of any such claim by a bondholder in the name of the Registrar for deposit with the Registrar. Filing of the claim with the Treasurer of the State of Indiana, as described above, shall occur on or before the fifth business day prior to the payment date.

The Issuer has determined that the Bonds shall be held by a central depository system pursuant to an agreement between the Issuer and The Depository Trust Company, and have transfers of the Bonds completed by book-entry on the books of the central depository system. The Bonds shall be initially issued in the form of a separate single authenticated fully registered Bond for the aggregate principal amount of each separate maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the register kept by the Registrar in the name of CEDE & CO., as nominee of The Depository Trust Company.

With respect to the Bonds registered in the register kept by the Paying Agent in the name of CEDE & CO., as nominee of The Depository Trust Company, the Issuer and the Paying Agent shall have no responsibility or obligation to any other holders or owners (including any beneficial owner ("Beneficial Owner") of the Bonds with respect to (i) the accuracy of the records of The Depository Trust Company, CEDE & CO., or any Beneficial Owner with respect to ownership questions, (ii) the delivery to any Bondholder (including any Beneficial Owner) or any other person, other than The Depository Trust Company, of any notice with respect to the Bonds including any notice of redemption, or (iii) the payment to any Bondholder (including any Beneficial Owner) or any other person, other than The Depository Trust Company, of any amount with respect to the principal of, or premium, if any, or interest on the Bonds except as otherwise provided herein.

No person other than The Depository Trust Company shall receive an authenticated Bond evidencing an obligation of the Issuer to make payments of the principal of and premium, if any, and interest on the Bonds pursuant to this Resolution. The Issuer and the Registrar and Paying Agent may treat as and deem The Depository Trust Company or CEDE & CO. to be the absolute Bondholder of each of the Bonds for the purpose of (i) payment of the principal of and premium, if any, and interest on such Bonds; (ii) giving notices of redemption and other notices permitted to be given to Bondholders with respect to such Bonds; (iii) registering transfers with respect to such Bonds; (iv) obtaining any consent or other action required or permitted to be taken of or by Bondholders; (v) voting; and (vi) for all other purposes whatsoever. The Paying Agent shall pay all principal of and premium, if any, and interest on the Bonds only to or upon the order of The Depository Trust Company, and all such payments shall be valid and effective fully to satisfy and discharge the Issuer's and the Paying Agent's obligations with respect to principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. Upon delivery by The Depository Trust Company to the Issuer of written notice to the effect that The Depository Trust Company has determined to substitute a new nominee in place of CEDE & CO., and subject to the provisions herein with respect to consents, the words "CEDE & CO." in this Resolution

shall refer to such new nominee of The Depository Trust Company. Notwithstanding any other provision hereof to the contrary, so long as any Bond is registered in the name of CEDE & CO. as nominee of The Depository Trust Company, all payments with respect to the principal of and premium, if any, and interest on such Bonds and all notices with respect to such Bonds shall be made and given, respectively, to The Depository Trust Company as provided in a representation letter from the Issuer to The Depository Trust Company.

Upon receipt by the Issuer of written notice from The Depository Trust Company to the effect that The Depository Trust Company is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of The Depository Trust Company hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, then the Bonds shall no longer be restricted to being registered in the register of the Issuer kept by the Registrar in the name of CEDE & CO., as nominee of The Depository Trust Company, but may be registered in whatever name or names the Bondholders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.

If the Issuer determines that it is in the best interest of the Bondholders that they be able to obtain certificates for the fully registered Bonds, the Issuer may notify The Depository Trust Company and the Registrar, whereupon The Depository Trust Company will notify the Beneficial Owners of the availability through The Depository Trust Company of certificates for the Bonds. In such event, the Registrar shall prepare, authenticate, transfer and exchange certificates for the Bonds as requested by The Depository Trust Company and any Beneficial Owners in appropriate amounts, and whenever The Depository Trust Company requests the Issuer and the Registrar to do so, the Registrar and the Issuer will cooperate with The Depository Trust Company by taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the fully registered Bonds of any Beneficial Owner's Depository Trust Company account or (ii) to arrange for another securities depository to maintain custody of certificates for and evidencing the Bonds.

If the Bonds shall no longer be restricted to being registered in the name of a depository trust company, the Registrar shall cause the Bonds to be printed in blank in such number as the Registrar shall determine to be necessary or customary; provided, however, that the Registrar shall not be required to have such Bonds printed until it shall have received from the Issuer indemnification for all costs and expenses associated with such printing.

In connection with any notice or other communication to be provided to Bondholders by the Issuer or the Registrar with respect to any consent or other action to be taken by Bondholders, the Issuer or the Registrar, as the case may be, shall establish a record date for such consent or other action and give The Depository Trust Company notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

So long as the Bonds are registered in the name of The Depository Trust Company or CEDE & CO. or any substitute nominee, the Issuer and the Registrar and Paying Agent shall be entitled to request and to rely upon a certificate or other written representation from the Beneficial Owners of the Bonds or from The Depository Trust Company on behalf of such Beneficial Owners stating the amount of their respective beneficial ownership interests in the Bonds and setting forth the consent, advice, direction, demand or vote of the Beneficial Owners as of a record date selected by the Registrar and The Depository Trust Company, to the same extent as if such consent, advice, direction, demand or vote were made by the Bondholders for purposes of this Resolution and the Issuer and the Registrar and Paying Agent shall for such purposes treat the Beneficial Owners as the Bondholders. Along with any such certificate or representation, the Registrar may request The Depository Trust Company to deliver, or cause to be

delivered, to the Registrar a list of all Beneficial Owners of the Bonds, together with the dollar amount of each Beneficial Owner's interest in the Bonds and the current addresses of such Beneficial Owners.

The bonds are not subject to optional redemption prior to maturity.

If requested by the purchaser, the bonds will be subject to mandatory sinking fund redemption at a price equal to the principal amount thereof plus accrued interest to the date of redemption on January 15 and July 15 in accordance with the schedules of maturity set forth in Schedule A to this resolution.

If, when the bonds authorized hereby shall have become due and payable in accordance with their terms, the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the bonds then outstanding shall be paid or (i) sufficient moneys, or (ii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America the principal of and interest on which when due will provide sufficient moneys, or (iii) time certificates of deposit fully secured as to both principal and interest by obligations of the kind described in (ii) above of a bank or banks the principal of and interest on which when due will provide sufficient moneys, shall be held by the Registrar and Paying Agent for such purpose under the provisions of this Resolution, and provision shall also be made for paying all Registrar and Paying Agent's fees and expenses and other sums payable hereunder by the Issuer, then all moneys, obligations and time certificates of deposit held by the Registrar and Paying Agent pursuant to this paragraph shall be held in trust and said moneys and the principal and interest of said obligations and time certificates of deposit when received, applied to the payment, when due, of the principal and the interest, and registered owners of bonds shall not be entitled to payment of any principal and/or interest from Issuer. The Registrar and Paying Agent shall within thirty (30) days after such obligations or time certificates of deposits shall have been deposited with it, cause a notice signed by the Registrar and Paying Agent to be mailed to the registered owners of all outstanding bonds and published once in a newspaper or financial journal published in Indianapolis, Indiana, setting forth (a) a description of the obligations so held by it, and (b) that the registered owners shall be entitled to be paid principal and/or interest from such funds and income of such securities held by Registrar and Paying Agent and not from Issuer.

Said bonds shall be executed in the name of Issuer by the manual or facsimile signature of the President of its Board of School Trustees, and attested by the manual or facsimile signature of the Secretary of said Board, who shall cause the seal of the school corporation to be imprinted or impressed on each of said bonds. In case any official whose signature or facsimile of whose signature shall appear on the bonds shall cease to be such officer before the issuance, authentication or delivery of such bonds, such signature or such facsimile shall, nevertheless, be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

No bond shall be valid or obligatory for any purpose, unless and until authenticated by the Registrar and Paying Agent. Such authentication may be executed by an authorized representative of the Registrar and Paying Agent, but it shall not be necessary that the same person authenticate all of the bonds issued. Issuer and the Registrar and Paying Agent may deem and treat the person in whose name a bond is registered on the bond register as the absolute owner thereof for all purposes, notwithstanding any notice to the contrary.

In order to preserve the exclusion of interest on the bonds from gross income for federal income tax purposes and as an inducement to purchasers of the bonds, the Issuer represents, covenants and agrees that:

1. No person or entity, other than the Issuer or another governmental unit, will use proceeds of the bonds or property financed by the bond proceeds other than as a member of the general

public. No person or entity, other than the Issuer or another governmental unit, will own property financed by bond proceeds or will have actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract or any other type of arrangement that differentiates that person's or entity's use of such property from the use by the public at large.

2. No bond proceeds will be loaned to any entity or person. No bond proceeds will be transferred, directly or indirectly, or deemed transferred to a nongovernmental person in any manner that would in substance constitute a loan of the bond proceeds.
3. The Issuer will, to the extent necessary to preserve the exclusion of interest on the bonds from gross income for federal income tax purposes, rebate all required arbitrage profits on bond proceeds or other moneys treated as bond proceeds to the federal government as provided in Section 148 of the Internal Revenue Code of 1986, and will set aside such moneys in a Rebate Account to be held by the Treasurer in trust for such purpose.
4. The Issuer will file an information report form 8038-G with the Internal Revenue Service as required by Section 149 of the Internal Revenue Code of 1986.
5. The Issuer will not take any action nor fail to take any action with respect to the bonds that would result in the loss of exclusion from gross income for federal income tax purposes of interest on the bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as existing on the date of issuance of the bonds, nor will the Issuer act in any other manner which would adversely affect such exclusion.
6. The proceeds of each series of bonds shall be held in a separate account of the School Corporation and all interest earnings on such proceeds shall be transferred to the Debt Service Fund and used to pay interest on the bonds.

The bonds shall be issued in substantially the following form, all blanks to be filled in properly prior to delivery:

Registered
No. _____

Registered
\$ _____

UNITED STATES OF AMERICA
State of Indiana Counties of LaPorte and Porter

MICHIGAN CITY AREA SCHOOLS
GENERAL OBLIGATION BOND OF 2013, SERIES ____

<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Original</u> <u>Date</u>	<u>Authentication</u> <u>Date</u>	<u>CUSIP</u>
--------------------------------	--------------------------------	--------------------------------	--------------------------------------	--------------

Registered Owner:

Principal Sum:

Michigan City Area Schools (the "Issuer"), a school corporation organized and existing under the laws of the State of Indiana, in LaPorte and Porter Counties, Indiana, for value received, hereby acknowledges itself indebted and promises to pay to the Registered Owner (named above) or to registered assigns, the Principal Sum set forth above in installments on the Maturity Dates set forth above and to pay interest thereon at the Interest Rate per annum set forth above from the interest payment date to which interest has been paid next preceding the date of authentication hereof unless this bond is authenticated on or before June 30, 2014, in which case interest shall be paid from the Original Date, or unless this bond is authenticated after the fifteenth day immediately preceding an interest payment date and on or before such interest payment date, in which case interest shall be paid from such interest payment date, which interest is payable on July 15, 2014 and each January 15 and July 15 thereafter until the principal has been paid. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Interest shall be payable by check mailed on the interest payment date to registered owners or by wire transfer of immediately available funds on the interest payment date to depositories shown as registered owners. Payment shall be made to the person or depository in whose name this bond is registered as of the fifteenth day immediately preceding such interest payment date. Principal of this bond shall be payable upon presentation of this bond at the principal corporate trust office of U.S. Bank National Association, (the "Registrar and Paying Agent") or by wire transfer of immediately available funds to depositories who present the bonds to the Registrar and Paying Agent at least two business days prior to the payment date in lawful money of the United States of America. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Registrar and Paying Agent shall wire transfer payments by 1:00 p.m. (New York City time) so such payments are received at the depository by 2:30 p.m. (New York City time).

This bond is one of a series of bonds aggregating Two Million Dollars (\$2,000,000), of like tenor and effect, except as to numbering, authentication date, denomination, interest rate, and date of maturity, issued by Issuer pursuant to a resolution adopted by the Board of School Trustees of said school corporation on March 12, 2013, (the "Resolution"), and in strict accordance with the governing statutes of the State of Indiana, particularly Indiana Code 20-48-1, for the purpose of providing funds to be applied on the cost of renovation of, improvements to (including but not limited to roof repair and replacement) and equipment for [Michigan City High School][Elston Middle School]. The aggregate principal amount of bonds of this issue is Four Million Dollars (\$4,000,000).

This bond is not subject to optional redemption prior to maturity.

The bonds maturing on _____ are subject to mandatory sinking fund redemption prior to maturity, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption on January 15 and July 15 in accordance with the schedule shown in the Resolution.

Notice of redemption identifying the bonds to be redeemed will be mailed to the registered owners of bonds to be redeemed.

If this bond is so called for redemption, and payment is made to the Registrar and Paying Agent in accordance with the terms of the Resolution, this bond shall cease to bear interest or to be entitled to the lien of the Resolution from and after the date fixed for the redemption in the call.

This bond shall be initially issued in a Book Entry System (as defined in the Resolution). The provisions of this bond and of the Resolution are subject in all respects to the provisions of the Letter of Representations between the Issuer and The Depository Trust Company, or any substitute agreement, effecting such Book Entry System.

This bond is transferable in accordance with the Book Entry System or, if no such system is in effect, by the Registered Owner hereof at the principal corporate trust office of the Registrar and Paying Agent, upon surrender and cancellation of this bond and on presentation of a duly executed written instrument of transfer and thereupon a new bond or bonds of the same aggregate principal amount and maturity and in authorized denominations will be issued to the transferee or transferees in exchange therefor. This bond may be exchanged upon surrender hereof at the principal corporate trust office of the Registrar and Paying Agent, duly endorsed by the Registered Owner for the same aggregate principal amount of bonds of the same maturity in authorized denominations as the owner may request.

The Issuer and the Registrar and Paying Agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof.

It is hereby certified and recited that all acts, conditions and things required by the laws and constitution of the State of Indiana to be done precedent to and in the issuance, sale and delivery of this bond have been properly done, happened and performed in regular and due form as provided by law, and that the bonds of this issue do not exceed any constitutional or statutory limitation of indebtedness. The full faith and credit of Issuer is hereby irrevocably pledged to the punctual payment of the principal of and interest on this bond according to its terms and the Issuer will levy a tax and appropriate funds to pay such principal and interest.

This bond shall not be valid or become obligatory for any purpose until authenticated by the Registrar and Paying Agent.

IN WITNESS WHEREOF, Issuer has caused this bond to be executed in its name by the manual or facsimile signature of the President of its Board of School Trustees and attested by the manual or facsimile signature of the Secretary of said Board.

MICHIGAN CITY AREA SCHOOLS

By: Signed at closing
President, Board of School Trustees

Attest:

Signed at closing
Secretary, Board of School Trustees

AUTHENTICATION CERTIFICATE

This bond is one of the bonds referred to in the within mentioned resolution.

Registrar and Paying Agent

By: _____
Authorized Representative

[End of Bond Form]

BE IT FURTHER RESOLVED that prior to the sale of said bonds at public sale, notice of such sale was published once each week for two (2) weeks in the legal newspapers of the School Corporation, the first of said publications to be at least fifteen (15) days prior to the date fixed for the sale of said bonds and the last at least three (3) days prior, and in the Court and Commercial Record, a newspaper published in the City of Indianapolis, Indiana.

BE IT FURTHER RESOLVED that this Board hereby appoints a bid committee consisting of the Board President, Mr. Lance Werner and a representative of HJUmbaugh to receive bids for the Bonds on behalf of this Board. The Bonds shall be awarded on behalf of the Board by this bid committee to the bidder or bidders that provides the lowest net interest cost to the School Corporation. This bid committee shall report the results of the bond sale to this Board at the next Board meeting following the receipt of the bids. The officers of the School Corporation are hereby authorized and directed to execute any and all certificates and/or documents necessary to issue and deliver the Bonds.

Passed and adopted this 14th day of March, 2013.

President, Board of School Trustees

ATTEST:

Secretary, Board of School Trustees

SCHEDULE A

MATURITY SCHEDULE

APPENDIX C

TWPeterson Law Office
Indianapolis, IN

_____, 2013

[PURCHASER]

Re: Michigan City Area Schools
General Obligation Bonds of 2013
Total Issue: \$4,000,000
Original Date: _____, 2013

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Michigan City Area Schools, Michigan City, Indiana (the "School Corporation"), of \$4,000,000 of its General Obligation Bonds of 2013, originally dated _____, 2013 (the "Bonds"). We have examined the law and the certified transcript of proceedings and such other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified transcript of proceedings and other certificates of public officials furnished to us, including the School Corporation's tax covenants and representations (the "Tax Covenants"), without undertaking to verify such facts by independent investigation.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Official Statement or any other offering material relating to the Bonds, and we express no opinion relating thereto.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds are valid and binding general obligations of the School Corporation.
2. All taxable property in the School Corporation is subject to ad valorem taxation without limitation as to rate or amount to pay the debt service; however, the School Corporation's collection of the levy may be limited by operation of I.C. 6-1.1-20.6, which provides taxpayers with tax credits for property taxes attributable to different classes of property in an amount that exceeds certain percentages of the gross assessed value of that property. The School Corporation is required by law to fully fund the payment of debt service on the Bonds in an amount sufficient to pay the debt service, regardless of any reduction in property tax collections due to the application of such tax credits.

_____, 2013

3. Under statutes, decisions, regulations and rulings existing on this date, the interest on the Bonds is exempt from income taxation in the State of Indiana (the "State"). This opinion relates only to the exemption of interest on the Bonds from State income taxation.

4. Under federal statutes, decisions, regulations and rulings existing on this date, the interest on the Bonds is excludable from gross income of the owners for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986 (the "Code"), is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is not taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations. This opinion is conditioned upon compliance by the School Corporation subsequent to the date hereof with its Tax Covenants. Failure to comply with the Tax Covenants could cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to their date of issue.

It is to be understood that the rights of the registered owners of the Bonds and the enforceability thereof may be subject to (i) bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of law and equity; and (ii) the valid exercise of the constitutional powers of the State and the United States of America.

Very truly yours,

APPENDIX D

CONTINUING DISCLOSURE UNDERTAKING

This CONTINUING DISCLOSURE UNDERTAKING (the "Agreement") is made as of April __, 2013, by Michigan City Area Schools, a school corporation organized and existing under the laws of the State of Indiana (the "Obligor") for the purpose of permitting _____ (the "Purchasers") to purchase the \$4,000,000 of Michigan City Area Schools General Obligation Bonds of 2013 dated the date of delivery (the "Bonds"), issued pursuant to Bond Resolution dated as of March 14, 2013 (the "Resolution"), in compliance with the Securities and Exchange Commission ("SEC") Rule 15c2-12 (the "SEC Rule") as published in the Federal Register on November 17, 1994.

WHEREAS, the Obligor has issued its Bonds pursuant to the Resolution; and

WHEREAS, the Obligor is required to pay the principal and interest due on the Bonds; and

WHEREAS, the Obligor is an Obligated Person (as defined in the SEC Rule) because the its payments are the only source of funds pledged to pay the principal and interest due on the Bonds;

WHEREAS, the Purchasers, by their agreement to purchase the Bonds, accept and assent to this Agreement and the exchange of such purchase and acceptance for the promises of Obligor contained herein, and hereby assigns all their rights hereunder, as promisee, to the holders of the Bonds;

NOW, THEREFORE, in consideration of the payment for and acceptance of any Bonds by the Purchasers, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Obligor hereby promises to the Purchasers:

Section 1. Definitions. The words and terms defined in this Agreement shall have the meanings herein specified unless the context or use clearly indicates another or different meaning or intent. Those words and terms not expressly defined herein and used herein with initial capitalization where rules of grammar do not otherwise require capitalization, shall have the meanings assigned to them in the SEC Rule.

- (1) "Bondholder" or "holder" or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any outstanding Bond, or the holders of beneficial interests in the Bonds.
- (2) "EMMA" is Electronic Municipal Market Access System established by the Municipal Securities Rulemaking Board.
- (3) "Final Official Statement" means the Official Statement, dated April __, 2013, relating to the Bonds, including any document included by specific reference to such document filed with the MSRB.

(4) "MSRB" means the Municipal Securities Rulemaking Board.

Section 2. Term. The term of this Agreement is from the date hereof to the earlier of (i) the date of the last payment of principal of and interest on the Bonds, or (ii) the date the Bonds are defeased under the Resolution.

Section 3. Obligated Persons. The Obligor hereby represents and warrants as of the date hereof that it is the only Obligated Person with respect to the Bonds. If the Obligor is no longer committed by contract or other arrangement to support payment of the Bonds, such person shall no longer be considered an Obligated Person within the meaning of the SEC Rule and the continuing obligation under this Agreement to provide annual financial information and notices of events shall terminate with respect to such person.

Section 4. Provision of Financial Information. (a) The Obligor hereby undertakes to provide, with respect to the Bonds, the following annual financial information, in each case (i) in an electronic format as prescribed by the MSRB and (ii) accompanied by identifying information as prescribed by the MSRB:

- (1) To the MSRB, when and if available, the audited financial statements of the Obligor for each fiscal year as prepared and examined by the State Board of Accounts for each twelve-month period ending June 30, together with the opinion of such accountants and all notes thereto, within sixty (60) days of receipt from the State Board of Accounts; and
- (2) To the MSRB, within 180 days of each December 31, unaudited annual financial information for the Obligor for such calendar year including (i) unaudited financial statements of the Obligor, and (ii) operating data (excluding any demographic information or forecast) of the general type included under the following headings in Appendix A to the Final Official Statement (collectively, the "Annual Information") however, that the updated information may be provided in such format as the Obligor deems appropriate:

APPENDIX A

MICHIGAN CITY AREA SCHOOLS

- Enrollments
- True Tax Value
- Largest Taxpayers
- Taxes Levied and Collected
- School Property Tax Rates
- Receipts and Disbursements
- Cash Balances by Fund
- State of Indiana Payments

(b) If any Annual Information or audited financial statements relating to the Obligor referred to in paragraph (a) of this Section 4 no longer can be provided because the operations to which they related have been materially changed or discontinued, a statement to that effect, provided by the Obligor to the MSRB, along with any other Annual Information or audited financial statements required to be provided under this Agreement, shall satisfy the undertaking to provide such Annual Information or audited financial statements. To the extent available, the Obligor shall cause to be filed along with the other Annual Information or audited financial statements operating data similar to that which can no longer be provided.

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

(d) The Obligor agrees to make a good faith effort to obtain Annual Information. However, failure to provide audited financial statements or portions of Annual Information because it is unavailable through circumstances beyond the control of the Obligor shall not be deemed to be a breach of this Agreement. The Obligor further agrees to supplement the Annual Information filing when such data is available.

(e) Annual Information or audited financial statements required to be provided pursuant to this Section 4 may be provided by a specific reference to such Annual Information or audited financial statements already prepared and previously provided to the MSRB. Any information included by reference shall also be (i) available to the public on the MSRB's Internet Web Site, or (ii) filed with the Securities and Exchange Commission.

(f) All continuing disclosure filings under the Agreement shall be made in accordance with the terms and requirements of the MSRB at the time of such filing. Currently, the SEC has approved the submission of continuing disclosure filings with EMMA, and the MSRB has requested that such filings be made by transmitting such filings electronically to EMMA at www.emma.msrb.org.

Section 5. Accounting Principles. The financial information will be prepared on a cash basis as prescribed by the State Board of Accounts, as in effect from time to time, as described in the auditors' report and notes accompanying the audited financial statements of the Obligor or those mandated by state law from time to time. The audited financial statements of the Obligor, as described in Section 3(a)(1) hereof, will be prepared in accordance with generally accepted accounting principles and Government Auditing Standards issued by the Comptroller General of the United States.

Section 6. Reportable Events. The Obligor undertakes to disclose the following events 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), to the MSRB, in each case (i) in an electronic format as prescribed by the MSRB and (ii) accompanied by identifying information as prescribed in MSRB:

- (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 obligated person, 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.

The Obligor undertakes to disclose the following events, within 10 business days of the occurrence of any of the following events, regardless of materiality, to the MSRB, in each case (i) in an electronic format as prescribed by the MSRB and (ii) accompanied by identifying information as prescribed in MSRB:

- (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 obligated person.

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

Section 7. Use of Agent. The Obligor may, at its sole discretion, utilize an agent (the "Dissemination Agent") in connection with the dissemination of any information required to be provided by the Obligor pursuant to the SEC Rule and terms of this Agreement. If a Dissemination Agent is selected for these purposes, the Obligor shall provide prior written notice thereof (as well as notice of replacement or dismissal of such agent) to EMMA and the MSRB.

Further, the Obligor may, at its sole discretion, retain counsel or others with expertise in securities matters for the purpose of assisting the Obligor in making judgments with respect to the scope of its obligations hereunder and compliance therewith, all in order to further the purposes of this Agreement.

Section 8. Failure to Disclose. If, for any reason, the Obligor fails to provide the audited financial statements or Annual Information as required by this Agreement, the Obligor shall provide notice of such failure in a timely manner to EMMA or to the MSRB, and to the SID in the form of the notice attached as Exhibit C.

Section 9. Remedies.

(a) The purpose of this Agreement is to enable the Purchasers to purchase the Bonds by providing for an undertaking by the Obligor in satisfaction of the SEC Rule. This Agreement is solely for the benefit of (i) the Purchasers, and (ii) the Bondholders and creates no new contractual or other rights for, nor can it be relied upon by, the SEC, Purchasers, brokers, dealers, municipal securities dealers, potential customers, other Obligated Persons or any other third party. The sole remedy against the Obligor for any failure to carry out any provision of this Agreement shall be for specific performance of the Obligor's disclosure obligations hereunder and not for money damages of any kind or in any amount or for any other remedy. The Obligor's failure to honor its covenants hereunder shall not constitute a breach or default of the Bonds or any other agreement to which the Obligor is a party and shall not give rise to any other rights or remedies.

(b) Subject to paragraph (e) of this Section 9, in the event the Obligor fails to provide any information required of it by the terms of this Agreement, any holder of Bonds may pursue the remedy set forth in the preceding paragraph in any court of competent jurisdiction in the State of Indiana. An affidavit to the effect that such person is a holder of Bonds supported by reasonable documentation of such claim shall be sufficient to evidence standing to pursue this remedy.

(c) Subject to paragraph (e) of this Section 9, any challenge to the adequacy of the information provided by the Obligor by the terms of this Agreement may be pursued only by holders of not less than 25% in principal amount of Bonds then outstanding in any court of competent jurisdiction in the State of Indiana. An affidavit to the effect that such persons are holders of Bonds supported by reasonable documentation of such claim shall be sufficient to evidence standing to pursue the remedy set forth in the preceding paragraph.

(d) If specific performance is granted by any such court, the party seeking such remedy shall be entitled to payment of costs by the Obligor and to reimbursement

by the Obligor of reasonable fees and expenses of attorneys incurred in the pursuit of such claim. If specific performance is not granted by any such court, the Obligor shall be entitled to payment of costs by the party seeking such remedy and to reimbursement by such party of reasonable fees and expenses of attorneys incurred in the pursuit of such claim.

(e) Prior to pursuing any remedy for any breach of any obligation under this Agreement, a holder of Bonds shall give notice to the Obligor and the Building Corporation, by registered or certified mail, of such breach and its intent to pursue such remedy. Thirty (30) days after the receipt of such notice, upon earlier response from the Obligor to this notice indicating continued noncompliance, such remedy may be pursued under this Agreement if and to the extent the Obligor has failed to cure such breach.

Section 10. Modification of Agreement. The Obligor may, from time to time, amend or modify this Agreement without the consent of or notice to the holders of the Bonds if either (a)(i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Obligor, or type of business conducted, (ii) this Agreement, as so amended or modified, would have complied with the requirements of the SEC Rule on the date hereof, after taking into account any amendments or interpretations of the SEC Rule, as well as any change in circumstances, and (iii) such amendment or modification does not materially impair the interests of the holders of the Bonds, as determined either by (A) nationally recognized bond counsel or (B) an approving vote of the holders of the Bonds pursuant to the terms of the Resolution at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds this Agreement) is permitted by the SEC Rule, as then in effect.

Section 11. Previous Undertakings. The Obligor hereby represents that it has, in the previous five years, failed to comply in all material respects, with any previous Undertakings. Subsequent filings were made and the Obligor is currently in compliance with the requirements of all previous Undertakings.

Section 12. Interpretation Under Indiana Law. It is the intention of the parties hereto that this Agreement and the rights and obligations of the parties hereunder shall be governed by and construed and enforced in accordance with, the laws of the State of Indiana.

Section 13. Severability Clause. In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 14. Successors and Assigns. All covenants and agreements in this Agreement made by the Obligor shall bind its successors, whether so expressed or not.

IN WITNESS WHEREOF, the Obligor has caused this Continuing Disclosure Undertaking Agreement to be executed as of the day and year first hereinabove written.

MICHIGAN CITY AREA SCHOOLS

President, Board of School Trustees

EXHIBIT A

CERTIFICATE RE: ANNUAL FINANCIAL INFORMATION DISCLOSURE

The undersigned, on behalf of the Michigan City Area Schools, as the Obligor under the Continuing Disclosure Undertaking, dated as of April __, 2013 (the "Agreement"), hereby certifies that the information enclosed herewith constitutes the Annual Information (as defined in the Agreement) which is required to be provided pursuant to Section 3(a)(2) of the Agreement.

Dated: _____.

MICHIGAN CITY AREA SCHOOLS

TO BE SIGNED IF NECESSARY

DO NOT EXECUTE – FOR FUTURE USE ONLY

EXHIBIT B

CERTIFICATE RE: REPORTABLE EVENT DISCLOSURE

The undersigned, on behalf of the Michigan City Area Schools, as Obligor under the Continuing Disclosure Undertaking, dated as of April __, 2013 (the "Agreement"), hereby certifies that the information enclosed herewith constitutes notice of the occurrence of a reportable event which is required to be provided pursuant to Section 5 of the Agreement.

Dated: _____.

MICHIGAN CITY AREA SCHOOLS

TO BE SIGNED IF NECESSARY

DO NOT EXECUTE – FOR FUTURE USE ONLY

EXHIBIT C

NOTICE TO MSRB OF FAILURE TO FILE INFORMATION

Notice is hereby given that the Michigan City Area Schools (the "Obligor") has not provided the Annual Information as required by Section 4(a)(2) of the Continuing Disclosure Undertaking, dated as of April __, 2013.

Dated: _____

MICHIGAN CITY AREA SCHOOLS

TO BE SIGNED IF NECESSARY

DO NOT EXECUTE – FOR FUTURE USE ONLY