Passed 9-0

ORDINANCE 11-14

AN ORDINANCE CONCERNING THE CONSTRUCTION OF ADDITIONS AND IMPROVEMENTS TO THE SEWAGE WORKS OF THE CITY OF BLOOMINGTON, INDIANA; THE CURRENT REFUNDING BY THE CITY OF ITS SEWAGE WORKS REVENUE BONDS OF 1999, SERIES A; THE FUNDING OF SEWAGE WORKS RESERVE FUNDS AND REIMBURSEMENTS TO THE CITY; AUTHORIZING THE ISSUANCE OF SEWAGE WORKS REVENUE AND REFUNDING REVENUE BONDS FOR SUCH PURPOSES; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF THE SEWAGE WORKS AND THE SAFEGUARDING OF THE INTERESTS OF THE OWNERS OF SAID SEWAGE WORKS REVENUE AND REFUNDING REVENUE BONDS; OTHER MATTERS CONNECTED THEREWITH, INCLUDING THE ISSUANCE OF NOTES IN ANTICIPATION OF BONDS; AND REPEALING ORDINANCES INCONSISTENT HEREWITH

WHEREAS, the City of Bloomington, Indiana (the "City") has heretofore established, constructed and financed its sewage works, and now owns and operates said sewage works pursuant to Indiana Code 36-9-23, as in effect on the issue date of the bonds authorized herein, and other applicable laws (the "Act") (all references herein to the Indiana Code are designated hereafter as "IC" followed by the applicable code section or sections); and

WHEREAS, the Common Council of the City (the "Common Council") finds that certain additions and improvements to said sewage works are necessary; that plans, specifications and estimates have been prepared and filed by the engineers employed by the City for the construction of said additions and improvements (as more fully set forth in summary fashion in Exhibit A hereto and made a part hereof) (the "Project"), which plans and specifications have been or will be submitted to all governmental authorities having jurisdiction and have been or will be approved by the aforesaid governmental authorities, and are incorporated herein by reference and two copies open for inspection at the office of the Clerk as required by law; and

WHEREAS, the City will advertise and receive bids for the Project; said bids will be subject to the City's determination to construct said Project and subject to the City obtaining funds to pay for said Project; that on the basis of engineer's estimates, the cost of said Project, including estimated incidental expenses, is in an amount not to exceed Five Million Dollars ($5,000,000); and

WHEREAS, the Common Council finds that there are outstanding bonds of the sewage works payable out of the Net Revenues (as hereinafter defined) thereof designated as the "Sewage Works Revenue Bonds of 1999, Series A" (the "1999 Bonds"), dated May 1, 1999, now outstanding in the aggregate principal amount of $6,230,000 and maturing annually on January 1 over a period ending January 1, 2029, which 1999 Bonds constitute a first charge on the Net Revenues of the sewage works, on a parity with the Outstanding Parity Bonds (as hereinafter defined); and

WHEREAS, the Common Council finds that the outstanding 1999 Bonds (the "Refunded Bonds") should be currently refunded pursuant to the provisions of IC 5-1-5, as amended, to enable the City to obtain a reduction in interest payments and effect a savings to the City; and

WHEREAS, the Common Council finds that the City is entitled to reimbursements from the sewage works of the City for certain payments made by the City on behalf of the sewage works in the amount of $2,699,461 (the "City Reimbursement"); and

WHEREAS, the Common Council finds that as a result of certain restrictive covenants in the ordinances authorizing the Outstanding Parity Bonds (the "Prior Bond Ordinances"), the debt service reserve surety policies acquired by the City in connection with the issuance of certain of the Outstanding Parity Bonds are no longer sufficient to satisfy the debt service reserve requirements for said Outstanding Parity Bonds and. consequently, a deficiency exists in the reserve fund for the Outstanding Parity Bonds in the amount of $2,510,836 (the "Reserve Fund Deficiency"); and

WHEREAS, the Common Council finds that the sewage works does not have sufficient funds on hand available to apply on the costs of the Project, the current refunding of the Refunded Bonds, the City Reimbursement or the funding of the Reserve Fund Deficiency and that it is necessary to finance such costs through the issuance of its sewage works revenue and refunding revenue bonds, in three series, in a combined aggregate principal amount not to exceed Eighteen Million Dollars ($18,000,000), and, if necessary, bond anticipation notes in an aggregate principal amount not to exceed Eleven Million Dollars ($11,000,000) (the "BANs"); and

WHEREAS, the City desires to authorize the issuance of BANs, in one or more series, hereunder, if necessary, payable solely from the proceeds of sewage works revenue bonds issued hereunder to finance the aforementioned costs of the Project, the City Reimbursement and the Reserve Fund Deficiency, and to authorize the refunding of said BANs, if issued; and

WHEREAS, in addition to the Refunded Bonds, the Common Council finds that there are now outstanding bonds payable out of the Net Revenues of the City's sewage works designated as (i) the Sewage Works Revenue Bonds of 2000, Series A (the "2000A Bonds"), dated April 7, 2000, now outstanding in the aggregate principal amount of $2,228,000 and maturing annually on January 1 over a period ending January 1, 2021; (ii) the Sewage Works Revenue Bonds of 2000, Series B (the "2000B Bonds"), dated June 30, 2000, now outstanding in the aggregate principal amount of $5,352,000 and maturing annually on January 1 over a period ending January 1, 2021; (iii) the Sewage Works Revenue Bonds of 2000, Series C (the "2000C Bonds"), dated December 29, 2000, now outstanding in the aggregate principal amount of $2,615,000 and maturing annually on January 1 over a period ending January 1, 2021; (iv) the Sewage Works Refunding Revenue Bonds of 2003 (the "2003 Bonds"), dated March 27, 2003, now outstanding in the aggregate principal amount of $13,375,000 and maturing annually on January 1 over a period ending January 1, 2025; (v) the Sewage Works Revenue Bonds of 2004 (the "2004 Bonds"), dated December 31, 2004, now outstanding in the aggregate principal amount of $4,695,000 and maturing annually on January 1 over a period ending January 1, 2026; (vi) the Sewage Works Revenue Bonds of 2006, Series A-1 (the "2006A-1 Bonds"), dated May 4, 2006, now outstanding in the aggregate principal amount of $5,240,000 and maturing annually on January 1 over a period ending January 1, 2027; (vii) the Taxable Sewage Works Revenue Bonds of 2006, Series A-2 (the "2006A-2 Bonds"), dated May 4, 2006, now outstanding in the aggregate principal amount of $1,730,000 and maturing annually on January 1 over a period ending January 1, 2017; (viii) the Sewage Works Revenue Bonds of 2006, Series B (the "2006B Bonds"), dated June 29, 2006, now outstanding in the aggregate principal amount of $3,014,644 and maturing annually on January 1 over a period ending January 1, 2027; and (ix) the Sewage Works Revenue Bonds of 2006, Series C (the "2006C Bonds"), dated June 29, 2006, now outstanding in the aggregate principal amount of $6,185,451 and maturing annually on January 1 over a period ending January 1, 2027, which 2000A Bonds, 2000B Bonds, 2000C Bonds, 2003 Bonds, 2004 Bonds, 2006A-1 Bonds, 2006A-2 Bonds, 2006B Bonds and 2006C Bonds (collectively, the "Outstanding Parity Bonds") constitute a first charge on the Net Revenues of the sewage works on a parity with the Refunded Bonds; and

WHEREAS, the Prior Bond Ordinances each authorize the issuance of additional bonds ranking on a parity with the Outstanding Parity Bonds provided certain financial conditions can be met (collectively, the "Parity Tests"); and

WHEREAS, the Common Council finds that the Parity Tests can be met with respect to the bonds to be issued pursuant to this ordinance and, accordingly, the bonds to be issued pursuant to this ordinance will constitute a first charge against the Net Revenues of the sewage works, on a parity with the Outstanding Parity Bonds, and are to be issued subject to the provisions of the laws of the Act, IC 5-1-5, as amended, and the terms and restrictions of this ordinance; and

WHEREAS, the Utilities Service Board of the City (the "Board") has considered the matter of the financing of the Project, the refunding of the Refunded Bonds, the City Reimbursement and the Reserve Fund Deficiency, and has adopted a resolution approving the same; and

WHEREAS, the Common Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of said sewage works revenue and refunding revenue bonds and BANs have been complied with in accordance with the provisions of the Act and IC 5-1-5, as amended;

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

Section 1. Authorization of Project, Refunding of Refunded Bonds, Funding of City Reimbursement and Reserve Fund Deficiency; Certain Defined Terms.

(a) The City proceed with the construction of the Project in accordance with the plans and specifications heretofore prepared and filed by the consulting engineers employed by the City, two copies of which plans and specifications are now on file in the office of the Clerk of the City, and are hereby adopted and approved, and by reference made a part of this ordinance as fully as if the same were attached hereto and incorporated herein. The estimated cost for the construction of said Project, based upon information provided to the City by its engineers for the Project, will not exceed Five Million Dollars ($5,000,000), plus investment earnings on the BAN and bond proceeds, without further authorization of the Common Council. The Project shall be constructed in accordance with the plans and specifications heretofore mentioned and the Act, which Project is hereby approved.

(b) The City proceed with the current refunding of the Refunded Bonds thereby reducing its interest payments and effecting a savings, as reported by the City's financial advisor, Crowe Horwath LLP. The City shall apply any amounts held for the payment of debt service on the Refunded Bonds to the refunding as provided in Section 15(a).

(c) The City proceed with the funding of the City Reimbursement thereby fulfilling the outstanding financial obligations of the sewage works to the City.

(d) The City proceed with the funding of the Reserve Fund Deficiency to address restrictive covenants in the Prior Bond Ordinances which have resulted in the debt service reserve surety policies acquired in connection with certain of the Outstanding Parity Bonds as no longer sufficient to satisfy the reserve requirement for said Outstanding Parity Bonds.

(e) The terms "*sewage works*," "*sewage works system*," "*works*," "*system*," and words of like import where used in this ordinance shall be construed to mean and include the Treatment Works, as defined in Ordinance No. 05-35, as amended, of the City, and includes the existing sewage works system and all real estate and equipment used in connection therewith and appurtenances thereto, and all extensions, additions and improvements thereto and replacements thereof now or at any time hereafter constructed or acquired. The bonds herein authorized shall be issued pursuant to and in accordance with the provisions of the Act and IC 5-1-5, as amended.

(f) The term "*Bond Insurers*" where used in this ordinance shall mean the providers, including their successors and assigns, of any municipal bond insurance policies or debt service reserve surety policies acquired by the City in connection with any of its Outstanding Parity Bonds, with such policies herein referred to as the "*Policies*".

Section 2. Issuance of BANs.

(a) The City shall issue, if necessary, its BANs in one or more series for the purpose of procuring interim financing to apply on the cost of (i) the Project, (ii) the City Reimbursement, (iii) the Reserve Fund Deficiency and (iv) issuance of the BANs. The City may issue its BANs in an aggregate amount not to exceed Eleven Million Dollars ($11,000,000) to be designated "[Taxable] Sewage Works Bond Anticipation Notes, Series 2012__", to be completed with the appropriate series designation. Said BANs shall be sold at not less than 99.5% of their par value, numbered consecutively from 1 upward, shall be in multiples of Five Thousand Dollars ($5,000) as designated in the purchase agreement for said BANs, shall be dated as of the date of delivery thereof, and shall bear interest at a rate not to exceed 6.0% per annum (the exact rate or rates to be determined through negotiations with the purchaser of the BANs) payable either upon maturity or redemption. The BANs will mature no later than five years after their date of delivery. The BANs are subject to renewal or extension at an interest rate or rates not to exceed 6.0% per annum (the exact rate or rates to be negotiated with the purchaser of the BANs). The term of the BANs and all renewal BANs may not exceed five years from the date of delivery of the initial BANs. The BANs shall be registered in the name of the purchasers thereof. Interest on the BANs shall be calculated according to a 360-day calendar year containing twelve 30-day months.

(b) The BANs shall be issued pursuant to IC 4-4-11 if sold to the Indiana Finance Authority or pursuant to IC 5-1-14-5 if sold to a financial institution or any other purchaser. The City shall pledge to the payment of the principal of and interest on the BANs the proceeds from the issuance of revenue bonds pursuant to and in the manner prescribed by the Act.

Section 3. Issuance of Bonds.

(a) The City shall issue its sewage works revenue and refunding revenue bonds in three series (collectively, the "Bonds") in a combined aggregate principal amount not to exceed Eighteen Million Dollars ($18,000,000), all as more particularly described below in this Section 3.

(b) The first series of Bonds shall be designated "Sewage Works Refunding Revenue Bonds, Series 2012A" (the "Refunding Bonds") and issued in the aggregate principal amount not to exceed Seven Million Dollars ($7,000,000) for the purpose of procuring funds to apply on (i) the current refunding of the Refunded Bonds, (ii) funding a reserve for the Refunding Bonds and (iii) costs of issuance of the Refunding Bonds.

(c) The second series of Bonds shall be designated "Taxable Sewage Works Revenue Bonds, Series 2012B" (the "Taxable Bonds") and issued in the aggregate principal amount not to exceed Six Million Dollars ($6,000,000) for the purpose of procuring funds to apply on (i) the funding of the City Reimbursement, (ii) the funding of the Reserve Fund Deficiency, (iii) the refunding of BANs, if issued, (iv) funding a reserve for the Taxable Bonds and (v) costs of issuance of the Taxable Bonds.

(d) The third series of Bonds shall be designated "Sewage Works Revenue Bonds, Series 2012C" (the "Project Bonds") and issued in the aggregate principal amount not to exceed Five Million Dollars ($5,000,000) for the purpose of procuring funds to apply on (i) the costs of the Project, (ii) the refunding of BANs, if issued, (iii) funding a reserve for the Project Bonds and (iv) costs of issuance of the Project Bonds.

(e) Any sale and issuance of Bonds which follows the issuance of the first series of Bonds hereunder shall be subject to the requirements established by Sections 21 and 22(e) of this Ordinance.

(f) The Bonds shall be issued and sold at a price not less than 98% of par value thereof. The Bonds shall be issued in fully registered form in denominations of $5,000 or integral multiples thereof. The Bonds shall be numbered consecutively from 1 up and originally dated as of their date of delivery. The Bonds shall bear interest at a rate or rates not exceeding 6.0% per annum for the Refunding Bonds and the Project Bonds, and 8.0% per annum for the Taxable Bonds (the exact rate or rates to be determined by (i) negotiation with the Underwriter (as hereinafter defined) for the Refunding Bonds and Taxable Bonds and (ii) bidding for the

Project Bonds). Interest shall be payable semiannually on January 1 and July 1 in each year, commencing on the first January 1 or the first July 1 following the date of delivery of the Bonds, as determined by the Controller with the advice of the City's financial advisor. Principal shall be payable in lawful money of the United States of America at the principal office of the Paying Agent (as hereinafter defined). The Bonds shall mature annually on January 1, or be subject to mandatory sinking fund redemption on January 1, over a period ending no later than January 1, 2033. The Bonds shall mature in such amounts as will produce as level annual debt service as practicable taking into account the $5,000 denominations of the Bonds.

(g) All or a portion of the Bonds may be issued as one or more term bonds, upon election of the purchaser of the Bonds. Such term bonds shall have a stated maturity or maturities consistent with the maturity schedule determined in accordance with the preceding paragraph, on the dates as determined by the purchaser of the Bonds, but in no event later than the last serial maturity date of the Bonds as determined in the preceding paragraph. The term bonds shall be subject to mandatory sinking fund redemption and final payment(s) at maturity at 100% of the principal amount thereof, plus accrued interest to the redemption date, on principal payment dates which are hereafter determined in accordance with the preceding paragraph.

(h) The Bonds will be payable solely out of and constitute a first charge against the Net Revenues (herein defined as gross revenues of the sewage works of the City after deduction only for the payment of the reasonable expenses of operation, repair and maintenance) of the sewage works of the City, on a parity with the Outstanding Parity Bonds. Interest on the Bonds shall be calculated according to a 360-day calendar year containing twelve 30-day months.

Section 4. Registrar and Paying Agent.

(a) The Board is hereby authorized to select and appoint a qualified financial institution to serve as Registrar and Paying Agent for the Bonds and the BANs, which Registrar is hereby charged with the responsibility of authenticating the Bonds (the "Registrar" or "Paying Agent"). The Assistant Director of Finance of the sewage works is hereby authorized to enter into such agreements or understandings with such institution as will enable the institution to perform the services required of a Registrar and Paying Agent. The Assistant Director of Finance of the sewage works is further authorized to pay such fees as the institution may charge for the services it provides as Registrar and Paying Agent, and such fees may be paid from the Sewage Works Sinking Fund established to pay the principal of and interest on the Bonds as fiscal agency charges. As to the BANs, if sold to a purchaser that does not object to such designation, the Controller may serve as Registrar and Paying Agent and in such case is charged with the duties of a Registrar and Paying Agent.

(b) The principal of the Bonds shall be payable at the principal office of the Paying Agent. 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 thereof, as of the fifteenth day of the month preceding each payment (the "Record Date"), at the addresses as they appear on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by such registered owner on or before such Record Date. If payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. 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).

(c) All payments on the Bonds and BANs shall be made in any coin or currency of the United States of America, which on the date of such payment, shall be legal tender for the payment of public and private debts.

(d) Each Bond shall be transferable or exchangeable only upon the books of the City kept for that purpose at the principal office of the Registrar, by the registered owner thereof in person, or by its attorney duly authorized in writing, upon surrender of such Bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount and of the same maturity shall be

executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. The costs of such transfer or exchange shall be borne by the City. The City and the Registrar and Paying Agent for the Bonds may treat and consider the person in whose name such Bonds are registered as the absolute owner thereof for all purposes including for the purpose of receiving payment of, or on account of, the principal thereof and interest due thereon.

(e) Interest on Bonds which are authenticated on or before the Record Date which precedes the first interest payment date shall be paid from their original date. Interest on Bonds authenticated subsequent to the Record Date which precedes the first interest payment date thereon shall be paid from the interest payment date to which interest has been paid as of the date on which such Bonds are authenticated, unless a Bond is authenticated between the Record Date and the interest payment date in which case the interest shall be paid from such interest payment date.

Section 5. Redemption of BANs. The BANs are prepayable by the City, in whole or in part, on any date, upon seven (7) days' notice to the owner of the BANs, without any premium; provided, however, that if the BANs are held in the custody of DTC (as hereinafter defined) pursuant to the provisions of Section 7 hereof, twenty (20) days' prior notice to the owner shall be required for prepayment of the BANs.

Section 6. Redemption of Bonds.

(a) The Taxable Bonds shall not be subject to optional redemption prior to maturity.

(b) The Refunding Bonds and the Project Bonds are redeemable at the option of the City, but no sooner than January 1, 2022, or any date thereafter, on thirty (30) days' notice, in whole or in part, in the order of maturity as determined by the City, and by lot within a maturity, at face value together with a premium no greater than 2%, plus accrued interest to the date fixed for redemption. The exact redemption dates and premiums shall be established by the Controller, with the advice of the City's financial advisor, prior to the sale of the Bonds.

(c) If any Bond is issued as a term bond, the Paying Agent shall credit against the mandatory sinking fund requirement for the Bonds maturing as term bonds, and corresponding mandatory redemption obligation, in the order determined by the City, any Bonds maturing as term bonds which have previously been redeemed (otherwise than as a result of a previous mandatory redemption requirement) or delivered to the Registrar for cancellation or purchased for cancellation by the Paying Agent and not theretofore applied as a credit against any redemption obligation. Each Bond maturing as a 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 sinking fund date, and any excess of such amount shall be credited on future redemption obligations, and the principal amount of the Bonds to be redeemed by operation of the mandatory sinking fund requirement shall be accordingly reduced; provided, however, the Paying Agent shall credit only such Bonds maturing as term bonds to the extent received on or before forty-five (45) days preceding the applicable mandatory redemption date.

(d) Each $5,000 denomination amount shall be considered a separate Bond for purposes of optional and mandatory redemption. If less than an entire maturity is called for redemption, the Bonds to be called for redemption shall be selected by lot by the Registrar. If some Bonds are to be redeemed by optional redemption and mandatory sinking fund redemption on the same date, the Registrar shall select by lot the Bonds for optional redemption before selecting the Bonds by lot for the mandatory sinking fund redemption.

(e) In either case, notice of redemption shall be given not less than thirty (30) days prior to the date fixed for redemption unless such redemption notice is waived by the owner of the Bond or Bonds redeemed. Such notice shall be mailed to the address of the registered owner as shown on the registration record of the City as of the date which is forty-five (45) days prior to such redemption date. The notice shall specify the date and place of redemption and sufficient identification of the Bonds called for redemption. The place of redemption may be determined by the City. Interest on the Bonds so called for redemption shall cease on the redemption date

fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price on the date so named.

Section 7. Book-Entry Provisions.

(a) The City may, upon the advice of its financial advisor, have the Bonds held by a central depository system pursuant to an agreement between the City and The Depository Trust Company, New York, New York ("DTC") and have transfers of the Bonds effected by book-entry on the books of the central depository system. In such case, the Bonds shall be issued in the name of Cede & Co., as nominee for DTC, as registered owner of the Bonds, and held in the custody of DTC and the terms and conditions of this provision shall apply.

(b) If the Bonds are held by DTC, a single certificate will be issued and delivered to DTC for each maturity of the Bonds. The actual purchasers of the Bonds (the "Beneficial Owners") will not receive physical delivery of the Bond certificates except as provided herein. Beneficial Owners are expected to receive a written confirmation of their purchase providing details of each Bond acquired. For so long as DTC shall continue to serve as securities depository for the Bonds as provided herein, all transfers of beneficial ownership interests will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of the Bonds is to receive, hold, or deliver any Bond certificate.

(c) For every transfer and exchange of the Bonds, the Beneficial Owner may be charged a sum sufficient to cover such Beneficial Owner's allocable share of any tax, fee, or other governmental charge that may be imposed in relation thereto. Bond certificates are required to be delivered to and registered in the name of the Beneficial Owner, under the following circumstances:

(i) DTC determines to discontinue providing its service with respect to the Bonds (such a determination may be made at any time by giving 30 days' notice to the City and the Registrar and discharging its responsibilities with respect thereto under applicable law), or

(ii) the City determines that continuation of the system of book-entry transfers through DTC (or a successor securities depository) is not in the best interests of the Beneficial Owners.

(d) The City and the Registrar will recognize DTC or its nominee as the holder of the Bonds for all purposes, including notices and voting. The City and the Registrar covenant and agree, so long as DTC shall continue to serve as securities depository for the Bonds, to meet the requirements of DTC with respect to required notices and other provisions of a Letter of Representations between the City and DTC. If necessary to comply with the terms and provisions of the Letter of Representations, a supplemental ordinance shall be adopted to amend this ordinance as necessary.

(e) The Registrar is authorized to rely conclusively upon a certificate furnished by DTC and corresponding certificates from DTC participants and indirect participants as to the identity of, and the respective principal amount of Bonds beneficially owned by, the Beneficial Owner or Beneficial Owners.

(f) The City may, upon the advice of its financial advisor, have the BANs held in the custody of DTC. In such case, the aforementioned terms and conditions of this Section 7 shall apply to the BANs.

Section 8. Execution of Bonds and BANs; Pledge of Net Revenues to Bonds.

(a) The Bonds and BANs shall be signed in the name of the City by the manual or facsimile signature of the Mayor, countersigned by the manual or facsimile signature of the Controller and attested by the manual or facsimile signature of the Clerk, who shall affix the seal of said City to each of said Bonds and BANs manually or shall have the seal imprinted or impressed thereon by facsimile. These officials, by the signing of a Signature and No Litigation Certificate, shall adopt as and for their own proper signatures their facsimile signatures appearing on said Bonds and BANs. In case any officer whose signature or facsimile signature appears on

the Bonds or BANs shall cease to be such officer before the delivery of the Bonds or BANs, the signature of such officer shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. The Bonds shall also be authenticated by the manual signature of an authorized representative of the Registrar and no Bond shall be valid or become obligatory for any purpose until the certificate of authentication thereon has been so executed.

(b) The Bonds, and any bonds ranking on a parity therewith, as to both principal and interest, shall be payable from, secured by and shall constitute a first charge upon the Net Revenues of the sewage works of the City, hereby irrevocably pledged to the payment of the Bonds to the extent necessary for that purpose. The City shall not be obligated to pay said Bonds or the interest thereon except from the Net Revenues of said works, on a parity with the Outstanding Parity Bonds, and said Bonds shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana. The Bonds shall have all of the qualities and incidents of negotiable instruments under the laws of the State of Indiana, subject to the provisions for registration herein.

Section 9. Form of Bonds.

The form and tenor of the Bonds shall be substantially as follows, with such additions, deletions and modifications as the Mayor, the Controller and the Clerk of the City may authorize, as conclusively evidenced by their signatures thereon, all blanks to be filled in properly prior to delivery thereof:

Form of Bond

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Registrar or its agent for registration or transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

No. R12[_]-__

UNITED STATES OF AMERICA

STATE OF INDIANA COUNTY OF MONROE

CITY OF BLOOMINGTON

[TAXABLE] SEWAGE WORKS [REFUNDING] REVENUE BOND, SERIES 2012[_]

Maturity Date	Interest Rate	Original Date	Authentication Date	CUSIP

Registered Owner: Cede & Co.

Principal Sum:

The City of Bloomington, Indiana (the "City"), in Monroe County, State of Indiana, for value received, hereby promises to pay to the Registered Owner (named above) or registered assigns, solely out of the special revenue fund hereinafter referred to, the Principal Sum set forth above on the Maturity Date set forth above [(unless this Bond be subject to and shall have been duly called for redemption and payment as provided for herein)], and to pay interest hereon until the Principal Sum shall be fully paid at the rate per annum specified above from the interest payment date to which interest has been paid next preceding the Authentication Date of this

Bond unless this Bond is authenticated after the fifteenth day of the month preceding an interest payment date and on or before such interest payment date in which case it shall bear interest from such interest payment date, or unless this Bond is authenticated on or before June 15, 2012, in which case it shall bear interest from the Original Date, which interest is payable semiannually on the first days of January and July of each year, beginning on July 1, 2012. Interest shall be calculated according to a 360-day calendar year containing twelve 30-day months.

The principal of this Bond is payable at the principal office of _____ (the "Registrar" or "Paying Agent"), in the _____of _____, Indiana. All payments of interest on this Bond shall be paid by check mailed one business day prior to the interest payment date to the registered owner hereof, as of the fifteenth day of the month preceding such payment, at the address as it appears on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by the registered owner. If payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. 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 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). All payments on the Bond shall be made in any coin or currency of the United States of America, which on the dates of such payment, shall be legal tender for the payment of public and private debts.

THIS BOND SHALL NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY OF BLOOMINGTON, INDIANA, WITHIN THE MEANING OF THE PROVISIONS AND LIMITATIONS OF THE CONSTITUTION OF THE STATE OF INDIANA, AND THE CITY SHALL NOT BE OBLIGATED TO PAY THIS BOND OR THE INTEREST HEREON EXCEPT FROM THE SPECIAL FUND PROVIDED FROM THE NET REVENUES (AS HEREINAFTER DEFINED).

This Bond is one of an authorized issue of Bonds of the City of Bloomington, Indiana, of like tenor and effect, except as to numbering, interest rates, and dates of maturity, in the total amount of _____ Dollars ($_____) (the "Bonds"), numbered from 1 up, issued for the purpose of providing funds to be applied on the cost of [additions and improvements to the City's sewage works,][the current refunding of certain Refunded Bonds (as defined in the hereinafter defined Ordinance),][certain reimbursements to the City on behalf of its sewage works,][funding a reserve fund deficiency for certain of the Outstanding Parity Bonds (as defined in the Ordinance),] [funding a reserve for the Bonds][, to refund interim notes issued in anticipation of the Bonds] and paying incidental expenses, as authorized by an Ordinance adopted by the Common Council of the City of Bloomington, Indiana, on the ___ day of _____, 201__, entitled "An Ordinance concerning the construction of additions and improvements to the sewage works of the City of Bloomington, Indiana; the current refunding by the City of its Sewage Works Revenue Bonds of 1999, Series A; the funding of sewage works reserve funds and reimbursements to the City; authorizing the issuance of sewage works revenue and refunding revenue bonds for such purposes; providing for the collection, segregation and distribution of the revenues of the sewage works and the safeguarding of the interests of the owners of said sewage works revenue and refunding revenue bonds; other matters connected therewith, including the issuance of notes in anticipation of bonds; and repealing ordinances inconsistent herewith" (the "Ordinance"), and in strict compliance with the provisions of Indiana Code 36-9-23 (the "Act") and 5-1-5, each as in effect on the issue date of the Bonds.

The Bonds shall be initially issued in a book entry system by The Depository Trust Company ("DTC"). The provisions of this Bond and of the Ordinance are subject in all respect to the provisions of the Letter of Representations between the City and DTC, or any substitute agreement affecting such book entry system under DTC.

[Pursuant to the Ordinance and the Escrow Agreement (as defined therein), the City has set aside [securities (obligations of the United States of America purchased from proceeds of the Bonds and funds on hand of the City) and certain] cash in a Trust Account to provide payment of principal of and interest on the Refunded Bonds.]

Pursuant to the provisions of said Act and said Ordinance, the principal and interest of this Bond and all other Bonds of said issue, and any bonds hereafter issued on a parity therewith, are payable solely from the Sewage Works Sinking Fund (continued by the Ordinance) to be provided from the Net Revenues (defined as the gross revenues of the sewage works of the City after the deduction only for the payment of the reasonable expenses of operation, repair and maintenance) of the sewage works of the City. The payment of this Bond ranks on a parity with the payment of the Outstanding Parity Bonds (as defined in the Ordinance), and the City's [Sewage Works Refunding Revenue Bonds, Series 2012A (the "Refunding Bonds")] [and Taxable Sewage Works Revenue Bonds, Series 2012B (the "Taxable Bonds")]. The City reserves the right to issue additional bonds on a parity with the Bonds of this issue, as provided in the Ordinance.

The City of Bloomington, Indiana irrevocably pledges the entire Net Revenues of said sewage works to the prompt payment of the principal of and interest on the Bonds authorized by said Ordinance, of which this is one, and any bonds ranking on a parity therewith, including the Outstanding Parity Bonds [and the] [Refunding Bonds][and the Taxable Bonds], to the extent necessary for that purpose, and covenants that it will cause to be fixed, maintained and collected such rates and charges for service rendered by said works as are sufficient in each year for the payment of the proper and reasonable expenses of operation, repair and maintenance of said works and for the payment of the sums required to be paid into said Sinking Fund under the provisions of the Act and the Ordinance. If the City or the proper officers of the City shall fail or refuse to so fix, maintain and collect such rates or charges, or if there be a default in the payment of the interest on or principal of this Bond, the owner of this Bond shall have all of the rights and remedies provided for in the Act, including the right to have a receiver appointed to administer the works and to charge and collect rates sufficient to provide for the payment of this Bond and the interest hereon.

The City of Bloomington, Indiana further covenants that it will set aside and pay into its Sewage Works Sinking Fund a sufficient amount of the Net Revenues of said works to meet (a) the interest on all bonds which by their terms are payable from the revenues of the sewage works, as such interest shall fall due, (b) the necessary fiscal agency charges for paying the bonds and interest, (c) the principal of all bonds which by their terms are payable from the revenues of the sewage works, as such principal shall fall due, and (d) an additional amount to maintain the reserve required by the Ordinance. Such required payments shall constitute a first charge upon all the Net Revenues of said works, on a parity with the payment of the Outstanding Parity Bonds and the [Refunding Bonds][and the Taxable Bonds].

[The Bonds of this issue maturing on January 1, 2023, and thereafter, are redeemable at the option of the City on January 1, 2022, or any date thereafter, on thirty (30) days' notice, in whole or in part, in the order of maturity as determined by the City and by lot within a maturity, at face value together with the following premiums:

_% if redeemed on January 1, 2022 or thereafter
on or before December 31, 2022;
_% if redeemed on January 1, 2023 or thereafter
on or before December 31, 2023;
0% if redeemed on January 1, 2024, or thereafter
prior to maturity;

plus in each case accrued interest to the date fixed for redemption.]

[The Bonds maturing on January 1, 20__ are subject to mandatory sinking fund redemption prior to maturity, at a redemption price equal to the principal amount thereof plus accrued interest, on January 1 in the years and in the amounts set forth below:

Year	Amount

*Final Maturity]

[Each Five Thousand Dollars ($5,000) principal amount shall be considered a separate Bond for purposes of [optional] [and mandatory] redemption. If less than an entire maturity is called for redemption, the Bonds to be called for redemption shall be selected by lot by the Registrar.] [If some Bonds are to be redeemed by optional redemption and mandatory sinking fund redemption on the same date, the Registrar shall select by lot the Bonds for optional redemption before selecting the Bonds by lot for the mandatory sinking fund redemption.]

[Notice of redemption shall be mailed to the address of the registered owner as shown on the registration record of the City, as of the date which is forty-five (45) days prior to such redemption date, not less than thirty (30) days prior to the date fixed for redemption. The notice shall specify the date and place of redemption and sufficient identification of the Bonds called for redemption. The place of redemption may be determined by the City. Interest on the Bonds so called for redemption shall cease on the redemption date fixed in such notice, if sufficient funds are available at the place of redemption to pay the redemption price on the date so named.]

If this Bond shall not be presented for payment [or redemption] on the date fixed therefor, the City may deposit in trust with its depository bank, an amount sufficient to pay such Bond or the redemption price, as the case may be, and thereafter the registered owner shall look only to the funds so deposited in trust with said bank for payment and the City shall have no further obligation or liability in respect thereto.

This Bond is transferable or exchangeable only upon the books of the City kept for that purpose at the office of the Registrar, by the registered owner hereof in person, or by its attorney duly authorized in writing, upon surrender of this Bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or to the registered owner, as the case may be, in exchange therefor. The City, the Registrar and any paying agent for this Bond may treat and consider the person in whose name this Bond is registered as the absolute owner hereof for all purposes including for the purpose of receiving payment of, or on account of, the principal hereof and interest due hereon.

This Bond is subject to defeasance prior to [redemption or] payment as provided in the Ordinance referred to herein. THE OWNER OF THIS BOND, BY THE ACCEPTANCE HEREOF, HEREBY AGREES TO ALL THE TERMS AND PROVISIONS CONTAINED IN THE ORDINANCE. The Ordinance may be amended without the consent of the owners of the Bonds as provided in the Ordinance if the Common Council determines, in its sole discretion, that the amendment shall not adversely affect the rights of any of the owners of the Bonds.

The Bonds maturing in any one year are issuable only in fully registered form in the denomination of $5,000 or any integral multiple thereof not exceeding the aggregate principal amount of the Bonds maturing in such year.

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the preparation and complete execution, issuance and delivery of this Bond have been done and performed in regular and due form as provided by law.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been executed by an authorized representative of the Registrar.

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

CITY OF BLOOMINGTON, INDIANA

_____

Mayor

Countersigned:

_____
Controller

[SEAL]

Attest:

_____
Clerk

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

It is hereby certified that this Bond is one of the Bonds described in the Ordinance.

_____,
as Registrar

By:_____
Authorized Representative

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____, the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to transfer the within Bond in the books kept for the registration thereof with full power of substitution in the premises.

Dated:_____

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program.	NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

End of Bond Form

Section 10. Preparation and Sale of BANs and Bonds; Official Statement; Refunding Escrow.

(a) The Controller is hereby authorized and directed to have said BANs and Bonds prepared, and the Mayor, the Controller and the Clerk are hereby authorized and directed to execute said BANs and Bonds in the form and manner herein provided.

(b) The Controller is hereby authorized and directed to deliver the Refunding Bonds and the Taxable Bonds to J.J.B. Hilliard, W.L. Lyons, LLC (the "Underwriter") in accordance with the Bond Purchase Agreement between the City and the Underwriter (the "Purchase Agreement"). The substantially final form of Purchase Agreement between the City and the Underwriter is attached hereto as Exhibit B and is hereby approved by the Common Council. The Mayor and the Controller are hereby authorized to execute the Purchase Agreement and deliver the Refunding Bonds and the Taxable Bonds to the Underwriter so long as their terms are consistent with this ordinance. The Purchase Agreement shall establish a final principal amount, purchase price, interest rates, maturity schedule and redemption features (both optional and mandatory, if any).

(c) The Controller is hereby authorized and directed to deliver the BANs and the Project Bonds to the respective purchasers thereof after sale made in accordance with the provisions of this ordinance, including, particularly with respect to the Project Bonds the procedures set forth in Section 11 hereof, provided that at the time of said delivery the Controller shall collect the full amount which the respective purchasers have agreed to pay therefore, which amount shall not be less than 99.5% of the face value of the BANs and not less than 98% of the face value of the Project Bonds. The City may receive payment for the BANs in installments.

(d) The Bonds, when fully paid for and delivered to the respective purchasers thereof, shall be the binding special revenue obligations of the City, payable out of the Net Revenues of the City's sewage works, on a parity with the Outstanding Parity Bonds, to be set aside into the Sinking Fund as herein provided. The proceeds derived from the sale of the Bonds shall be and are hereby set aside for application on the cost of (i) the Project, (ii) current refunding of the Refunded Bonds, (iii) the funding of the City Reimbursement, (iv) the funding of the Reserve Fund Deficiency, (v) the refunding of the BANs, if issued, and (vi) the expenses necessarily incurred in connection with the Bonds, including the funding of a reserve therefore. The proper officers of the City are hereby directed to draw all proper and necessary warrants, and to do whatever acts and things which may be necessary to carry out the provisions of this ordinance.

(e) The preparation and distribution of an official statement (preliminary and final) prepared by Crowe Horwath LLP, on behalf of the City for each series of Bonds is hereby authorized. The Mayor and Controller are hereby authorized and directed to execute each preliminary official statement on behalf of the City in a form consistent with this ordinance and are further authorized to designate each such preliminary official statement as "nearly final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission (the "SEC Rule").

(f) The Controller is hereby authorized to appoint a financial institution to serve as escrow trustee (the "Escrow Trustee") for the Refunded Bonds in accordance with the terms of the Escrow Agreement between the City and the Escrow Trustee (the "Escrow Agreement"). The substantially final form of Escrow Agreement attached hereto as Exhibit C is hereby approved by the Common Council, and the Mayor and the Controller are hereby authorized and directed to complete, execute and attest the same on behalf of the City so long as its provisions are consistent with this ordinance.

(g) The execution, by either the Mayor, the Controller, the Underwriter, or the City's financial advisor, of a subscription for United States Treasury Obligations – State and Local Government Series for investment of proceeds of the Refunding Bonds allocable to the current refunding of the Refunded Bonds to be held under the Escrow Agreement in a manner consistent with this ordinance is hereby approved.

(h) The Controller, with the advice of the City's financial advisor, is hereby authorized to obtain one or more ratings for the Bonds if such rating or ratings will facilitate the sale of the Bonds.

Section 11. Bond Sale Notice.

(a) The Project Bonds shall be sold at a competitive sale and the Controller shall cause to be published either (i) a notice of such sale in *The Herald-Times*, the only newspaper published in the City, two times, at least one week apart, the first publication made at least fifteen (15) days before the date of the sale and the second publication being made at least three (3) days before the date of the sale, or (ii) a notice of intent to sell in *The Herald-Times* and the *Court & Commercial Record*, all in accordance with IC 5-1-11 and IC 5-3-1. A notice of sale may also be published one time in the *Court & Commercial Record*, and a notice or summary notice of sale may also be published in *The Bond Buyer* in New York, New York. The notice shall state the character and amount of the Project Bonds, the maximum rate of interest thereon, the terms and conditions upon which bids will be received and the sale made, and such other information as the Controller and the attorneys employed by the City shall deem advisable and any summary notice may contain any information deemed so advisable. The notice may provide, among other things, that each bid shall be accompanied by a certified or cashier's check in an amount equal to 1% of the principal amount of the Project Bonds described in the notice and that in the event the successful bidder shall fail or refuse to accept delivery of the Project Bonds and pay for the same as soon as the Project Bonds are ready for delivery, or at the time fixed in the

notice of sale, then said check and the proceeds thereof shall be the property of the City and shall be considered as its liquidated damages on account of such default; that bidders for said Project Bonds will be required to name the rate or rates of interest which the Project Bonds are to bear, not exceeding the maximum rate hereinbefore fixed, and that such interest rate or rates shall be in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%). The rate bid on a maturity shall be equal to or greater than the rate bid on the immediately preceding maturity. No conditional bid or bid for less than 98% of the face amount of the Project Bonds will be considered. The opinion of Bose McKinney & Evans LLP, bond counsel of Indianapolis, Indiana, approving the legality of said Project Bonds, will be furnished to the purchaser at the expense of the City.

(b) The Project Bonds shall be awarded by the Controller to the best bidder who has submitted its bid in accordance with the terms of this ordinance, IC 5-1-11 and the notice. The best bidder will be the one who offers the lowest net interest cost to the City, to be determined by computing the total interest on all of the Project Bonds to their maturities, adding thereto the discount bid, if any, and deducting the premium bid, if any. The right to reject any and all bids shall be reserved. If an acceptable bid is not received on the date of sale, the sale may be continued from day to day thereafter without further advertisement for a period of thirty (30) days, during which time no bid which provides a higher net interest cost to the City than the best bid received at the time of the advertised sale will be considered.

Section 12. Use of Proceeds.

Proceeds of the Bonds shall be applied as follows and in the following order:

(a) *First*, any accrued interest and any premium received at the time of the delivery of the Bonds shall be deposited in the Sinking Fund (hereinafter defined).

(b) *Second*, concurrently with the delivery of the Refunding Bonds, the Controller shall acquire, with proceeds of the Refunding Bonds and cash on hand, direct obligations of, or obligations the principal and interest on which are unconditionally guaranteed by, the United States of America (the "Government Obligations") to be used, together with certain cash from the proceeds of the Refunding Bonds and cash on hand, to currently refund and legally defease the Refunded Bonds all as set forth in the Escrow Agreement. In order to refund the Refunded Bonds, the Controller shall deposit Government Obligations and certain cash with the Escrow Trustee under the Escrow Agreement in an amount sufficient to provide money for payment of the principal of and interest on the Refunded Bonds from the date of delivery of the Refunding Bonds to the earliest date upon which the Refunded Bonds may be called for redemption. As an alternative to purchasing Government Obligations, the Controller, with the advice of the City's financial advisor, may deposit cash proceeds of the Refunding Bonds and cash on hand with the Escrow Trustee in an amount sufficient to currently refund and legally defease the Refunded Bonds. The Controller shall obtain a verification of an accountant as to the sufficiency of the funds deposited in the Trust Account under the Escrow Agreement to accomplish said current refunding and legal defeasance of the Refunded Bonds.

(c) *Third*, if proceeds of the Bonds will be used to fund all or a portion of the reserve for the Bonds or the Reserve Fund Deficiency, the Controller shall transfer such proceeds to the Reserve Account of the Sinking Fund, as hereinafter described.

(d) *Fourth*, the remaining proceeds from the sale of the Refunding Bonds shall be applied by the Controller to cost of issuance of the Refunding Bonds not otherwise paid. When all costs of issuance of the Refunding Bonds have been paid, the Controller shall then transfer any amount then remaining from the proceeds of the Refunding Bonds to the hereinafter described Sinking Fund.

(e) *Fifth*, the remaining proceeds from the sale of the Taxable Bonds and the Project Bonds, to the extent not used to refund BANs, and BAN proceeds shall be deposited in a bank or banks which are legally designated depositories for the funds of the City, in a special account or accounts to be designated as "City of Bloomington, Sewage Works Construction Account" (the "Construction Account"). The funds in the Construction Account shall be expended only for the purpose of paying the costs of the Project, refunding the BANs, if issued, funding the City

Reimbursement, or as otherwise required by the Act or for the expenses of issuance of the Taxable Bonds, the Project Bonds or the BANs.

(f) All funds deposited to the credit of the Sinking Fund or the Construction Account shall be deposited, held, secured or invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds, including particularly IC 5-13, and the acts amendatory thereof and supplemental thereto.

(g) Prior to the delivery of the Bonds or BANs, the Controller shall obtain the legal opinion of Bose McKinney & Evans LLP, bond counsel, of Indianapolis, Indiana, and shall furnish such opinion to the purchaser of the Bonds or BANs. The cost of the opinion shall be considered as part of the costs incidental to the issuance of the Bonds or BANs and shall be paid out of the proceeds thereof.

Section 13. Revenues.

All revenues derived from the operation of the sewage works and from the collection of wastewater and storm water rates and charges shall be aggregated and deposited as set forth in this ordinance. Of these revenues, the proper and reasonable expenses of operation, repair and maintenance of the sewage works shall be paid, the requirements of the Sinking Fund shall be met, and the costs of replacements, extensions, additions and improvements shall be paid.

Section 14. General Account.

(a) There is hereby continued an account known as the General Account (the "General Account"). All revenues of the sewage works shall be deposited in the General Account. The balance maintained in the General Account shall be sufficient to pay the expenses of operation, repair and maintenance for the then next succeeding two calendar months. The moneys credited to the General Account shall be used for the payment of the reasonable and proper operation, repair and maintenance expenses of the sewage works on a day-to-day basis, including the reasonable legal and professional expenses not taken into account in the definition of Net Revenues, but none of the moneys in the General Account shall be used for depreciation, payments in lieu of taxes, replacements, improvements, extensions or additions. Any moneys in the General Account may be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal of or interest on the outstanding bonds of the sewage works.

(b) Moneys in the General Account shall be transferred from time to time to meet the requirements of the Sinking Fund. Moneys in excess of those transferred to the Sinking Fund may be transferred to the Sewage Works Improvement Fund or may be retained in the General Account, in the discretion of the Board, and in a manner consistent with the requirements of this ordinance. Moneys in excess of those required to be in the General Account and the Sinking Fund may also be used, in the discretion of the Board, for any other lawful purpose related to the sewage works. Notwithstanding the foregoing, in the event any amounts are due to the Bond Insurers under the Policies, any excess moneys after making all required transfers to the Sinking Fund shall first be used to pay such amounts.

Section 15. Sewage Works Sinking Fund.

There is hereby continued the sinking fund, designated as the Sewage Works Sinking Fund (the "Sinking Fund"), for the payment of the principal of and interest on all outstanding revenue bonds which by their terms are payable from the Net Revenues of the sewage works and the payment of any fiscal agency charges in connection with the payment of bonds. There shall be set aside and deposited in the Sinking Fund, as available, and as provided below, a sufficient amount of the Net Revenues of the sewage works to meet the requirements of the Bond and Interest Account and the Reserve Account hereby continued in the Sinking Fund. Such payments shall continue until the balances in the Bond and Interest Account and the Reserve Account equal the principal of and interest on all of the then outstanding bonds of the sewage works to their final maturity and provide for payment of all fiscal agency charges.

(a) Bond and Interest Account. Any moneys heretofore accumulated to pay principal of and interest on the Refunded Bonds shall be credited to and become a part of the Trust Account under the Escrow Agreement and shall be applied on the first payments made from the

Trust Account. There shall be credited on the last day of each calendar month to the Bond and Interest Account, hereby continued within the Sinking Fund, an amount of the Net Revenues equal to at least one-sixth (1/6) of the interest on all then outstanding bonds payable on the then next succeeding interest payment date and at least one-twelfth (1/12) of the principal on all then outstanding bonds payable on the then next succeeding principal payment date, until the amount of interest and principal payable on the then next succeeding respective interest and principal payment dates shall have been so credited. There shall similarly be credited to the account any amount necessary to pay the bank fiscal agency charges for paying principal and interest on outstanding bonds as the same become payable. The City shall, from the sums deposited in the Sinking Fund and credited to the Bond and Interest Account, remit promptly to the registered owner or to the bank fiscal agency sufficient moneys to pay the interest one business day prior to the interest payment date and principal on the due date thereof together with the amount of bank fiscal agency charges.

(b) Reserve Account. There is hereby continued, within the Sinking Fund, the Reserve Account (the "Reserve Account"). On the date of delivery of the Bonds, the City shall deposit funds on hand, Bond proceeds, or a combination thereof into the Reserve Account so that the balance therein shall equal but not exceed the maximum annual debt service on the Outstanding Parity Bonds and the then outstanding Bonds (the "Reserve Requirement").

The Reserve Account shall constitute the margin for safety and protection against default in the payment of principal of and interest on the Outstanding Parity Bonds and the Bonds, and the moneys in the Reserve Account shall be used to pay current principal and interest on the Outstanding Parity Bonds and the Bonds to the extent that moneys in the Bond and Interest Account are insufficient for that purpose. Any deficiency in the balance maintained in the Reserve Account shall be made up from the next available Net Revenues remaining after the credits to the Bond and Interest Account. In the event moneys in the Reserve Account are transferred to the Bond and Interest Account to pay principal and interest on the Outstanding Parity Bonds or the Bonds, then such depletion of the balance in the Reserve Account shall be made up from the next available Net Revenues after the credits to the Bond and Interest Account. Any moneys in the Reserve Account in excess of the Reserve Requirement shall, at the direction of the Board, be transferred to the General Account or be used for the purchase of Outstanding Parity Bonds or Bonds or installments of principal of fully registered Outstanding Parity Bonds or Bonds at a price not exceeding par and accrued interest.

Section 16. Sewage Works Improvement Fund.

As set forth in Section 14(b), revenues may be transferred or credited from the General Account to a fund designated the Sewage Works Improvement Fund, hereby continued (the "Improvement Fund"). The Improvement Fund shall be used for improvements, replacement, additions and extensions of the sewage works, and for payments in lieu of taxes. Moneys in the Improvement Fund shall be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal and interest on the Outstanding Parity Bonds or the Bonds, or if necessary, to eliminate any deficiencies in credits to or minimum balance in the Reserve Account of the Sinking Fund. Moneys in the Improvement Fund may also be transferred to the General Account to meet unforeseen contingencies in the operation, repair and maintenance of the sewage works.

Section 17. Maintenance of Funds; Investments.

The Sinking Fund shall be deposited in and maintained as a separate account or accounts from all other accounts of the City. The General Account and the Improvement Fund may be maintained in a single account, or accounts, but such account, or accounts, shall likewise be maintained separate and apart from all other accounts of the City and apart from the Sinking Fund account or accounts. All moneys deposited in the accounts shall be deposited, held and secured as public funds in accordance with the public depository laws of the State of Indiana; provided that moneys therein may be invested in obligations in accordance with the applicable laws, including particularly IC 5-13, as amended or supplemented, subject to any investment restrictions contained in the Policies, and in the event of such investment the income therefrom shall become a part of the funds invested and shall be used only as provided in this ordinance.

Section 18. Maintenance of Books and Records.

The City shall keep proper books of records and accounts, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues collected from said works and all disbursements made on account of the works, also all transactions relating to said works. There shall be furnished, upon written request, to any owner of the Bonds, the most recent audit report of the sewage works prepared by the State Board of Accounts. Copies of all such statements and reports shall be kept on file in the office of the Assistant Director of Finance of the sewage works. Any owner of the Bonds then outstanding shall have the right at all reasonable times to inspect the works and all records, accounts, statements, audits, reports and data of the City relating to the sewage works. Such inspections may be made by representatives duly authorized by written instrument.

Section 19. Rate Covenant.

The City covenants and agrees that it will establish and maintain just and equitable rates or charges for the use of and service rendered by the works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses said sewage works by or through any part of the sewage system of the City, or that in any way uses or is served by such works; at a level adequate to produce and maintain sufficient revenue (including user and other charges, fees, income or revenues available to the City) to provide for the proper and reasonable expenses of operation, repair and maintenance of the works, including Operation and Maintenance (as defined in Ordinance No. 05-35, as amended), to comply with and satisfy all covenants contained in this ordinance, the Policies and any Financial Assistance Agreement (as defined in Ordinance No. 05-35, as amended) and to pay all obligations of the sewage works and of the City with respect to the sewage works. Such rates or charges shall, if necessary, be changed and readjusted from time to time so that the revenues therefrom shall always be sufficient to meet the expenses of operation, repair and maintenance of the sewage works and the requirements of the Sinking Fund. The rates or charges so established shall apply to any and all use of such works by and service rendered to the City and all departments thereof, and shall be paid by the City or the various departments thereof as the charges accrue.

Section 20. Defeasance of Bonds.

If, when any of the Bonds issued hereunder shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the Bonds or any portion thereof for redemption shall have been given, and the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the Bonds or any portion thereof and coupons then outstanding shall be paid; or (i) sufficient moneys, or (ii) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America, the principal of and the interest on which when due will provide sufficient moneys, shall be held in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case the Bonds issued hereunder or any designated portion thereof shall no longer be deemed outstanding or entitled to the pledge of the Net Revenues of the City's sewage works. Any amounts payable to the Bond Insurers under any of the Policies shall not be deemed paid pursuant to this Section 20 and shall continue to be due and owing hereunder until paid by the City in accordance with this ordinance.

Section 21. Additional Bond Provisions.

The City reserves the right to authorize and issue additional bonds payable out of the revenues of its sewage works ranking on a parity with the Bonds for the purpose of financing the cost of future additions, extensions and improvements to the sewage works, or to refund obligations, subject to the following conditions:

(a) All required payments into the Sinking Fund shall have been made in accordance with the provisions of this ordinance, and the interest on and principal of all bonds payable from the revenues of the sewage works shall have been paid to date in accordance with their terms. The Reserve Requirement shall be satisfied for the additional parity bonds either at the time of delivery of the additional parity bonds or over a five year or shorter period, in a manner which is commensurate with the requirements established in Section 15(b) of this ordinance.

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

(c) The interest on the additional parity bonds shall be payable semiannually on the first days of January and July and the principal on, or mandatory sinking fund redemptions for, the additional parity bonds shall be payable annually on the first day of January.

(d) So long as the Policy is in effect for the 2003 Bonds, in connection with the issuance of additional parity bonds, the City shall deliver to the Bond Insurer of such Policy a copy of the disclosure document, if any, circulated with respect to such additional parity bonds.

(e) So long as any of the Outstanding Parity Bonds sold to the SRF Program (as defined in Ordinance No. 05-35, as amended) are outstanding, (i) the City obtains the consent of the Indiana Finance Authority, (ii) the City has faithfully performed and is in compliance with each of its obligations, agreements and covenants contained in the Financial Assistance Agreement and this ordinance, and (iii) the City is in compliance with its National Pollutant Discharge Elimination System permits, except for non-compliance for which purpose the bonds are issued, including refunding bonds issued prior to, but part of the overall plan to eliminate such non-compliance.

Section 22. Further Covenants.

For the purpose of further safeguarding the interests of the holders of the Bonds, it is specifically provided as follows:

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

(b) The Project shall be constructed under the supervision and subject to the approval of such competent engineers as shall be designated by the City. All estimates for work done or material furnished shall first be checked by the engineers and approved by the City.

(c) So long as any of the Bonds or BANs are outstanding, the City shall at all times maintain its sewage works in good condition and operate the same in an efficient manner and at a reasonable cost.

(d) So long as any of the Bonds or BANs are outstanding, the City shall maintain insurance on the insurable parts of the system, of a kind and in an amount such as is usually carried by private corporations engaged in a similar type of business. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the State of Indiana. As an alternative to maintaining such insurance, the City may maintain a self-insurance program with catastrophic or similar coverage so long as such program meets the requirements of any applicable laws or regulations and is maintained in a manner consistent with programs maintained by similarly situated municipalities. All insurance or self-insurance proceeds shall be used either in replacing or restoring the property destroyed or damaged, or shall be deposited in the Sinking Fund.

(e) So long as any of the Bonds or BANs are outstanding, the City shall not mortgage, pledge or otherwise encumber the property and plant of its sewage works system, or any part thereof, and shall not sell, lease or otherwise dispose of any part of the same, excepting only such machinery, equipment or other property as may be replaced, or shall no longer be necessary for use in connection with said utility, and so long as any Outstanding Parity Bonds sold to the SRF Program are outstanding, the City shall obtain the prior written consent of the Indiana Finance Authority.

(f) So long as any of the Outstanding Parity Bonds sold to the SRF Program are outstanding, the City shall not borrow any money, enter into any contract or agreement or incur any other liabilities in connection with the sewage works, other than for normal operating expenditures, without the prior written consent of the Indiana Finance Authority if such undertaking would involve, commit or use the revenues of the sewage works.

(g) Except as hereinbefore provided in Section 21 hereof, so long as any of the Bonds are outstanding, no additional bonds or other obligations pledging any portion of the revenues of said sewage works shall be authorized, executed, or issued by the City except such as shall be made subordinate and junior in all respects to the Bonds, unless all of the Bonds are redeemed, retired or defeased pursuant to Section 20 hereof coincidentally with the delivery of such additional bonds or other obligations.

(h) The City shall take all actions or proceedings necessary and proper, to the extent permitted by law, to require connection of all property where liquid and solid waste, sewage, night soil or industrial waste is produced with available sanitary sewers. The City shall, insofar as possible, and to the extent permitted by law, cause all such sanitary sewers to be connected with said sewage works.

(i) The provisions of this ordinance shall constitute a contract by and between the City and the owners of the Bonds and BANs herein authorized, and after the issuance of said Bonds or BANs, this ordinance shall not be repealed or amended in any respect which will adversely affect the rights of the owners of said Bonds or BANs nor shall the Common Council adopt any law, ordinance or resolution which in any way adversely affects the rights of such owners so long as any of said Bonds or BANs or the interest thereon remain unpaid. Except for the changes set forth in Section 25 (a)-(g), this ordinance may be amended, however, without the consent of Bond or BAN owners, if the Common Council determines, in its sole discretion, that such amendment would not adversely affect the owners of the Bonds or BANs.

(j) The provisions of this ordinance shall be construed to create a trust in the proceeds of the sale of the Bonds and BANs herein authorized for the uses and purposes herein set forth, and the owners of the Bonds and BANs shall retain a lien on such proceeds until the same are applied in accordance with the provisions of this ordinance and of said governing Act. The provisions of this ordinance shall also be construed to create a trust in the portion of the Net Revenues herein directed to be set apart and paid into the Sinking Fund for the uses and purposes of said fund as in this ordinance set forth. The owners of said Bonds shall have all of the rights, remedies and privileges set forth in the provisions of the governing Act, including the right to have a receiver appointed to administer the sewage works, in the event the City shall fail or refuse to fix and collect sufficient rates and charges for those purposes, or shall fail or refuse to operate and maintain said system and to apply properly the revenues derived from the operation thereof, or if there be a default in the payment of the interest on or principal of the Bonds.

(k) If the City shall fail to repay any amounts owing to a Bond Insurer under a Policy, such Bond Insurer shall be entitled to exercise any and all remedies available at law other than (i) acceleration of the maturity of the Outstanding Parity Bonds covered by such Policy or (ii) remedies which would adversely affect the holders of the Outstanding Parity Bonds or the Bonds.

Section 23. Investment of Funds.

The Controller is hereby authorized to invest moneys pursuant to IC 5-1-14-3 and the provisions of this ordinance (subject to applicable requirements of federal law to insure such yield is the then current market rate) to the extent necessary or advisable to preserve the exclusion from gross income of interest on the Bonds under federal law. The Controller shall

keep full and accurate records of investment earnings and income from moneys held in the funds and accounts continued or referenced herein. In order to comply with the provisions of the ordinance, the Controller is hereby authorized and directed to employ consultants or attorneys from time to time to advise the City as to requirements of federal law to preserve the tax exclusion. The Controller may pay any such fees as operating expenses of the sewage works.

Section 24. Tax Covenants.

In order to preserve the exclusion of interest on the Refunding Bonds and the Project Bonds (collectively, the "Tax-Exempt Bonds") from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as existing on the date of issuance of the Tax-Exempt Bonds (the "Code") and as an inducement to purchasers of the Tax-Exempt Bonds, the City represents, covenants and agrees that:

(a) The sewage works will be available for use by members of the general public. Use by a member of the general public means use by natural persons not engaged in a trade or business. No person or entity other than the City or another state or local governmental unit will use more than 10% of the proceeds of the Tax-Exempt Bonds or property financed by the Tax-Exempt Bond proceeds other than as a member of the general public. No person or entity other than the City or another state or local governmental unit will own property financed by Tax-Exempt Bond proceeds or will have any actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract, arrangements such as take-or-pay or output contracts or any other type of arrangement that conveys other special legal entitlements and differentiates that person's or entity's use of such property from use by the general public, unless such uses in the aggregate relate to no more than 10% of the proceeds of the Tax-Exempt Bonds. If the City enters into a management contract for the sewage works, the terms of the contract will comply with IRS Revenue Procedure 97-13, as it may be amended, supplemented or superseded for time to time, so that the contract will not give rise to private business use under the Code and the Regulations, unless such use in aggregate relates to no more than 10% of the proceeds of the Tax-Exempt Bonds.

(b) No more than 10% of the principal of or interest on the Tax-Exempt Bonds is (under the terms of the Tax-Exempt Bonds, this ordinance or any underlying arrangement), directly or indirectly, secured by an interest in property used or to be used for any private business use or payments in respect of any private business use or payments in respect of such property or to be derived from payments (whether or not to the City) in respect of such property or borrowed money used or to be used for a private business use.

(c) No more than 5% of the Tax-Exempt Bond proceeds will be loaned to any person or entity other than another state or local governmental unit. No more than 5% of the Tax-Exempt 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 Tax-Exempt Bond proceeds.

(d) The City reasonably expects, as of the date hereof, that the Tax-Exempt Bonds will not meet either the private business use test described in paragraphs (a) and (b) above or the private loan test described in paragraph (c) above during the entire term of the Tax-Exempt Bonds.

(e) No more than 5% of the proceeds of the Tax-Exempt Bonds will be attributable to private business use as described in (a) and private security or payments described in (b) attributable to unrelated or disproportionate private business use. For this purpose, the private business use test is applied by taking into account only use that is not related to any government use of proceeds of the issue (Unrelated Use) and use that is related but disproportionate to any governmental use of those proceeds (Disproportionate Use).

(f) The City will not take any action nor fail to take any action with respect to the Tax-Exempt Bonds that would result in the loss of the exclusion from gross income for federal tax purposes on the Bonds pursuant to Section 103 of the Code, nor will the City act in any other manner which would adversely affect such exclusion. The City covenants and agrees not to

enter into any contracts or arrangements which would cause the Tax-Exempt Bonds to be treated as private activity bonds under Section 141 of the Code.

(g) It shall not be an event of default under this ordinance if the interest on any Tax-Exempt Bond is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not currently in effect and in existence on the date of issuance of the Tax-Exempt Bonds.

(h) These covenants are based solely on current law in effect and in existence on the date of delivery of such Tax-Exempt Bonds.

(i) The City represents that, if necessary, it will rebate any arbitrage profits to the United States of America in accordance with the Code.

(j) The City hereby adopts the Post Issuance Compliance Policy for Tax Exempt Obligations (the "Compliance Policy") attached hereto as Exhibit D as the Compliance Policy of the City relating to post issuance compliance with applicable Code provisions concerning the City's outstanding tax-exempt obligations, including the Tax-Exempt Bonds.

Section 25. Amendments with Consent of Bondholders.

Subject to the terms and provisions contained in this Section and Section 22(i), and not otherwise, the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds issued pursuant to this ordinance and then outstanding shall have the right, from time to time, anything contained in this ordinance to the contrary notwithstanding, to consent to and approve the adoption by the City of such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this ordinance, or in any supplemental ordinance; provided, however, that nothing herein contained shall permit or be construed as permitting:

(a) An extension of the maturity of the principal of or interest on any Bond issued pursuant to this ordinance; or

(b) A reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon; or

(c) The creation of a lien upon or a pledge of the revenues of the sewage works ranking prior to the pledge thereof created by this ordinance; or

(d) A preference or priority of any Bond or Bonds issued pursuant to this ordinance over any other Bond or Bonds issued pursuant to the provisions of this ordinance; or

(e) A reduction in the aggregate principal amount of the Bonds required for consent to such supplemental ordinance; or

(f) A reduction in the Reserve Requirement; or

(g) The extension of mandatory sinking fund redemption dates, if any.

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

issued pursuant to the provisions of this ordinance then outstanding, shall thereafter be determined exercised and enforced in accordance with this ordinance, subject in all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this ordinance, the rights and obligations of the City and of the owners of the Bonds authorized by this ordinance, and the terms and provisions of the Bonds and this ordinance, or any supplemental ordinance, may be modified or altered in any respect with the consent of the City and the consent of the owners of all the Bonds issued pursuant to this ordinance then outstanding.

Section 26. Tax Exemption.

Notwithstanding any other provisions of this ordinance, the covenants and authorizations contained in this ordinance (the "Tax Sections") which are designed to preserve the exclusion of interest on the Tax-Exempt Bonds from gross income under federal law (the "Tax Exemption") need not be complied with if the City receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption.

Section 27. Continuing Disclosure.

In order for the purchasers of the Bonds to comply with the SEC Rule, the Mayor and the Controller are hereby authorized to execute and deliver an agreement by the City to comply with the requirements of a continuing disclosure undertaking by the City pursuant to subsection (b)(5) of the SEC Rule, and any amendments thereto from time to time (the "Continuing Disclosure Agreement"). The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. The substantially final form of Continuing Disclosure Agreement attached hereto as Exhibit E and incorporated herein by reference is hereby approved and the Mayor and Controller are authorized to execute the same and to approve such changes in form or substance thereto which are consistent with the terms of this ordinance, such changes to be conclusively evidenced by the execution thereof.

Section 28. Loan of Water Utility Funds.

In order to facilitate temporary loans from the waterworks of the City to the sewage works, there is hereby established the "City of Bloomington, Waterworks Cash Reserve Fund" (the "Cash Reserve Fund") pursuant to which "surplus earnings", as defined in IC 8-1.5-3-11, of the waterworks shall be deposited. At the discretion of and subject to the terms prescribed by the Board, funds in the Cash Reserve Fund may be (i) temporarily loaned to the sewage works for terms not exceeding 5 years or (ii) used for any other lawful purposes permitted by IC 8-1.5-3-11. The repayment of any such loan from revenues of the sewage works shall be deposited to the Cash Reserve Fund and shall, in all respects, be junior and subordinate to any Outstanding Parity Bonds, the Bonds and any sewage works revenue bonds issued in the future by the City pursuant to Section 21 of this ordinance.

Section 29. Sewer Rate Ordinance.

The estimates of the rates and charges of the sewage works are set forth in Ordinance No. 11-13, adopted by the Common Council of the City on December 21, 2011, and such ordinance is incorporated herein by reference.

Section 30. Conflicting Ordinances.

All ordinances and parts of ordinances in conflict herewith, except the Prior Bond Ordinances, are hereby repealed; provided, however, that this ordinance shall not be construed as adversely affecting the rights of the owners of the Outstanding Parity Bonds or the Refunded Bonds.

Section 31. Headings.

The headings or titles of the several sections of this ordinance shall be solely for convenience or reference and shall not affect the meaning, construction or effect of this ordinance.

Section 32. Effective Date.

This ordinance shall be in full force and effect from and after its passage and signing by the Mayor.

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this 21st day of December, 2011.

By: _____
SUSAN SANDBERG, President
Bloomington Common Council

ATTEST:

_____
REGINA MOORE, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this 22nd day of December, 2011.

_____
REGINA MOORE, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this 30th day of December, 2011.

_____
MARK KRUZAN, Mayor
City of Bloomington

SYNOPSIS

Ordinance 11-14 authorizes the sale of taxable Sewage Works Revenue Bonds which will cover payment of all obligations currently owed to the Civil City and will allow the Sewage Works to cash fund debt service reserves in place of surety bonds on outstanding bonds. It also authorizes sale of tax-exempt Sewage Works Revenue Bonds to finance the construction projects described in Exhibit A attached to the bond ordinance. It further authorizes refunding of Sewage Works Revenue Bonds of 1999 Series A to obtain a lower interest rate and reduce debt service payments on those bonds for significant savings to the City.

EXHIBIT A

Project Description

The Project consists of additions and improvements to the sewage works of the City, including improvements to the Dillman Road Wastewater Treatment Plant (the "Plant") and the wastewater collection system (the "System"). The Plant improvements will include effluent filter improvements, mechanical screen rehabilitation, backwash water storage tank leak repair, EQ basin design, final clarifier coating, SCADA upgrades and such other necessary improvements related thereto. The System improvements will include inflow disconnection program, Gifford Road gravity sewer improvements, CMOM document update, Westwood/Highland Village sewer rehabilitation, SE basin rehabilitation and other necessary improvements to the System related thereto. The Project is more particularly described in the plans and specifications therefore prepared by the City's engineers and available for inspection at the office of the Clerk. The Project will comply with the City's Agreed Order with the Indiana Department of Environmental Management.

EXHIBIT B

Form of Bond Purchase Agreement

CITY OF BLOOMINGTON, INDIANA

$_____
SEWAGE WORKS REFUNDING REVENUE BONDS, SERIES 2012A

$_____
TAXABLE SEWAGE WORKS REVENUE BONDS, SERIES 2012B

BOND PURCHASE AGREEMENT

_____, 2012

The Members of the Common Council
City Hall
401 North Morton Street, P.O. Box 100
Bloomington, IN 47402

Dear Members of the Common Council:

The undersigned, J.J.B. Hilliard, W.L. Lyons, LLC (the "Underwriter"), hereby offers to enter into the following agreement with the City of Bloomington, Indiana (the "City"), which, upon acceptance of this offer, will be binding upon the City and the Underwriter. This offer is made subject to acceptance on or before 5:00 P.M. Eastern Standard Time, _____, 2012.

1. Upon the terms and conditions and upon the basis of the respective representations and covenants hereafter set forth, the Underwriter hereby agrees to purchase from the City, and the City hereby agrees to sell to the Underwriter all, but not less than all, of the (i) $_____ in aggregate issued amount of the City of Bloomington, Indiana Sewage Works Refunding Revenue Bonds, Series 2012A (the "Refunding Bonds") and (ii) $_____ in aggregate issued amount of the City of Bloomington, Indiana Taxable Sewage Works Revenue Bonds, Series 2012B (the "Taxable Bonds"). The Refunding Bonds and the Taxable Bonds (collectively, the "Bonds") shall be dated as of the date of delivery, shall mature in such amounts, bear interest at such rates to their stated maturities and be subject to redemption as set forth in **Schedule A** attached hereto and made a part hereof.

2. The initial purchase price of the Refunding Bonds shall be $_____, which price includes an Underwriter's discount of $_____, and net original issue premium of $_____. The initial purchase price of the Taxable Bonds shall be $_____, which price includes an Underwriter's discount of $_____, and net original issue premium of $_____. In addition to such initial purchase prices, if, from the date of execution of this Bond Purchase Agreement, the Bonds are sold by the Underwriter at a price in excess of 100% of the face amount thereof, the Underwriter shall pay the amount of any such excess to the City based upon the original pricing of the Bonds. The initial purchase price for each issue of Bonds, together with the amount of any such excess, shall be referred to herein as the "Purchase Price". For information purposes only, we calculate the bond yield for the Refunding Bonds to be _____% and for the Taxable Bonds to be _____%.

3. The Bonds shall be authorized and secured by, and issued under, a Bond Ordinance, adopted by the Common Council of the City on December 21, 2011 (the "Bond Ordinance"), drafted by Bose McKinney & Evans LLP, Indianapolis, Indiana, Bond Counsel, and approved by the Underwriter.

4. The City previously authorized a Preliminary Official Statement, prepared for and on behalf of the City, and deemed to be a "nearly final official statement" and other documents to be used in connection with the public offering and sale of the Bonds. The City hereby authorizes an Official Statement, prepared for and on behalf of the City, and other documents to be used in connection with the public offering and sale of the Bonds, and agrees to provide the Underwriter with sufficient copies of the Final Official Statement in accordance with SEC Rule

15c2-12. In addition, the City will enter into a Continuing Disclosure Undertaking Agreement dated as of the date hereof, for the purpose of assisting the Underwriter in complying with subsection (b)(5) of SEC Rule 15c2-12, and as an inducement to the Underwriter to assume its obligations hereunder.

5. The Bonds, registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC") and in such authorized denominations as shall be requested by the Underwriter, shall be delivered to the Underwriter at the offices of Bond Counsel, Bose McKinney & Evans LLP, Indianapolis, Indiana, or at such other location as the Underwriter shall direct, on _____, 2012, at which time the Underwriter agrees to pay the purchase price in full. Such delivery and payment is referred to herein as the "Closing". If the Underwriter so requests, the City shall make the Bonds available to the Underwriter and/or DTC at least one business day (or such additional days as DTC may require) before the Closing for purposes of inspection. 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 in the printing of such numbers shall constitute cause for failure or refusal of the Underwriter to accept delivery of and to make payment for any of the Bonds.

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

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

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

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

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

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

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

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

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

(a) The Underwriter has been duly authorized to execute this Bond Purchase Agreement, and to carry out the terms of this Bond Purchase Agreement.

(b) In the event that, from and after the date of execution of this Bond Purchase Agreement, the Underwriter sells any Bond for a price in excess of the face amount thereof, the full amount of any such excess shall be paid to the City as part of the Purchase Price, as set forth in paragraph 2 hereof.

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

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

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

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

(1) The Bond Ordinance.

(2) The unqualified approving opinion of Bond Counsel in customary market form, dated the date of Closing, relating to the due authorizations, execution, and delivery of the Bond Ordinance, the Bonds (and any documents relating to the issuance and security therefor), the tax-exempt status of interest on the Refunding Bonds for Federal income tax purposes, and such other matters as are customarily provided in such opinions.

(3) Evidence that Standard and Poor's Ratings Services has assigned a rating of "_____" to the Bonds.

(4) The Continuing Disclosure Undertaking Agreement executed by the City, dated as of the date hereof.

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

10. Incident to the issuance of the Bonds, and whether the Bonds are delivered to the Underwriter or not, the Underwriter agrees to pay the expenses of forming and managing a national selling group, the fees of any counsel retained by the Underwriter, any advertising in connection with selling the Bonds, the costs of registering the Bonds or confirming exceptions from registration in any jurisdiction and the costs of preparing Blue Sky and Legal Investment Memoranda, MSRB fees and other out-of-pocket expenses. The City shall pay, or cause to be paid, from the proceeds of the sale of the Bonds the fees and disbursements of Bond Counsel, counsel to the City, financial advisor/verification agent to the City, the cost of preparing, printing and distribution of the Preliminary Official Statement and the Final Official Statement, the fees of the rating agencies, the cost of printing and delivery of definitive Bonds, the cost of CUSIP numbers, DTC/Midwest charges and the costs and expenses of the issuance and delivery of the Bonds.

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

12. No recourse under or upon any obligatory covenant or agreement contained in this Bond Purchase Agreement or to be implied therefrom shall be had against any officer, trustee, employees agent or representative of the City; and no personal liability whatsoever shall attach to or be incurred by the present or any future officers, trustees, employees, agents or representatives of the City by reason of any of the obligations, covenants or agreements contained or this Bond Purchase Agreement, or to be implied therefrom.

13. Any notice or other communication to be given to the City shall be given by delivering the same in writing at the address set forth above and any notice or other communication to be given to the Underwriter shall be given in writing to J.J.B. Hilliard, W.L. Lyons, LLC, 14390 Clay Terrace Boulevard, Suite 241, Carmel, IN 46032.

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

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

Respectfully submitted,

J.J.B. HILLIARD, W.L. LYONS, LLC, as Underwriter

By: _____

(Signature Page to Bond Purchase Agreement)

Accepted by the City of Bloomington, Indiana, this ____ day of _____, 2012.

CITY OF BLOOMINGTON, INDIANA

By: _____
Mark Kruzan, Mayor

By: _____
Mike Trexler, Controller

SCHEDULE A

Refunding Bonds

Designation:	City of Bloomington, Indiana Sewage Works Refunding Revenue Bonds, Series 2012A
Principal Amount:	$_____
Dated:	_____, 2012
Maturities and Interest Rates:	Maturing annually on January 1, with interest payable semiannually on January 1 and July 1 of each year, commencing July 1, 2012, in the years and amounts and with interest rates, as shown below

Maturity	Amount	Interest Rate	Price
	$	%	%

Optional Redemption: The Refunding Bonds maturing on January 1, 2023, and thereafter, are redeemable at the option of the City on January 1, 2022, or any date thereafter, on thirty (30) days' notice, in whole or in part, in the order of maturity as determined by the City and by lot within a maturity, at face value together with the following premiums:

_____

plus in each case accrued interest to the date fixed for redemption.

Taxable Bonds

Designation:	City of Bloomington, Indiana Taxable Sewage Works Revenue Bonds, Series 2012B
Principal Amount:	$_____
Dated:	_____, 2012
Maturities and Interest Rates:	Maturing annually on January 1, with interest payable semiannually on January 1 and July 1 of each year, commencing July 1, 2012, in the years and amounts and with interest rates, as shown below

Maturity	**Amount**	**Interest Rate**	**Price**
	$	%	%

Optional Redemption:	The Taxable Bonds are not subject to optional redemption prior to maturity.

EXHIBIT B

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

Name of Issuer/Obligor: City of Bloomington, Indiana

Name of Bond Issue: [Taxable] Sewage Works [Refunding] Revenue Bonds, Series 2012__

Date of Bonds: _____, 2012

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

CITY OF BLOOMINGTON, INDIANA

By_____

Its_____

Dated:_____

EXHIBIT C

MUNICIPAL SECONDARY MARKET DISCLOSURE INFORMATION COVER SHEET

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

***

Issuer's and/or Other Obligated Person's Name: City of Bloomington, Indiana

CUSIP Numbers (attach additional sheet if necessary):

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

***

Number of pages of attached information: _____

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

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

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

Fiscal Period Covered: _____

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

***

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

Signature: _____

Name: _____ Title _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

EXHIBIT C

Form of Escrow Agreement

EXHIBIT D
CERTIFICATE RE: MATERIAL EVENT DISCLOSURE

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

Dated: _____

CITY OF BLOOMINGTON, INDIANA

By: _____

Name: _____

Title: _____

ESCROW AGREEMENT

BETWEEN

THE

CITY OF BLOOMINGTON, INDIANA,

AND

_____

As Escrow Trustee

SEWAGE WORKS REFUNDING REVENUE BONDS, SERIES 2012A

Dated _____, 2012

ESCROW AGREEMENT

This agreement (the "Escrow Agreement") made and entered into as of _____, 2012, by and between the City of Bloomington, Indiana (the "City"), and _____ (the "Escrow Trustee"), a national banking association organized under the laws of the United States of America, having its principal corporate trust office in Indianapolis, Indiana, as Escrow Trustee under this Escrow Agreement with the City.

WITNESSETH

WHEREAS, Indiana Code, Title 5, Article 1, Chapter 5 (the "Act"), has been enacted by the legislature of the State of Indiana; and

WHEREAS, the Act declares that the refunding of bonds to effect a savings for the City or to relieve the City of restrictive covenants which impede additional financings and the issuance of refunding bonds to accomplish the refunding constitute a public purpose; and

WHEREAS, the Act provides that the proceeds of the refunding bonds may be secured by a trust agreement between the City and a corporate trustee; and

WHEREAS, the execution and delivery of this Escrow Agreement has been in all respects duly and validly authorized by Ordinance No. _____ duly passed and adopted by the Common Council of the City on December 21, 2011 (the "Ordinance"); and

WHEREAS, the City has heretofore issued, pursuant to Ordinance No. 98-30 adopted by the Common Council of the City on September 9, 1998 (the "1998 Ordinance"), its Sewage Works Revenue Bonds of 1999, Series A, dated May 1, 1999, in the total amount of $8,200,000, of which $6,230,000 in principal amount is now outstanding (the "Refunded Bonds"); and

WHEREAS, the City has concurrently with the execution and delivery of this Escrow Agreement, executed, issued and delivered pursuant to the Ordinance, its Sewage Works Refunding Bonds, Series 2012A (the "2012 Bonds") in the principal amount of $_____, and the City has deposited with the Escrow Trustee (a) certain hereinafter described securities or evidences thereof in the amount of $_____ (the "Government Obligations") purchased from proceeds of the Bonds in the amount of $_____ and (b) cash in the amount of $___ funded from proceeds of the 2012 Bonds (the "Cash Requirement"), in a total amount sufficient to pay the Refunded Bonds from the date of delivery of the 2012 Bonds to _____, 2012, the earliest redemption date of the Refunded Bonds, with accrued interest to such date;

NOW THEREFORE, THIS AGREEMENT WITNESSETH: That in order to secure the payment of the principal of and interest and redemption premium on the Refunded Bonds according to their tenor, purport and effect, and in order to secure the performance and observance of all the covenants and conditions herein and in the Refunded Bonds and 2012 Bonds, and for and in consideration of the mutual covenants herein contained, and of the acceptance by the Escrow Trustee of the trust hereby created, the City has executed and delivered this Escrow Agreement.

TO HAVE AND TO HOLD the same unto the Escrow Trustee, and its successor or successors and its or their assigns forever;

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, to secure the payment of the Refunded Bonds and the interest payable thereon, and to secure also the observance and performance of all the terms, provisions, covenants and conditions of this Escrow Agreement, and for the equal and ratable benefit and security of all and singular the owners of all Refunded Bonds without preference, priority or distinction as to lien or otherwise of any one Refunded Bond or as between principal and interest; and it is hereby mutually covenanted and agreed that the terms and conditions upon which the Refunded Bonds are to be paid, and a portion of the proceeds of the 2012 Bonds invested, and the trusts and conditions upon which the pledged Government Obligations and Cash Requirement are to be held and disbursed, are as follows:

1. The Escrow Trustee acknowledges receipt from the City of the Government Obligations, as set forth in Exhibit A attached hereto, together with the Cash Requirement, to be applied on the principal of and interest on the Refunded Bonds in accordance with the schedule set forth in Exhibit B attached hereto. The Government Obligations have been deposited with the Escrow Trustee and will bear interest at such rates and will mature at such times and in such amounts so that, when paid according to their respective terms, together with the Cash Requirement, sufficient moneys will be available for the payment of principal of and interest on the Refunded Bonds until _____, 2012, the earliest date upon which the Refunded Bonds may be called for redemption, and the cost of redeeming the Refunded Bonds at a redemption price of 100% of principal amount.

2. (a) A Trust Account is created hereby for the Refunded Bonds (the "Trust Account"). For purposes of securing payment for the Refunded Bonds, the Government Obligations and the Cash Requirement set forth on Exhibit A will be held in trust by the Escrow Trustee in the Trust Account and such Government Obligations on deposit with the Escrow Trustee, including interest to be earned thereon, together with the Cash Requirement, are pledged solely and irrevocably for the benefit of the owners of the Refunded Bonds. Pursuant to this Section, the City irrevocably instructs the Escrow Trustee to duly call the Refunded Bonds on or before _____, 2012 for redemption on _____, 2012, and the Escrow Trustee hereby agrees to follow this instruction.

(b) The Escrow Trustee and the City agree to redeem on _____, 2012, all outstanding Refunded Bonds due on January 1, 2013 and thereafter. The Escrow Trustee shall complete the notice attached as Exhibit C and mail the notice to all registered owners of the Refunded Bonds at least thirty (30) days prior to _____, 2012, substantially in the form attached to this Escrow Agreement as Exhibit C. The Escrow Trustee serves as the paying agent for the Refunded Bonds and shall effectuate timely payments under this Escrow Agreement.

(c) Any balance remaining in the Trust Account after payment of all the Refunded Bonds shall be deposited with the City and used by the City to pay debt service on the 2012 Bonds.

(d) The mathematical calculations of the adequacy of the Trust Account to fully provide for all payments enumerated in this Escrow Agreement will be computed at the time of delivery of the 2012 Bonds by Crowe Horwath LLP (the "Verification Report").

3. The City covenants that the proceeds from the sale of 2012 Bonds, any moneys attributable to the proceeds of the 2012 Bonds or the Refunded Bonds, amounts received from the investment of the proceeds of the 2012 Bonds, any other amounts treated as proceeds of the 2012 Bonds under the applicable provisions of the Internal Revenue Code of 1986 as existing on the date of the issuance of the 2012 Bonds (the "Code"), to the extent applicable to the 2012 Bonds or held in funds or accounts under the 1998 Ordinance or the Ordinance, shall not be invested or otherwise used in a manner which would cause the 2012 Bonds to be "arbitrage bonds" within the meaning of the Code and the regulations and rulings promulgated thereunder.

4. The Escrow Trustee hereby accepts the trusts imposed upon it by this Escrow Agreement and agrees to perform these trusts as a corporate trustee ordinarily would perform such trusts under a corporate indenture. The Escrow Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall not be answerable for the conduct of the same if appointed in accordance with the standard specified above, and shall be entitled to advice of counsel concerning all compensation to all such attorneys, certified public accountants, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Escrow Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the City). The Escrow Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

The Escrow Trustee shall be entitled to payment and/or reimbursement in accordance with the schedule attached hereto as Exhibit D in connection with services under this Escrow Agreement including costs incurred under the preceding paragraph. Such fees shall not constitute a lien against the Trust Account. If, after the Refunded Bonds are paid, there are insufficient funds to pay such fees, the City is responsible for the payment of such Escrow Trustee fees and paying agent fees.

5. The Escrow Trustee shall have the power to sell, transfer, request the redemption or otherwise dispose of some or all of the Government Obligations in the Trust Account and to substitute other Government Obligations of equal or greater security identified in the Verification Report therefor provided that the Escrow Trustee shall receive (i) the unqualified opinion of nationally recognized municipal bond attorneys prior to any such actions to the effect that such disposition and substitution would not cause any of the Refunded Bonds or the 2012 Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code, or any other regulations and rulings to the extent applicable to the Refunded Bonds of the 2012 Bonds; and (ii) the unqualified opinion of a certified public accountant or a firm of certified public accountants to the effect that such disposition and substitution shall not reduce the sufficiency and adequacy of the Trust Account to fully provide for all payments enumerated in this Escrow Agreement.

6. This Escrow Agreement is made for the benefit of the City and the holders from time to time of the Refunded Bonds, and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Trustee and the City, provided, however, that the City and the Escrow Trustee may, without the consent of, or notice to, such holders, amend this Escrow Agreement or enter into such agreements supplemental to this Escrow Agreement, in their sole judgment and discretion, as shall not materially adversely affect the rights of such holders, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Escrow Agreement; (ii) to grant to, or confer upon, the Escrow Trustee for the benefit of the holders of the Refunded Bonds, any additional rights, remedies, powers, security or authority that may lawfully be granted to, or conferred

upon, such holders or the Escrow Trustee; and (iii) to include under this Escrow Agreement additional funds, securities or properties.

7. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the City or the Escrow Trustee to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

8. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

9. This Escrow Agreement shall be construed and enforced under the laws of the State of Indiana, without regard to conflict of law principles.

10. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Escrow Agreement, shall be a legal holiday or a day on which banking institutions in the city in which is located the principal office of the Escrow Trustee are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized to remain closed, with the same force and effect as if done on the nominal date provided in this Escrow Agreement, and no interest shall accrue for the period after such nominal date.

11. This Escrow Agreement shall not be assigned by the Escrow Trustee or any successor thereto without the prior written consent of the City.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed for and on their behalf the day and year first hereinabove written.

CITY OF BLOOMINGTON, INDIANA

_____
Mark Kruzan, Mayor

_____
Mike Trexler, Controller

[SEAL]_____

By: _____

Printed: _____

Title: _____

Attest:

By: _____

1 71317v1

EXHIBIT A

Attached to and made a part of the
Escrow Agreement executed by the
City of Bloomington, Indiana and
_____ as Escrow Trustee
Dated _____, 2012

SCHEDULE OF GOVERNMENT OBLIGATIONS

Type	Maturity Date	Amount	Coupon Rate

Cash in the amount of $____

EXHIBIT B

PAYMENT OF PRINCIPAL AND INTEREST
ON REFUNDED BONDS

Date	Principal	Interest	Redemption Premium	Total Payment
__/__/2012	$6,230,000.00	$	$0	$

EXHIBIT C

NOTICE OF REDEMPTION TO THE HOLDERS OF THE CITY OF BLOOMINGTON SEWAGE WORKS REVENUE BONDS OF 1999, SERIES A

NOTICE IS HEREBY GIVEN to the registered owners of the Six Million Two Hundred Thirty Thousand Dollars ($6,230,000) in aggregate principal amount of Sewage Works Revenue Bonds of 1999, Series A, of the City of Bloomington, Indiana, dated May 1, 1999, and maturing annually on January 1, 2011 through January 1, 2029, inclusive (the "Bonds"), that the Bonds will be redeemed on _____, 2012, at the price of one hundred percent (100%) of the par amount thereof (the "Redemption Price"), plus accrued and unpaid interest to _____, 2012.

Payment of the Redemption Price of and accrued interest on the Bonds will be made upon presentation and surrender of the Bonds at the corporate trust operations office of _____ (the "Escrow Agent").

The Bonds will cease to bear interest on _____, 2012, whether or not presented for payment on that date.

IMPORTANT: Withholding of 34% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2001 (the "Act") unless the Escrow Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your Bonds.

Dated this __ day of _____, 2012.

_____

Mail to registered owners at least thirty (30) days prior to _____, 2012.

EXHIBIT D

ESCROW TRUSTEE FEES

EXHIBIT D

Post Issuance Compliance Policy

CITY OF BLOOMINGTON, INDIANA

Post-Issuance Compliance Policy for Tax-Exempt Qualified Obligations

Statement of Purpose

This Post-Issuance Compliance Policy (the "Policy") sets forth specific policies of the City of Bloomington, Indiana (the "Issuer") designed to monitor post-issuance compliance of tax-exempt qualified obligations[1] (the "Obligations") issued by the Issuer with applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations promulgated there under (the "Treasury Regulations"). The Policy documents existing practices and describes various procedures and systems designed to identify on a timely basis facts relevant to demonstrating compliance with the requirements that must be satisfied subsequent to the issuance of Obligations in order that the interest on such Obligations be, or continue to be, or would be but for certain provisions of the Code, excludable from gross income for federal income tax purposes. The Issuer recognizes that compliance with applicable provisions of the Code and Treasury Regulations is an on-going process, necessary during the entire term of the Obligations, and is an integral component of the Issuer's debt management. Accordingly, the analysis of those facts and implementation of the Policy will require on-going monitoring and consultation with bond counsel.

This Policy also sets forth certain procedures in respect of assuring continued compliance by the Issuer with continuing disclosure obligations in respect of its outstanding Obligations under Rule 15c2-12 (17 CFR Part 240, §240.15c2-12) ("Rule 15c2-12") promulgated by the Securities and Exchange Commission (the "SEC") pursuant to the Securities and Exchange Act of 1934, as amended, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

Policy Components

The Controller (the "Fiscal Officer") approves the terms and structure of Obligations executed by the Issuer, which Obligations are ultimately subject to the approval of the legislative body of the Issuer. Such Obligations are issued in accordance with the provisions of the Code of the applicable State of Indiana code section. Specific post-issuance compliance procedures address the relevant areas described below. The following list is not intended to be exhaustive and further areas may be identified from time to time by the Fiscal Officer in consultation with bond counsel.

General Policies and Procedures

The following policies relate to procedures and systems for monitoring post-issuance compliance generally.

A. The Fiscal Officer shall be responsible for monitoring post-issuance compliance issues.

B. The Fiscal Officer will coordinate procedures for record retention and review of such records.

C. The Fiscal Officer will review post-issuance compliance procedures and systems on a periodic basis, but not less than annually.

---

[1] For purposes of the Policy, tax-exempt qualified obligations shall include (a) obligations the interest on which is excludable from gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended, and regulations there under (collectively, the "Code") ("tax-exempt obligations"), and (b) obligations the interest on which is not excludable from gross income for federal income tax purposes, but federal law otherwise requires such obligations to satisfy requirements of the Code applicable to tax-exempt obligations. For example, Section 54AA of the Code, added by the American Recovery and Reinvestment Act of 2009, authorizes the issuance of "Build America Bonds," the interest on which is includible in gross income for federal income tax purposes, provided that (a) the interest on the bonds would, but for such Section 54AA, be excludable from gross income for federal tax purposes under Section 103 of the Code, (b) such bonds are issued before a specified date (currently January 1, 2011), and (c) the Issuer makes an irrevocable election to have Section 54AA apply. Accordingly, the Policy will apply to any Build America Bonds issued by the Issuer.

D. Electronic media will be the preferred method for storage of all documents and other records maintained by the Issuer. In maintaining such electronic storage, the Fiscal Officer will comply with applicable Internal Revenue Service (the "IRS") requirements, such as those contained in Revenue Procedure 97-22.

Issuance of Obligations

The following policies relate to the issuance of a specific issue of Obligations.

The Fiscal Officer will:

A. Obtain and store a closing binder and/or CD or other electronic copy of the relevant and customary transaction documents.

B. Confirm that bond counsel has filed the applicable information report (e.g., Form 8038-G, Form 8038-CP) for such issue with the IRS on a timely basis.

C. Coordinate receipt and retention of relevant books and records with respect to the investment and expenditure of the proceeds of such Obligations with other applicable Issuer staff.

Arbitrage

The following policies relate to the monitoring and calculating of arbitrage and compliance with specific arbitrage rules and regulations.

The Fiscal Officer will:

A. Coordinate the tracking of expenditures, including the expenditure of any investment earnings, with other applicable Issuer staff.

B. Obtain a computation of the yield on such issue from the Issuer's financial advisor for such issuance or other outside arbitrage rebate specialist) and maintain a system for tracking investment earnings.

C. Maintain a procedure for the allocation of proceeds of the issue and investment earnings to expenditures, including the reimbursement of pre-issuance expenditures.

D. Coordinate with Issuer staff to monitor compliance by departments with the applicable "temporary period" (as defined in the Code and Treasury Regulations) exceptions for the expenditure of proceeds of the issue, and provide for yield restriction on the investment of such proceeds if such exceptions are not satisfied.

E. Ensure that investments acquired with proceeds of such issue are purchased at fair market value. In determining whether an investment is purchased at fair market value, any applicable Treasury Regulation safe harbor may be used.

F. Coordinate to avoid formal or informal creation of funds reasonably expected to be used to pay debt service on such issue without determining in advance whether such funds must be invested at a restricted yield.

G. Consult with bond counsel prior to engaging in any post-issuance credit enhancement transactions.

H. Identify situations in which compliance with applicable yield restrictions depends upon later investments and monitor implementation of any such restrictions.

I. Monitor compliance of the Issuer with six-month, 18-month or 2-year spending exceptions to the rebate requirement, as applicable.

J. Procure a timely computation of any rebate liability and, if rebate is due, to file a Form 8038-T and to arrange for payment of such rebate liability.

K. Arrange for timely computation and payment of "yield reduction payments" (as such term is defined in the Code and Treasury Regulations), if applicable.

L. In the case of any issue of refunding Obligations, coordinate with the Issuer's financial advisor and any escrow agent to arrange for the purchase of the refunding escrow securities, obtain a computation of the yield on such escrow securities from Treasury's external source and monitor compliance with applicable yield restrictions.

Private Activity Concerns

The following polices relate to the monitoring and tracking of private uses and private payments with respect to facilities financed with the Obligations.

The Fiscal Officer will:

A. Coordinate with staff to maintain records determining and tracking facilities financed with specific Obligations and in what amounts.

B. Coordinate with applicable staff to maintain records, which should be consistent with those used for arbitrage purposes, to allocate the proceeds of an issue and investment earnings to expenditures, including the reimbursement of pre-issuance expenditures.

C. Coordinate with applicable staff to maintain records allocating to a project financed with Obligations any funds from other sources that will be used for otherwise non-qualifying costs.

D. Coordinate with staff to monitor the expenditure of proceeds of an issue and investment earnings for qualifying costs.

E. Coordinate with applicable staff to monitor private use of financed facilities to ensure compliance with applicable percentage limitations on such use. Such monitoring should include the following:

1. Procedures to review the amount of existing private use on a periodic basis; and
2. Procedures for identifying in advance any new sale, lease or license, management contract, sponsored research arrangement, or other arrangement involving private use of financed facilities and for obtaining copies of any sale agreement, lease, license, management contract, research arrangement or other arrangement for review by bond counsel.

F. Consult with bond counsel as to any possible private use of financed facilities.

Reissuance

The following policies relate to compliance with rules and regulations regarding the reissuance of Obligations for federal law purposes.

The Fiscal Officer will:

A. Identify and consult with bond counsel regarding any post-issuance change to any terms of an issue of Obligations which could potentially be treated as a reissuance for federal tax purposes.

B. Confirm with bond counsel whether any "remedial action" in connection with a "change in use" (as such terms are defined in the Code and Treasury Regulations) would be treated as a reissuance for tax purposes and, if so, confirm the filing of any new Form 8038-G.

Record Retention

The following polices relate to retention of records relating to the Obligations issued.

The Fiscal Officer will:

A. Coordinate with staff regarding the records to be maintained by the Issuer to establish and ensure that an issue remains in compliance with applicable federal tax requirements for the life of such issue.

B. Coordinate with staff to comply with provisions imposing specific recordkeeping requirements and cause compliance with such provisions, where applicable.

C. Coordinate with staff to generally maintain the following:

1. Basic records relating to the transaction (e.g., any non-arbitrage certificate, net revenue estimates and the bond counsel opinion);
2. Documentation evidencing expenditure of proceeds of the issue;
3. Documentation regarding the types of facilities financed with the proceeds of an issue, including, but not limited to, whether such facilities are land, buildings or equipment, economic life calculations and information regarding depreciation;
4. Documentation evidencing use of financed property by public and private entities (e.g., copies of management contracts and research agreements);
5. Documentation evidencing all sources of payment or security for the issue; and
6. Documentation pertaining to any investment of proceeds of the issue (including the purchase and sale of securities, SLGs subscriptions, yield calculations for each class of investments, actual investment income received by the investment of proceeds, guaranteed investment contracts, and rebate calculations).

D. Coordinate the retention of all records in a manner that ensures their complete access to the IRS. While this is typically accomplished through the maintenance of hard copies, records may be kept in electronic format so long as applicable requirements, such as Revenue Procedure 97-22, are satisfied.

E. Keep all material records for so long as the issue is outstanding (including any refunding), plus eleven years.

Continuing Disclosure

The Fiscal Officer shall determine with respect to each outstanding Obligation the applicability of Rule 15c2-12 to such Obligation. The Fiscal Officer shall periodically determine whether all required filings under any continuing disclosure agreements for Obligations covered by Rule 15c2-12 have been filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System ("EMMA") and, if applicable, the State Information Depository, but in any event no less than semiannually. The Fiscal Officer shall assure that timely filings are made to the EMMA and, if applicable the SID, of all required filings including, specifically, annual financial information and disclosure of certain events in respect of Obligations subject to Rule 15c2-12, all in accordance with the applicable continuing disclosure agreement for such Obligations.

EXHIBIT E

Form of Continuing Disclosure Agreement

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This CONTINUING DISCLOSURE UNDERTAKING AGREEMENT (the "Agreement") is executed and delivered by CITY OF BLOOMINGTON, INDIANA (the "Obligor" or "Issuer"), in connection with the issuance by the Obligor of its Sewage Works [Refunding] Revenue Bonds, Series 2012[_] [and Taxable Sewage Works Revenue Bonds, Series 2012B], in the aggregate principal amount of $_____ [and $_____, respectively] (the "Bonds"). The Bonds are being issued pursuant to Indiana Code 36-9-23 [and Indiana Code 5-1-5, each]as amended, and Ordinance No. _____, adopted December 21, 2011 by the Common Council of the Issuer (the "Ordinance") (collectively, the "Bond Proceedings"). Pursuant to the Ordinance, the Bonds will be secured by the Net Revenues (as defined in the Ordinance) of the sewage works of the Issuer, on a parity with the Outstanding Parity Bonds and the [Taxable Bonds][and the Refunding Bonds] (each as defined in the Ordinance). The Obligor covenants and agrees as follows:

Section 1. Purpose of the Disclosure Agreement.

a. This Disclosure Agreement is being executed and delivered by the Obligor for the benefit of the Bondholders and the Beneficial Owners and in order to assist the Participating Underwriter in complying with subsection (b)(5) of the Rule.

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

c. The Obligor hereby determines that it will be an obligated person with respect to more than $10,000,000 in aggregate amount of outstanding municipal securities, including the Bonds and excluding municipal securities that were offered in a transaction exempt pursuant to subsection (d)(1) of the Rule.

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

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

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

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

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

"GAAP" shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Governmental Accounting Standards Board and in effect from time to time.

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

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

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

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

"Official Statement" shall mean the Official Statement for the Bonds dated _____, 2012.

"Participating Underwriter" shall mean _____.

"Repository" shall mean the National Repository and the State Repository.

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

"SEC" shall mean the United States Securities and Exchange Commission.

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

"State" shall mean the State of Indiana.

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

Section 3. Provision of Annual Reports.

a. Each year, the Obligor shall provide, or shall cause the Dissemination Agent to provide, not later than the date six months after the first day of the Obligor's fiscal year, commencing with the Obligor's Annual Report for its fiscal year ended December 31, 2011 to the MSRB through EMMA an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen business days (or such lesser number of days as is acceptable to the Dissemination Agent) prior to said date, the Obligor shall provide the Annual Report to the Dissemination Agent (if other than the Obligor). Currently, the Obligor's fiscal year commences on January 1. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Disclosure Agreement; provided, however, that if the audited financial statements of the Obligor are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the Obligor or in the form provided by the State on an annual basis shall be included in the Annual Report.

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

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

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

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

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

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

a. the audited financial statements of the Obligor for its fiscal year or two fiscal years, as may be required by State law, immediately preceding the due date of the Annual Report and shall include (i) the Audit or Examination Report of the Obligor as prepared and examined by the Indiana State Board of Accounts for such period, together with the opinion of such accountants and all notes thereto and (ii) unaudited financial information of the Obligor, if the information in (i) is not available. Such financial statements, however, shall not be included if State law does not require the Obligor to prepare such statements for its immediately preceding fiscal year by the due date of the Annual Report for such fiscal year. The Obligor's financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law or shall be audited (only if required by State law) and prepared in accordance with State law.

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

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

Section 5. Reporting of Significant Events.

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

(1) non-payment related defaults;

(2) modifications to rights of Bondholders;

(3) bond calls;

(4) release, substitution or sale of property securing repayment of the Bonds;

(5) the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the 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.

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

(1) principal and interest payment delinquencies;

(2) unscheduled draws on debt service reserves reflecting financial difficulties;

(3) unscheduled draws on credit enhancements reflecting financial difficulties;

(4) substitution of credit or liquidity providers, or their failure to perform;

(5) defeasances;

(6) rating changes;

(7) adverse tax opinions or events affecting the status of the Bonds, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material events, notices or determinations with respect to the tax status of the Bonds;

(8) tender offers; and

(9) bankruptcy, insolvency, receivership or similar event of the obligated person.

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

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

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

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

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

Section 6. Termination of Reporting Obligation.

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

b. This Disclosure Agreement, or any provision hereof, shall be null and void in the event that the Obligor (i) receives an opinion of Securities Counsel, addressed to the Obligor, to the effect that those portions of the Rule, which require such provisions of this Disclosure

Agreement, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) delivers notice to such effect to the MSRB through EMMA.

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

Section 8. Amendment; Waiver.

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

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

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

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

b. In the event of any amendment to, or waiver of a provision of, this Disclosure Agreement, the Obligor shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Agreement, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

c. If the Amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Agreement, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be sent by the Obligor, or the Dissemination Agent (if other than the Obligor) at the written direction of the Obligor, to the MSRB through EMMA.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Obligor from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or

including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Obligor chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Obligor shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

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

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

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

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

Section 14. Additional Disclosure Obligations. The Obligor acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the Obligor, and that under some circumstances, compliance with this Disclosure Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Obligor under such laws.

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

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

Signature Page to Continuing Disclosure Agreement

CITY OF BLOOMINGTON, INDIANA

By:_____
Mark Kruzan, Mayor

ATTEST:

_____
Mike Trexler, Controller

Dated: _____, 2012.

EXHIBIT A

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

Name of Issuer/Obligor: City of Bloomington, Indiana

Name of Bond Issue: [Taxable] Sewage Works [Refunding] Revenue Bonds, Series 2012__

Date of Bonds: _____, 2012

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

CITY OF BLOOMINGTON, INDIANA

By_____

Its_____

Dated:_____