ORDINANCE 93-70

AN ORDINANCE CONCERNING THE REFUNDING BY THE CITY OF BLOOMINGTON OF ITS WATERWORKS REVENUE BONDS OF 1989; AUTHORIZING THE ISSUANCE OF WATERWORKS REFUNDING REVENUE BONDS OF 1993; AND OTHER RELATED ACTIONS

WHEREAS, the City of Bloomington, Indiana (the "City") has heretofore established, constructed and financed a municipal waterworks and now owns and operates the waterworks pursuant to IC 8-1.5, and other applicable laws; and

WHEREAS, the Common Council finds that certain hereinafter described outstanding bonds of the waterworks should be refunded to obtain a reduction in interest payments to effect a savings to the City; that the refunding of those outstanding bonds, together with redemption premium and accrued interest thereon and including all costs related to the refunding to be paid from bond proceeds will require funds in an amount not to exceed $8,435,000; that the total cost of the refunding cannot be provided for out of funds of the waterworks now on hand and the refunding should be accomplished by the issuance of revenue bonds of the waterworks; and

WHEREAS, the Common Council finds that there are now outstanding bonds issued to advance refund outstanding bonds of the City's waterworks and payable out of the revenues therefrom designated "Waterworks Refunding Revenue Bonds of 1988," dated June 1, 1988 (the "1988 Bonds"), originally issued in the amount of $3,550,000, now outstanding in the amount of $1,590,000, and maturing annually over a period ending January 1, 1996, which 1988 Bonds constitute a first charge against the Net Revenues (as hereinafter defined) of the waterworks subject to Section 15 herein; and

WHEREAS, the Common Council finds that there are now outstanding bonds issued on account of the construction of improvements and additions to the City's waterworks and payable out of the revenues therefrom designated "Waterworks Revenue Bonds of 1989," dated March 1, 1989 (the "1989 Bonds"), originally issued in the amount of $9,080,000, now outstanding in the amount of $8,085,000, and maturing annually over a period ending January 1, 2004, which 1989 Bonds constitute a first charge against the Net Revenues of the waterworks on a parity with the 1988 Bonds, but subject to Section 15 herein; and

WHEREAS, the Common Council finds that the 1989 Bonds(hereinafter referred to as the "Refunded Bonds") should be refunded pursuant to the provisions of IC 5-1-5 to obtain a reduction in interest payments and enable the City to achieve a savings; and

WHEREAS, the Common Council finds that it is advisable to issue its refunding revenue bonds in an amount not to exceed $8,435,000 and to use the proceeds to refund the Refunded Bonds and to pay for all costs related to the refunding; and

WHEREAS, the ordinance authorizing the issuance of the 1988 Bonds (the "Existing Ordinance") permits the issuance of additional bonds ranking on a parity with the 1988 Bonds if certain conditions can be met; the City finds that while the 1988 Bonds are outstanding, the City will meet the conditions for the issuance of additional parity bonds and that, accordingly, the revenue bonds

authorized by this ordinance shall be on a parity with the 1988 Bonds and constitute a first charge upon the Net Revenues of the waterworks subject to Section 15 herein;

WHEREAS, the City has been advised and hereby determines that the purchase of municipal bond insurance for the guarantee of the payment of debt service on the bonds and a surety policy as a reserve for the bonds will produce a debt service savings for the City; and

WHEREAS, the Common Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of revenue bonds have been complied with in accordance with the provisions of IC 5-1-5 and IC 8-1.5, each as in effect on the date of delivery of the Bonds authorized herein (collectively, the "Act");

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

Sec. 1. Issuance of Refunding Bonds; Redemption of Refunded Bonds; Definitions.

(a) The City, being the owner of and engaged in operating an unencumbered waterworks supplying the City, its inhabitants, and the residents adjacent thereto, with water for public and domestic use, now finds it necessary to provide funds for refunding the Refunded Bonds to obtain a reduction in interest payments to effect a savings to the City. The terms "waterworks," "waterworks system," "works," "system," and words of like import where used in this ordinance shall be construed to mean and include the existing waterworks 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.

(b) The City shall issue its "Waterworks Refunding Revenue Bonds of 1993" (the "Refunding Bonds") pursuant to the Act in an aggregate principal amount not to exceed $8,435,000 for the purpose of procuring funds to be applied to the refunding of the Refunded Bonds, , the payment of costs of issuance, including premiums for a municipal bond insurance policy and surety policy to Municipal Bond Investors Assurance Corporation ("MBIA"), and all other costs related to the refunding.

The Refunding Bonds shall be issued in the denomination of Five Thousand Dollars ($5,000) each or integral multiples thereof, numbered consecutively from 1 upward, dated as of the first day of the month in which they are sold and interest shall be payable semiannually on January 1 and July 1 in each year, beginning on July 1, 1994. The Refunding Bonds shall be sold at a price of not less than 98.75% of the par value thereof and shall be payable in lawful money of the United States of America, at the principal office of the Paying Agent (as hereinafter defined). Such Refunding Bonds shall bear interest at a rate or rates not exceeding 6% per annum and shall mature annually on January 1, 1995, and after the 1988 Bonds are no longer outstanding, the Refunding Bonds shall mature semiannually, or shall be subject to mandatory sinking fund redemption if term bonds are issued, on January 1 and July 1 of each year, over a period ending no later than January 1, 2009 and in such amounts which will achieve as level annual debt service as practicable with $5,000 denominations.

(c) The following words and phrases shall have the following meanings unless the context otherwise requires:

"Act" means the provisions of IC 5-1-5 and IC 8-1.5, each as in effect on the date of delivery of the Refunding Bonds.

"Bond and Interest Account" means the account continued within the Waterworks Sinking Fund of Section 13 of this ordinance.

"Escrow Agreement" means the agreement between the City of Bloomington and the Escrow Trustee to provide for the payment of the Refunded Bonds.

"Escrow Trustee" means the financial institution selected to serve as the escrow trustee for the Refunded Bonds in accordance with the terms of the Escrow Agreement.

"Existing Ordinance" means the ordinance which authorizes the issuance of the 1988 Bonds.

"Financial Guaranty Agreement" means the agreement between the City of Bloomington and MBIA pertaining to the Surety Bond.

"General Account" means the account continued within the Operation and Maintenance Fund in Section 12 of this ordinance.

"MBIA" means Municipal Bond Investors Assurance Corporation, 113 King Street, Armonk, New York 10504.

"Municipal Bond Insurance Policy" means the municipal bond insurance providing the guarantee of the payment of debt service on the Refunding Bonds.

"1988 Bond Insurer" means Financial Guaranty Insurance Company, 175 Water Street, New York, New York 10038.

"1988 Bonds" means the bonds designated "Waterworks Refunding Revenue Bonds of 1988," dated June 1, 1988, originally issued in the amount of $3,550,000, now outstanding in the amount of $1,590,000 and maturing annually over a period ending January 1, 1996.

"1988 Policy" means the reserve fund insurance policy issued by the 1988 Bond Insurer for the 1988 Bonds.

"1988 Policy Costs" means the draws, expenses and accrued interest relating to the 1988 Policy.

"Operation and Maintenance Fund" means the fund continued in Section 12 of this ordinance consisting of the General Account.

"Purchase Contract" means the contract between the City of Bloomington and the Underwriter providing for the sale of the Refunding Bonds.

"Qualified Surety Bond" means a surety bond issued by an insurance company rated in the highest rating category by Standard & Poor's and Moody's and, if rated by A.M. Best & Company, must also be rated in the highest rating category by A.M. Best & Company.

"Refunded Bonds" means all of the now outstanding bonds designated Waterworks Revenue Bonds of 1989, dated March 1, 1989, originally issued in the amount of $9,087,000, now outstanding in the amount of $8,085,000 and maturing annually over a period ending January 1, 2004.

"Refunding Bonds" means the bonds issued pursuant to the Act and this ordinance.

"Registrar and Paying Agent" means the financial institution selected to act as the registrar and paying agent for the Refunding Bonds.

"Reserve Account" means the account continued within the Waterworks Sinking Fund in Section 13 of this ordinance.

"Surety Bond" shall mean the debt service reserve fund surety bond held in the Reserve Account for the Refunding Bonds and purchased from MBIA.

"Underwriter" means City Securities Corporation, Indianapolis, Indiana.

"Waterworks Improvement Fund" means the fund continued in Section 14 of this Ordinance.

"Waterworks Sinking Fund" means the sinking fund continued in Section 13 of this ordinance.

Sec. 2. Registrar and Paying Agent; Payments under the Municipal Bond Insurance Policy and the Surety Bond.

(a) The Utility Service Board is hereby authorized to contract with a qualified financial institution to serve as Registrar and Paying Agent for the Refunding Bonds (the

"Registrar" or "Paying Agent"). The Registrar is hereby charged with the responsibility of authenticating the Refunding Bonds. The Assistant Director-Finance of the utility is hereby authorized to enter into such agreements or understandings with the Registrar as will enable the institution to perform the services required of a registrar and paying agent. The Assistant Director-Finance of the utility is further authorized to pay such fees as the Registrar may charge for the services it provides as Registrar and Paying Agent and such fees may be paid from the Waterworks Sinking Fund established to pay the principal of and interest on the Refunding Bonds as fiscal agency charges.

The principal of the Refunding Bonds shall be payable at the principal corporate trust office of the Paying Agent. All payments of interest on the Refunding Bonds shall be paid by check, mailed one business day prior to the interest payment date to the registered owners thereof as the names appear as of the fifteenth day of the month preceding the interest payment date and at the addresses as they appear on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by such registered owner. All payments on the Refunding Bonds 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.

Each Refunding Bond shall be transferable or exchangeable only upon the books of the City kept for that purpose at the principal corporate trust office of the Registrar by the registered owner in person, or by its attorney duly authorized in writing, upon surrender of such Refunding 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 Refunding Bond or Refunding Bonds in an authorized 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, Registrar and Paying Agent for the Refunding Bonds may treat and consider the person in whose name such Refunding 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.

The Registrar and Paying Agent may at any time resign as Registrar and Paying Agent upon giving 30 days' notice in writing to the City and by first class mail to each registered owner of the Refunding Bonds then outstanding, and such resignation will take effect at the end of such 30 day period or upon the earlier appointment of a successor registrar and paying agent by the City. Any such notice to the City may be served personally or sent by registered mail. The Registrar and Paying Agent may be removed at any time as Registrar and Paying Agent by the City, in which event the City may appoint a successor registrar and paying agent. The City shall notify each registered owner of the Refunding Bonds then outstanding by first class mail of the removal of the Registrar and Paying Agent. Notices to the registered owners of the Refunding Bonds shall be deemed to be given when mailed by first class mail to the addresses of such registered owners as they appear on the registration books kept by the Registrar.

Upon the appointment of any successor registrar and paying agent by the City, the Assistant Director-Finance of the utility is authorized and directed to enter into such agreements and understandings with such successor registrar and paying agent as will enable the institution to perform the services required of a registrar and paying agent for the bonds. The Assistant Director-Finance of the utility is further authorized to pay such fees as the successor registrar and paying agent may charge for the services it provides as registrar and paying agent and such

fees may be paid from the Waterworks Sinking Fund continued in Section 13 hereof.

Any predecessor registrar and paying agent shall deliver all of the Refunding Bonds and any cash or investments in its possession with respect thereto, together with the registration books, to the successor registrar and paying agent.

Interest on the Refunding Bonds shall be payable from the interest payment date to which interest has been paid next preceding the authentication date of the Refunding Bonds unless the Refunding Bonds are authenticated after the fifteenth day of the month preceding an interest payment date and on or before such interest payment date in which case they shall bear interest from such interest payment date, or unless the Refunding Bonds are authenticated on or before June 15, 1994, in which case they shall bear interest from the original date until the principal shall be fully paid.

(b) In the event that, on the second Business Day, and again on the Business Day, prior to the payment date on the Refunding Bonds, the Paying Agent has not received sufficient moneys to pay all principal of and interest on the Refunding Bonds due on the second following or following, as the case may be, Business Day, the Paying Agent shall immediately notify MBIA or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

If the deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent shall so notify MBIA or its designee.

In addition, if the Paying Agent has notice that any bondholder has been required to disgorge payments of principal or interest on the Refunding Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes a voidable preference to such bondholder within the meaning of any applicable bankruptcy laws, then the Paying Agent shall notify MBIA or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

The Paying Agent is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Refunding Bonds as follows:

1. If and to the extent there is a deficiency in amounts required to pay interest on the Refunding Bonds, the Paying Agent shall (a) execute and deliver to Citibank, N.A., or its successors under the Municipal Bond Insurance Policy (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing MBIA as agent for such holders in any legal proceeding related to the payment of such interest and an assignment to MBIA of the claims for interest to which such deficiency relates and which are paid by MBIA, (b) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Municipal Bond Insurance Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective holders; and

2. If and to the extent of a deficiency in amounts required to pay principal of the Refunding Bonds, the Paying Agent shall: (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing MBIA as agent for such holder in any legal proceeding relating to the payment of such principal and an assignment to MBIA of any of the Refunding Bonds surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Paying Agent and

available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (b) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Municipal Bond Insurance Policy payment therefor from the Insurance Paying Agent, and (c) disburse the same to such holders.

Payments with respect to claims for interest on and principal of Refunding Bonds disbursed by the Paying Agent from proceeds of the Municipal Bond Insurance Policy shall not be considered to discharge the obligation of the City with respect to such Refunding Bonds, and MBIA shall become the owner of such unpaid Refunding Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

Irrespective of whether any such assignment is executed and delivered, the City and the Paying Agent hereby agree for the benefit of MBIA that:

1. They recognize that to the extent MBIA makes payments, directly or indirectly (as by paying through the Paying Agent), on account of principal of or interest on the Refunding Bonds, MBIA will be subrogated to the rights of such holders to receive the amount of such principal and interest from the City, with interest thereon as provided and solely from the sources stated in this ordinance and the Refunding Bonds; and

2. They will accordingly pay to MBIA the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Municipal Bond Insurance Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this ordinance and the Refunding Bonds, but only form the sources and in the manner provided herein for the payment of principal of and interest on the Refunding Bonds to holders, and will otherwise treat MBIA as the owner of such rights to the amount of such principal and interest.

As to the Surety Bond, if it becomes necessary to draw funds under the Surety Bond, the Paying Agent shall deliver to MBIA a Demand for Payment in the form provided by MBIA at least three days prior to the date funds are required. It will be the responsibility of the Paying Agent and the City to maintain adequate records, verified with MBIA as to the amount available to be drawn at any given time under the Surety Bond and as to the amounts paid and owing to MBIA under the terms of the Financial Guaranty Agreement.

If the occurrence of an event of default requires the Bond Insurer to make payments under the Bond Insurance Policy (as hereinafter defined), the Bond Insurer and its designated agent shall be provided with access to the registration books of the City kept by the Registrar. For purposes of consenting to or directing remedies with respect to any default (whether in payment or in observance of covenants under this ordinance), the Bond Insurer shall be deemed to be the owner of all bonds insured by it (so long as it has not defaulted in its payment obligations under the Bond Insurance Policy).

The Bond Insurer shall be furnished with written notice of the resignation or removal of the Paying Agent and Registrar and the appointment of any successor thereto.

Sec. 3. Redemption of Refunding Bonds. The Refunding Bonds maturing on and after January 1, 2004 are redeemable at the option of the City on July 1, 2003, and on any date thereafter, on thirty (30) days' notice, in whole or in part, in inverse

order of maturity and by lot within a maturity, at face value, together with the following premiums:

2% if redeemed on July 1, 2003,
or thereafter on or before June 30, 2004;
1% if redeemed on July 1, 2004,
or thereafter on or before June 30, 2005;
0% if redeemed on July 1, 2005;
or thereafter prior to maturity;

plus in each case accrued interest to the date of redemption.

So long as the Surety Bond is in effect, there may be no optional redemption of Refunding Bonds or distribution of funds unless all amounts owed to MBIA under the terms of the Financial Guaranty Agreement or any other documents have been paid in full.

If any Refunding Bond is issued as a term bond, the Paying Agent shall credit against the mandatory sinking fund requirement for the Refunding Bonds maturing as term bonds, and corresponding mandatory redemption obligation, in the order determined by the City, any Refunding 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 Refunding Bond maturing as a term bond so delivered or cancelled 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 Refunding 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 Refunding Bonds maturing as term bonds to the extent received on or before forty-five (45) days preceding the applicable mandatory redemption date.

If less than all of the Refunding Bonds are called for redemption at one time, the Refunding Bonds shall be redeemed in inverse order of maturity and by lot within a maturity. Each Five Thousand Dollars ($5,000) principal amount shall be considered a separate bond for purposes of optional and mandatory redemption. If some Refunding Bonds are to be redeemed by optional redemption and mandatory sinking fund redemption on the same date, the Registrar shall select by lot the Refunding Bonds for optional redemption before selecting the Refunding Bonds by lot for the mandatory sinking fund redemption.

In either case, notice of such redemption shall be given at least thirty (30) days prior to the date fixed for redemption by mail unless the notice is waived by the registered owner of a Refunding Bond. Such notice shall be mailed to the address of the registered owners as shown on the registration records 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 Refunding Bonds called for redemption. The place of redemption shall be determined by the City. Interest on the Refunding Bonds so called for redemption shall cease on the redemption date fixed in such notice if sufficient funds are available at the principal office of the Paying Agent to pay the redemption price on the date so named. Coincidentally with the payment of the redemption price, the Refunding Bonds so called for redemption shall be surrendered for cancellation.

Sec. 4. Execution and Negotiability. Each of the Refunding Bonds shall be executed in the name of the City by the manual or facsimile signature of the Mayor, countersigned by the Controller and attested by the manual or facsimile signature of its Clerk and the seal of the City shall be affixed, imprinted or impressed to or on each of the Refunding Bonds manually, by facsimile or any other means; and these officials, by the execution of a

Signature and No Litigation Certificate, shall adopt as and for their own proper signatures the facsimile signatures appearing on the Refunding Bonds. In case any officer whose signature or facsimile signature appears on the Refunding Bonds shall cease to be such officer before the delivery of the Refunding Bonds, 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 Refunding 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.

The Refunding Bonds shall also be authenticated by the manual signature of the Registrar and no Refunding Bond shall be valid or become obligatory for any purpose until the certificate of authentication thereon has been so executed.

Sec. 5. Form of Bonds. The form and tenor of the Refunding Bonds shall be substantially as follows, all blanks to be filled in properly prior to delivery:

UNITED STATES OF AMERICA
CITY OF BLOOMINGTON
WATERWORKS REFUNDING REVENUE
BOND OF 1993

STATE OF INDIANA COUNTY OF MONROE

Interest Rate Maturity Date Original Date
Authentication Date CUSIP

REGISTERED OWNER:

PRINCIPAL SUM:

The City of Bloomington, 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 be called for redemption prior to maturity as hereinafter provided), and to pay interest hereon at the Interest Rate per annum stated 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, 1994, in which case it shall bear interest from the Original Date, until the principal is paid, which interest is payable semiannually on the first days of January and July in each year, beginning on July 1, 1994.

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 interest payment date 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. 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.

THE CITY SHALL NOT BE OBLIGATED TO PAY THIS BOND OR THE INTEREST HEREON EXCEPT FROM THE HEREINAFTER DESCRIBED SPECIAL FUND, AND NEITHER THIS BOND NOR THE ISSUE OF WHICH IT IS A PART SHALL IN ANY RESPECT CONSTITUTE A CORPORATE INDEBTEDNESS OF THE CITY WITHIN THE PROVISIONS AND LIMITATIONS OF THE CONSTITUTION OF THE STATE OF INDIANA.

The terms and provisions of this bond are continued on the reverse side hereof and such terms and provisions shall for all purposes have the same effect as though fully set forth at this place.

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the 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 its Mayor, countersigned by the Controller, its corporate seal to be hereunto affixed, imprinted or impressed by any means and attested manually or by facsimile by its Clerk.

CITY OF BLOOMINGTON, INDIANA

By Tomilea Allison

Mayor

Countersigned:

By_____

Controller

[SEAL]

Attest:

Patricia Williams

Clerk

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Ordinance.

_____,

_____

as Registrar

By_____

Authorized Representative

(To be printed on Reverse Side)

This bond is one of an authorized issue of bonds of the City of Bloomington of like date, tenor and effect, except as to rates of interest and dates of maturity; aggregating _____ Dollars ($_____); numbered consecutively from 1 up; issued for the purpose of refunding certain Refunded Bonds (as defined in the hereinafter defined Ordinance). This bond is issued pursuant to an Ordinance adopted by the Common Council of said City on the _____ day of _____, 1993, entitled "An Ordinance concerning the refunding by the City of Bloomington of its Waterworks Revenue Bonds of 1989; authorizing the issuance of Waterworks Refunding Revenue Bonds of 1993 for such purpose; providing for the collection, segregation and distribution of the revenues of the waterworks and the safeguarding of the interests of the owners of the Waterworks Refunding Revenue Bonds of 1993; other matters connected therewith; and repealing ordinances inconsistent herewith" (the "Ordinance"), and in accordance with the provisions of Indiana law, including without limitation Indiana Code 5-1-5 and Indiana Code 8-1.5 as in effect on the date of delivery of the bonds (hereinafter collectively, the "Act"), the proceeds of which bonds are to be applied solely to said refunding of the Refunded Bonds and the payment of costs of issuance, including the payment of premiums for a municipal bond insurance policy a surety bond for the reserve.

Pursuant to the provisions of the Act and the Ordinance, the principal of and interest on this bond and all other bonds of said issue, and any bonds hereafter issued on a parity therewith are payable solely from the Waterworks Sinking Fund continued by the Ordinance (the "Sinking Fund") to be provided from the Net Revenues (herein defined as the gross revenues of the waterworks of the City remaining after the payment of the reasonable expenses of operation and maintenance) of the waterworks now owned or hereafter acquired by the City. The bonds rank on a parity with the now outstanding 1988 Bonds as defined in the Ordinance.

Pursuant to the Ordinance and the Escrow Agreement defined therein, the City of Bloomington has set aside securities (purchased from proceeds of the bonds of this issue) and certain cash in a Trust Account to provide payment of principal of and interest and redemption premium on the Refunded Bonds by the purchase of obligations of the United States of America.

The City of Bloomington irrevocably pledges the entire Net Revenues of the waterworks to the prompt payment of the principal of and interest on the bonds authorized by the Ordinance, of which this is one, and any bonds ranking on a parity therewith, including the 1988 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 services rendered by the utility as are sufficient in each year for the payment of the proper and reasonable expenses of operation and maintenance of the waterworks and for the payment of the sums required to be paid into the Sinking Fund under the provisions of the Act and the Ordinance. The City covenants to establish rates and charges, to the extent permitted by law, to produce Net Revenues sufficient to pay 1.20 times the annual debt service on the bonds of this issue, the 1988 Bonds, and any bonds hereafter issued on a parity therewith and 1.00 times the 1988 Policy Costs (as defined in the Ordinance) and the amounts owed to the Insurer (as hereinafter defined) under the Financial Guaranty Agreement (as defined in the Ordinance). If the City or the proper officers thereof 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 under Indiana law.

The City of Bloomington further covenants that it will set aside and pay into its Sinking Fund monthly, as available, or more often if necessary, a sufficient amount of the Net Revenues of the works for payment of (a) the interest on all bonds which by their terms are payable from the revenues of the waterworks, as such interest shall fall due, (b) the necessary fiscal agency charges for paying bonds and interest, (c) the principal of all bonds which by their terms are payable from the revenues of the waterworks, as such principal shall fall due, and (d) the 1988 Policy Costs and amounts owed to the Insurer under the Financial Guaranty Agreement, subject to the payment of the bonds of this issue, the 1988 Bonds, any parity bonds hereafter issued and the bonds refunded by the 1988 Bonds and referenced in Section 15 of the Ordinance. Such required payments shall constitute a first charge upon all the Net Revenues of the waterworks on a parity with the aforementioned 1988 Bonds, subject to Section 15 of the Ordinance.

The bonds of this issue maturing on and after January 1, 2004, are redeemable at the option of the City on July 1, 2003, or any date thereafter, on thirty (30) days' notice, in whole or in part, in inverse order of maturity and by lot within a maturity, at face value, together with the following premiums:

2% if redeemed on July 1, 2003, or thereafter on or before June 30, 2004;
1% if redeemed on July 1, 2004, or thereafter on or before June 30, 2005;
0% if redeemed on July 1, 2005, or thereafter prior to maturity;

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

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

Date	Amount
*	

*Final Maturity

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

Date	Amount
*	

*Final Maturity]

If less than all of the bonds are called for redemption at one time, the bonds shall be redeemed in inverse order of maturity and by lot within a maturity. Each Five Thousand Dollars ($5,000) principal amount shall be considered a separate bond for purposes of optional [and mandatory] redemption.[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 such redemption shall be mailed to the address of the registered owner as shown on the registration records 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 unless the notice is waived by the registered owner of this bond. 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 principal corporate trust office of the Registrar by the registered owner hereof in person, or by his 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 his attorney duly authorized in writing, and thereupon a new fully registered bond or bonds in an authorized 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, the Paying Agent and any other registrar or 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 City of Bloomington has designated the bonds as qualified tax exempt obligations to qualify the bonds for the $10,000,000 exception from the provisions of Section 265(b) of the Internal Revenue Code of 1986 relating to the disallowance of 100% of the deduction for interest expense allocable to tax exempt obligations.

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.

STATEMENT OF INSURANCE

The Municipal Bond Investors Assurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at the principal corporate trust office of BANK ONE, INDIANAPOLIS, NA, Indianapolis, Indiana.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the City to BANK ONE, INDIANAPOLIS, NA, or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

$_____-
City of Bloomington, Indiana
Waterworks Refunding Revenue Bonds of 1993

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with Citibank, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to Citibank, N.A., Citibank, N.A. shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Registrar, the Paying Agent, the City, or any designee of the City for such purpose. The term owner shall not include the City or any party whose agreement with the City constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504.

This policy is non-cancelable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ thisbond 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.

Sec. 6. Authorization for Preparation and Sale of the Refunding Bonds; Escrow Agreement; Insurance; Financial Guaranty Agreement.

(a) The Controller is hereby authorized and directed to have the Refunding Bonds prepared, and the Mayor, the Controller and Clerk are hereby authorized and directed to execute and attest the Refunding Bonds in the form and manner provided herein. The Controller is hereby authorized and directed to deliver the Refunding Bonds to City Securities Corporation (the "Underwriter"), in accordance with the Purchase Contract (the "Purchase Contract") between the City and the Underwriter. The substantially final form of Purchase Contract attached hereto is approved and the Mayor and the Controller are authorized to execute the Purchase Contract with terms consistent with this ordinance, including a final principal amount, interest rate, and maturity schedule and term bond mandatory redemption, if any.

(b) The Assistant Director-Finance of the utility 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 is hereby approved by the Common Council, and the Mayor, the Controller and the Clerk 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 and the Purchase Contract.

(c) The Refunding Bonds when fully paid for and delivered to the Underwriter, shall be the binding special revenue obligations of the City, payable out of the Net Revenues (herein defined as gross revenues after deduction only for the payment of the reasonable expenses of operation and maintenance) of the Waterworks to be set aside into the Waterworks Sinking Fund continued in Section 13, on a parity with the 1988 Bonds, but subject to Section 15 herein. The proper officers of the City are hereby directed to sell the Refunding Bonds to the Underwriter, 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.

(d) The execution, by either the Mayor, the Controller, the Clerk or the Underwriter, of a subscription for United States Treasury Obligations -- State and Local Government Series for investments of proceeds of the Refunding Bonds which may be held under the Escrow Agreement in a manner consistent with this ordinance is hereby approved.

(e) Distribution of an Official Statement (Preliminary and final) prepared by the Underwriter, on behalf of the City, is hereby approved and the Mayor, the Controller or the Clerk are authorized and directed to execute the final Official Statement on behalf of the City in a form consistent with this ordinance and the Purchase Contract. The Mayor, the Controller or the Clerk is hereby authorized to designate the Official Statement as "nearly final" for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

(f) The Common Council authorizes the purchase of the Municipal Bond Insurance Policy guaranteeing the payment of the Refunding Bonds and a reserve fund insurance policy ("Surety Bond") for the Refunding Bonds from MBIA. The cost of obtaining the Municipal Bond Insurance Policy and Surety Bond shall be considered as a part of the cost of the issuance of the Refunding Bonds and shall be paid out of the proceeds of the Refunding Bonds or out of other funds of the waterworks system. For the 1988 Bonds, the City purchased a municipal bond insurance policy and a reserve fund policy ("1988 Policy") from Financial Guaranty Insurance Company (the "1988 Bond Insurer").

(g) In accordance with the requirements of MBIA, the City shall execute and deliver the Financial Guaranty Agreement with MBIA providing for, among other things, the reimbursement to MBIA of amounts drawn under the Surety Bond. A sample form of Financial Guaranty Agreement is attached hereto and is hereby approved by the Common Council. The Mayor, the Controller and the Clerk 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.

Sec. 7. Refunding of the Refunded Bonds and Costs of Issuance. Concurrently with the delivery of the Refunding Bonds, the Controller shall acquire, with the proceeds of the Refunding Bonds, 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 as set forth in the Escrow Agreement, to 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 and redemption premium on the Refunded Bonds until January 1, 1998, the earliest date upon which the Refunded Bonds may be called for redemption.

Costs of issuance of the Refunding Bonds not otherwise paid shall be paid from the remaining proceeds by the Controller. When all the 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 Waterworks Sinking Fund as herein provided.

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 refunding and legal defeasance of the Refunded Bonds.

Sec. 8. Accrued Interest. The accrued interest received at the time of delivery of the Refunding Bonds, if any, shall be deposited in the Waterworks Sinking Fund continued in Section 13.

Sec. 9. Financial Records and Accounts. The City shall keep proper records and books of account, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues received on account of the operation of the waterworks and all disbursements made therefrom and all transactions relating to the utility. There shall be prepared and furnished, upon request, to the Underwriter, the Bond Insurer and to any owner of the Refunding Bonds, an annual report setting out complete operating, income and financial statements of the utility, in reasonable detail, covering the preceding fiscal year. Such report shall be prepared by the Assistant Director-Finance of the utility and furnished within one hundred twenty (120) days after the close of each calendar year. There shall also be furnished, upon request, to the Underwriter, the Bond Insurer and to any owner of the Refunding Bonds, within thirty (30) days of their receipt by the City, the audited financial statements of the utility 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-Finance of the utility. Any owner of the Refunding Bonds shall have the right at all reasonable times to inspect the waterworks system and the records, accounts and data of the City.

Sec. 10. Pledge of Net Revenues. The interest on and the principal of the Refunding Bonds issued pursuant to the provisions of this ordinance, and any bonds hereafter issued on a parity therewith, shall constitute a first charge on all the Net Revenues, on a parity with the 1988 Bonds, but subject to Section 15 herein, and such Net Revenues are hereby irrevocably pledged to the payment of the interest on and principal of such Refunding Bonds, to the extent necessary for that purpose. The Net Revenues are further pledged, subject to the payment of the Refunding Bonds, the 1988 Bonds, and any parity bonds hereafter issued, and subject to Section 15 herein, to pay the 1988 Policy Costs and any amounts owed to MBIA under the Financial Guaranty Agreement.

Sec. 11. Revenues. All revenues derived from the operation of the waterworks and from the collection of water rates and charges shall be segregated and deposited as set forth in this ordinance. Of these revenues the proper and reasonable expenses of operation and maintenance of the works shall be paid, the principal and interest of all bonds and fiscal agency charges of registrars or paying agents shall be paid, the Policy Costs shall be paid, and the costs of replacements, extensions, additions and improvements shall be paid.

Sec. 12. Operation and Maintenance Fund.

(a) There is hereby continued an Operation and Maintenance Fund created in the Existing Ordinance consisting of a General Account. The Current Account created in the Existing Ordinance authorizing the 1988 Bonds shall be merged with the General Account. The General Account will replace the Current Account and perform all functions of the Current Account under the Existing Ordinance.

(b) There shall be credited to the General Account as of the last day of each calendar month a sufficient amount of the revenues of the waterworks so that the balance in this Account shall be sufficient to pay the expenses of operation and maintenance for the then next succeeding two calendar months. The moneys credited to this Account shall be used for the payment of the reasonable and proper operation and maintenance expenses of the waterworks on a day-to-day basis, but none of the moneys in such Account shall be used for depreciation, payments in lieu of taxes, replacements, improvements, extensions or additions. Any monies in said Account may be transferred to the Waterworks Sinking Fund if necessary to prevent a default in the payment of

principal of or interest on the outstanding bonds of the waterworks.

(c) All remaining revenues of the waterworks shall be transferred from time to time to meet the requirements of the Waterworks Sinking Fund. Moneys in excess of those transferred to the Waterworks Sinking Fund may be transferred to the Waterworks Improvement Fund or may be retained in the General Account, in the discretion of the Utility Service Board, and in a manner consistent with the requirements of this ordinance.

Sec. 13. Waterworks Sinking Fund.

(a) The sinking fund created in the Existing Ordinance for the payment of the principal of and interest on revenue bonds which by their terms are payable from the Net Revenues of the waterworks, the payment of any fiscal agency charges in connection with the payment of bonds, and for payment of 1988 Policy Costs is hereby continued, which fund shall be designated the "Waterworks Sinking Fund" (herein, "Waterworks Sinking Fund" or "Sinking Fund"). There shall be set aside and deposited in the Sinking Fund, as available, and as hereinafter provided, a sufficient amount of the Net Revenues of the waterworks to meet the requirements of the Bond and Interest Account and 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 waterworks to the final maturity and provide for payment of all fiscal agency charges, 1988 Policy Costs and any amounts owed to MBIA under the Financial Guaranty Agreement.

(b) 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 an amount of the Net Revenues equal to one-sixth (1/6) of the interest on all then outstanding bonds payable on the then next succeeding interest payment date and while the 1988 Bonds are outstanding, one-twelfth (1/12) of the principal, and after the 1988 Bonds are no longer outstanding, one-sixth (1/6) 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 interest on outstanding bonds as the same become payable. There shall similarly be credited an amount at least equal to one-twelfth (1/12) of the aggregate of 1988 Policy Costs and amounts owed to MBIA under the Financial Guaranty Agreement. The City shall, from the sums deposited in the Waterworks 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 and principal on the due dates thereof together with the amount of bank fiscal agency charges. The City shall repay the draws, expenses and accrued interest relating to the 1988 Policy (collectively, "1988 Policy Costs"), if necessary, under the terms of said 1988 Policy, monthly, commencing in the first month following each draw. The City shall also repay all amounts owed to MBIA under the Financial Guaranty Agreement in accordance with the Financial Guaranty Agreement.

(c) Draws under the 1988 Policy and related reasonable expenses incurred by the 1988 Bond Insurer shall bear interest at a rate equal to the lower of (i) the prime rate of Morgan

Guaranty Trust Company of New York in effect from time to time plus 2% per annum or (ii) the highest rate permitted by law, including and to the extent permitted by laws relating to municipal utilities in the State of Indiana. Draws under the Surety Bond shall bear interest at the rate specified in the Financial Guaranty Agreement.

(d) Reserve Account. For the 1988 Bonds, the City purchased the 1988 Policy. On the date of delivery of the Refunding Bonds, the City shall obtain the Surety Bond from MBIA in an amount which shall equal but not exceed the least of (i) the maximum annual debt service on the Refunding Bonds, (ii) 125% of average annual debt service on the Refunding Bonds or (iii) 10% of the proceeds of the Refunding 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 all outstanding 1988 Bonds and Refunding Bonds, and the Reserve Account shall be used to pay current principal and interest on such 1988 Bonds and Refunding Bonds to the extent that moneys in the Bond and Interest Account are insufficient for that purpose. If it becomes necessary to draw upon the Reserve Account to pay the 1988 Bonds or the Refunding Bonds, the City shall first draw down the cash in the Reserve Account, if any, and next initiate draws on the 1988 Policy and the Surety Bond, on a pro rata basis, to meet such payments when due. Any deficiency in the balance maintained in the Reserve Account shall be made up from the next available Net Revenues remaining after credits into the Bond and Interest Account. Moneys in excess of the Reserve Requirement shall be transferred to the Waterworks Improvement Fund. The Common Council, upon the advice of its financial advisor, hereby finds that funding the Reserve Account is reasonably required and that the Reserve Requirement is no larger than necessary to market the Refunding Bonds. The Common Council further finds that the Reserve Account is directly related to the refunding since the Refunding Bonds could not be issued to fund the refunding without the Reserve Account.

Sec. 14. Waterworks Improvement Fund. As set forth in Section 12(c), revenues may be transferred or credited from the General Account to a fund designated as the "Waterworks Improvement Fund," and said Fund shall be used for improvements, replacements, additions and extensions of the waterworks, for payments in lieu of taxes, and in the discretion of the Utility Service Board, for any other lawful purpose related to the waterworks. Moneys in the Waterworks Improvement Fund shall be transferred to the Waterworks Sinking Fund if necessary to prevent a default in the payment of principal and interest on the then outstanding bonds or, if necessary, to eliminate any deficiencies in credits to or minimum balance in the Reserve Account of the Waterworks Sinking Fund or may be transferred to the Operation and Maintenance Fund to meet unforeseen contingencies in the operation and maintenance of the waterworks.

Sec. 15. Reversion of Flow of Funds. Simultaneously with the issuance of the 1988 Bonds, outstanding bonds of the waterworks were refunded and economically defeased (the "1988 Refunded Bonds"). In the event that the cash and government obligations, together with any increment thereto and interest earned thereon, will not be sufficient to pay when due all principal of and interest on the 1988 Refunded Bonds to and including their respective final maturity dates, the City covenants and agrees that (i) the revenues of the waterworks shall be applied in accordance with the terms of the ordinance authorizing the 1988 Refunded Bonds, as more specifically described in the Existing Ordinance, and the Refunding Bonds issued hereunder shall be secured by 50.5% of the gross revenues of the waterworks, and (ii) the claims of the owners of the 1988 Bonds, and the Refunding Bonds issued hereunder are in all

respects junior and subordinate to the rights of the holders of the 1988 Refunded Bonds.

Sec. 16. Priority of Payments. All revenues of the waterworks shall be paid in the following order, with the priority as indicated:

1. First to pay all expenses of operation and maintenance of the waterworks;
2. Second to pay all principal of and interest on the 1988 Bonds and the Refunding Bonds on a pari passu (parity) basis;
3. Third to pay the 1988 Policy Costs and any amounts owed to MBIA under the Financial Guaranty Agreement on a pari passu basis;
4. Fourth to replenish the cash drawn, if any, from the Reserve Account;
5. Fifth to pay the costs of improvements, replacements, additions and extensions of the waterworks and for payments in lieu of taxes;
6. Sixth to pay to MBIA the interest on amounts advanced under the Surety Bond; and
7. All other lawful uses related to the waterworks, including debt service payments on any junior and subordinate bonds.

Sec. 17. Investments. The Sinking Fund shall be deposited in and maintained as a separate account or accounts from all other accounts of the City. The Operation and Maintenance Fund and the Waterworks 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 Indiana Code, Title 5, Article 13, as amended or supplemented, 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.

As long as the Municipal Bond Insurance Policy is in effect, the moneys held in the Funds and Accounts continued under this ordinance, may be invested, to the extent permitted by Indiana law, in the following obligations (the "Permitted Investments"):

(a) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (Eximbank)
   Direct obligations or fully guaranteed certificates of beneficial ownership
2. Farmers Home Administration (FmHA)
   Certificates of beneficial ownership
3. Federal Financing Bank
4. Federal Housing Administration Debentures (FHA)
5. General Services Administration
   Participation certificates
6. Government National Mortgage Association (GNMA or "Ginnie Mae")
   GNMA - guaranteed mortgage-backed bonds

GNMA - guaranteed pass-through obligations

7. U.S. Maritime Administration
   Guaranteed Title XI financing
8. U.S. Department of Housing and Urban Development (HUD)
   Project Notes
   Local Authority Bonds
   New Communities Debentures - U.S. government guaranteed debentures
   U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
   Senior debt obligations
2. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
   Participation Certificates
   Senior debt obligations
3. Federal National Mortgage Association (FNMA or "Fannie Mae")
   Mortgage-backed securities and senior debt obligations
4. Student Loan Marketing Association (SLMA or "Sallie Mae")
   Senior debt obligations
5. Resolution Funding Corp. (REFCORP) obligations
6. Farm Credit System Consolidated system wide bonds and notes

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by Standard & Poor's Corporation of AAAm-G; AAAm; or AAm.

(e) Certificates of deposit secured at all times by collateral described in (a) and/or (b) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC or FSLIC.

(g) Investment Agreements, including GIC's, acceptable to MBIA.

(h) Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's Investors Corporation or "A-1" or better by Standard & Poor's Corporation.

(i) Bonds or notes issued by any state or municipality which are rated by Moody's Investor Corporation or Standard & Poor's Corporation in one of the two highest rating categories assigned by such agencies.

(j) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's Investor Corporation and "A-1" or "A" or better by Standard & Poor's Corporation.

(k) Repurchase agreements provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.

Repurchase Agreements must satisfy the following criteria or be approved by MBIA.

1. Repos must be between the municipal entity and a dealer bank or securities firm
   - A. Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's Corporation and Moody's Investor Services, or
   - B. Banks rated "A" or above by Standard & Poor's Corporation and Moody's Investor Services.

2. The written repo contract must include the following:
   - A. Securities which are acceptable for transfer are:
     - (1) Direct U.S. governments, or
     - (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA and FHLMC)
   - B. The term of the repo may be up to 30 days
   - C. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/ simultaneous with payment (perfection by possession of certificated securities).
   - D. Valuation of Collateral
     - (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest
     - (2) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

3. Legal opinion which must be delivered to the municipal entity:
   - A. Repo meets guidelines under state law for legal investment of public funds.

(l) Any pool investment fund administered by the State of Indiana in which the City is statutorily permitted or required to invest.

Sec. 18. Defeasance of the Refunding Bonds. If, when the Refunding Bonds or a portion thereof 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 Refunding Bonds or a 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 Refunding Bonds or a portion thereof then outstanding shall be paid; or (i) sufficient moneys or (ii) direct, non-callable obligations of (including obligations issued or held in book

entry form on the books of) the Department of the Treasury, the principal of and the interest on which when due will provide sufficient moneys for such purpose, 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 Refunding Bonds or any designated portion thereof issued hereunder shall no longer be deemed outstanding or entitled to the pledge of the Net Revenues of the City's waterworks. A defeasance which occurs by way of (i) or (ii) above shall be accompanied by a verification report of an independent nationally recognized certified public accountant. Amounts paid by the 1988 Bond Insurer under the 1988 Policy or by MBIA under the Surety Bond shall not be deemed paid pursuant to this Section 18 and shall continue to be due and owing hereunder until paid by the City in accordance with this ordinance.

Sec. 19. Rate Covenant. The City shall establish, maintain and collect reasonable and just rates and charges for facilities and services afforded and rendered by said water utility, which shall to the extent permitted by law produce sufficient revenues at all times to pay all the legal and other necessary expenses incident to the operation of such utility, to include maintenance costs, operating charges, upkeep, repairs, interest charges on bonds or other obligations, to provide the sinking fund and debt service reserve for the liquidation of bonds or other evidences of indebtedness, to provide adequate funds to be used as working capital, as well as funds for making extensions, additions, and replacements, and also, for the payment of any taxes that may be assessed against such utility, it being the intent and purpose hereof that such charges shall produce an income sufficient to maintain such utility property in a sound physical and financial condition to render adequate and efficient service. The rates and charges shall be established, to the extent permitted by law, to produce Net Revenues sufficient to pay 1.20 times the annual debt service on the 1988 Bonds, the Refunding Bonds, and any bonds hereafter issued on a parity herewith and 1.00 times the 1988 Policy Costs and any amounts owed to MBIA under the Financial Guaranty Agreement. For purposes of this Section 19, Net Revenues exclude any outstanding fund balances from prior years. So long as any of the Refunding Bonds herein authorized are outstanding, none of the facilities or services afforded or rendered by said system shall be furnished without a reasonable and just charge being made therefor. The City shall pay like charges for any and all services rendered by said utility to the City, and all such payments shall be deemed to be revenues of the utility. Such rates or charges shall, if necessary, be changed and readjusted from time to time so that the revenues therefrom shall always be sufficient to meet the expenses of operation and maintenance, and said requirements of the Sinking Fund.

Sec. 20. Additional Bond Provisions. The City reserves the right to authorize and issue additional bonds payable out of the Net Revenues of its waterworks ranking on a parity with the Refunding Bonds for the purpose of financing the cost of future additions, extensions and improvements to its waterworks, or to refund obligations, subject to the following conditions:

(a) The interest on and principal of all bonds payable from the revenues of the waterworks shall have been paid to date in accordance with the terms thereof, and all required payments into the Waterworks Sinking Fund have been made in accordance with the provisions of this ordinance. The Reserve Account must contain, for all outstanding bonds, upon the issuance of additional bonds, (i) the Reserve Requirement for all outstanding bonds or (ii) reserve insurance must be obtained for all outstanding bonds, and for the additional bonds, the Reserve Account must contain, upon the issuance of additional bonds, (i) the lesser of (1) maximum annual debt service on the additional bonds, (2) 125% of average annual debt service on the additional bonds, or (3) 10% of the

proceeds of the additional bonds or (ii) reserve insurance must be attained for the additional bonds. For purposes of this subsection, proceeds of the additional bonds shall mean the face amount of the additional bonds plus premium, if any, less original issue discount, if any. As long as the Surety Bond is in effect, only a Qualified Surety Bond may be used as reserve insurance.

(b) The Net Revenues of the waterworks in the calendar year immediately preceding the issuance of any such bonds ranking on a parity with the Refunding 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 the parity bonds, the water rates and charges shall be increased sufficiently so that increased rates and charges applied to the previous calendar year's operations would have produced Net Revenues for the 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 waterworks, including the additional parity bonds proposed to be issued. For purposes of this subsection, the records of the waterworks 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.

For purposes of this subsection, Net Revenues shall not include non-recurring revenues of the waterworks as certified by the Utility Service Board or any outstanding fund balances from prior years.

(c) So long as the 1988 Bonds are outstanding, the principal for said additional parity bonds shall be payable annually on January 1. After the 1988 Bonds are no longer outstanding the principal, or mandatory sinking fund redemption, for said additional parity bonds shall be payable semi-annually on January 1 and July 1. The interest on the additional parity bonds shall be payable semiannually on the first days of January and July.

(d) To the extent required by law, the issuance of additional bonds and any necessary increase in water rates and charges shall be approved by the Indiana Utility Regulatory Commission.

(e) No variable rate additional bonds shall be issued without the prior written consent of the 1988 Bond Insurer.

(f) So long as the Municipal Bond Insurance Policy is in effect, in connection with the issuance of additional parity bonds, the City shall deliver to MBIA a copy of the disclosure document, if any, circulated with respect to such additional parity bonds.

Sec. 21. Further Covenants of the City; Maintenance, Insurance, Pledge Not To Encumber, Subordinate Indebtedness, and Contract with Bondholders. For the purpose of further safeguarding the interests of the owners of the Refunding Bonds, it is hereby specifically provided as follows:

(a) So long as any of the Refunding Bonds are outstanding, the City shall at all times maintain the waterworks system in good condition, and operate the same in an efficient manner and at a reasonable cost.

(b) So long as any of the Refunding Bonds 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.

(c) So long as any of the Refunding Bonds are outstanding, the City shall not mortgage, pledge or otherwise encumber the property and plant of its waterworks 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.

(d) Except as otherwise specifically provided in Section 20 of this ordinance, so long as any of the Refunding Bonds are outstanding, no additional bonds or other obligations pledging any portion of the revenues of the system shall be authorized, issued or executed by the City, except such as shall be made junior and subordinate in all respects to the Refunding Bonds, unless all of the Refunding Bonds are redeemed or defeased coincidentally with the delivery of such additional bonds or other obligations.

(e) The provisions of this ordinance shall constitute a contract by and between the City and the owners of the Refunding Bonds herein authorized, all the terms of which shall be enforceable by any bondholder by any and all appropriate proceedings in law or in equity. After the issuance of the Refunding Bonds, this ordinance shall not be repealed, amended or modified in any respect which will adversely affect the rights or interests of the owners of the Refunding Bonds, nor shall the Common Council or any other body of the City adopt any law, ordinance or resolution in any way adversely affecting the rights of the bondholders so long as any of the Refunding Bonds, or the interest thereon, remain outstanding or unpaid. Except in the case of changes described in Section 22 (a)-(f), this ordinance may be amended, however, without the consent of bondowners, if the Common Council determines, in its sole discretion, that such amendment would not adversely affect the owners of the Refunding Bonds.

(f) The provisions of this ordinance shall be construed to create a trust in the proceeds of the sale of the Refunding Bonds herein authorized for the uses and purposes herein set forth, and the owners of the Refunding Bonds 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 Net Revenues herein directed to be set apart and paid into the Sinking Fund for the uses and purposes of that Fund as in this ordinance set forth. The owners of the Refunding Bonds shall have all the rights, remedies and privileges set forth under Indiana law in the event the City shall fail or refuse to fix and collect sufficient rates and charges, 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 Refunding Bonds.

(g) None of the provisions of this ordinance shall be construed as requiring the expenditure of any funds of the City

derived from any sources other than the proceeds of the Refunding Bonds and the operation of the waterworks system.

(h) If the City shall fail to repay any 1988 Policy Costs or any amounts owing to MBIA with under Financial Guaranty Agreement in accordance with the requirements of Section 13(c) hereof, the 1988 Bond Insurer and MBIA shall be entitled to exercise any and all remedies available at law or hereunder other than (i) acceleration of the maturity of the 1988 Bonds and Refunding Bonds or (ii) remedies which would adversely affect 1988 Bondholders or Refunding Bondholders.

(i) This ordinance shall not be discharged until all 1988 Policy Costs owing to the 1988 Bond Insurer and all amounts owing to MBIA under the Financial Guaranty Agreement shall have been paid in full.

Sec. 22. Amendments with Consent of Bondholders. Subject to the terms and provisions contained in this section, and not otherwise, the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Refunding 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 Common Council of the City of such ordinance or ordinances supplemental hereto or amendatory hereof, as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding in any particular manner 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, or any mandatory sinking fund redemption date for, any Refunding Bond issued pursuant to this ordinance; or

(b) A reduction in the principal amount of any Refunding 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 or Net Revenues of the waterworks ranking prior to the pledge thereof created by this ordinance; or

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

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

(f) A reduction in the Reserve Requirement.

Prior to the adoption of any ordinance or ordinances supplemental hereto or amendatory hereof, the City shall obtain the prior written consent of the Bond Insurer.

If the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Refunding 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 Refunding 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 Common Council of the City 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 Refunding Bonds 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 Refunding Bonds authorized by this ordinance, and the terms and provisions of the Refunding Bonds and this ordinance, or any supplemental or amendatory ordinance, may be modified or altered in any respect with the consent of the City and the consent of the owners of all the Refunding Bonds then outstanding.

The 1988 Bond Insurer shall be provided with a full transcript of all proceedings relating to the execution of any supplemental ordinance.

Sec. 23. Tax Covenants. In order to preserve the exclusion of interest on the Refunding Bonds from gross income for federal tax purposes under Section 103 of the Internal Revenue Code of 1986 as existing on the date of issuance of the Refunding Bonds (the "Code") and as an inducement to purchasers of the Refunding Bonds, the City represents, covenants and agrees that:

(a) No person or entity other than the City or another state or local governmental unit will use proceeds of the Refunding Bonds or property financed by the Refunding 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 Refunding Bond proceeds or will have any actual or beneficial use of such property pursuant to a lease, management or incentive payment contract, arrangements such as take-or-pay or output contracts or any other type of arrangement that differentiates that person's or entity's use of such property from use by the general public.

(b) No portion of the principal of or interest on the Refunding Bonds is (under the terms of the Refunding 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 Refunding Bond proceeds will be loaned to any person or entity other than another state or local governmental unit. No Refunding 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 Refunding Bond proceeds.

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

(e) It shall not be an event of default under this ordinance if the interest on any Refunding 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 Refunding Bonds.

(f) The City covenants that it will rebate any arbitrage profits to the United States to the extent required by the Code and the regulations promulgated thereunder.

(g) The City represents that:

(1) The Refunding Bonds are not private activity bonds as defined in Section 141 of the Code;

(2) The City hereby designates the Refunding Bonds as qualified tax-exempt obligations for purposes of Section 265(b) of the Code;

(3) The reasonably anticipated amount of qualified tax-exempt obligations (including qualified 501(c)(3) obligations and tax-exempt leases but excluding other private activity bonds) which will be issued by the City and all entities subordinate to the City during 1993 does not exceed $10,000,000; and

(4) The City has not designated and will not designate more than $10,000,000 of qualified tax-exempt obligations during 1993.

Therefore, the Refunding Bonds qualify for the exception in the Code from the disallowance of 100% of the deduction by financial institutions of interest expense allocable to newly acquired tax-exempt obligations.

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

Sec. 24. Noncompliance with Tax Covenants. 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 Refunding 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.

Sec. 25. MBIA Provisions. As long as the Municipal Bond Insurance Policy is in effect, the City shall:

(a) Provide to MBIA any notice which is required to be given to any other party pursuant to this ordinance; all notices required to be given to MBIA hereunder shall be in writing and shall be sent by registered or certified mail addressed to Municipal Bond Investors Assurance Corporation, 113 King Street, Armonk, New York 10504 Attention: Surveillance.

(b) Provide to MBIA notice of any amendment to this ordinance permitted by Section 21 hereof which amendment does not require consent of the holders of the Refunding Bonds,

(c) Request and receive consent from MBIA prior to amending or supplementing this ordinance to the extent that the amendment or supplement requires consent of the holders of the Refunding Bonds pursuant to Section 22 hereof,

(d) Send a copy of any amendment to this ordinance to Standard & Poor's Corporation, provided such amendment requires the consent of MBIA pursuant to this Section 25(c) hereof,

(e) Require that any Paying Agent selected pursuant to this ordinance shall be a commercial bank with trust powers, and that MBIA shall receive notice of the resignation or removal of the Paying Agent and the appointment of a successor thereto,

(f) Request and receive consent from MBIA to utilize a forward supply contract in connection with any refunding of the Refunding Bonds,

(g) MBIA shall receive copies of all notices required to be delivered to bondholders and, on an annual basis, copies of the City's audited financial statements and annual budget.

Sec. 26. MBIA Rights Arising from an Event of Default. If the City shall fail to comply with any provision under this ordinance which noncompliance shall provide a holder of the Refunding Bonds to pursue any available legal remedy against the City, MBIA shall have the right to consent to any such legal action before said bondholder takes such action. In addition, MBIA shall have the same rights as the owners of the Refunding Bonds to pursue all legal remedies.

Sec. 27. Conflicting Ordinances. All ordinances and parts of ordinances, except the Existing Ordinance, and the ordinance authorizing the 1988 Refunded Bonds, in conflict herewith are hereby repealed; provided, however, that this ordinance shall not be construed as adversely affecting the rights of the owners of the Refunded Bonds, the 1988 Refunded Bonds, or the 1988 Bonds.

Sec. 28. Headings. The headings or titles of the several sections shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this ordinance.

Sec. 29. Effective Date. This ordinance shall be in full force and effect from and after its passage and execution by the Mayor.

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this 15th day of December, 1993.

JACK W. HOPKINS, President
Bloomington Common Council

ATTEST:

PATRICIA WILLIAMS, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this 16th day of December, 1993.

PATRICIA WILLIAMS, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this 16th day of December, 1993.

TOMILEA ALLISON, Mayor
City of Bloomington

SYNOPSIS

This Ordinance approves the refunding of all or a portion of the City's Waterworks Revenue Bonds of 1989 and approves the issuance of not more than $8,435,000 of the City's Waterworks Refunding Revenue Bonds of 1993.