Passed 9-0

ORDINANCE 13-08

AN ORDINANCE CONCERNING THE CURRENT REFUNDING BY THE CITY OF BLOOMINGTON, INDIANA OF ITS SEWAGE WORKS REVENUE BONDS OF 2000, SERIES A THROUGH C, AND SEWAGE WORKS REFUNDING REVENUE BONDS OF 2003; AUTHORIZING THE ISSUANCE OF SEWAGE WORKS REFUNDING REVENUE BONDS FOR SUCH PURPOSES; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF THE SEWAGE WORKS AND THE SAFEGUARDING OF THE INTERESTS OF THE OWNERS OF SAID SEWAGE WORKS REFUNDING REVENUE BONDS; OTHER MATTERS CONNECTED THEREWITH; AND REPEALING ORDINANCES INCONSISTENT HEREWITH

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

WHEREAS, the Common Council of the City (the "Common Council") finds that there are outstanding bonds of the sewage works payable out of the Net Revenues (as hereinafter defined) thereof designated as the (i) Sewage Works Revenue Bonds of 2000, Series A (the "2000A Bonds"), dated April 7, 2000, now outstanding in the aggregate principal amount of $1,824,000 and maturing annually on January 1 over a period ending January 1, 2021; (ii) Sewage Works Revenue Bonds of 2000, Series B (the "2000B Bonds"), dated June 30, 2000, now outstanding in the aggregate principal amount of $4,381,000 and maturing annually on January 1 over a period ending January 1, 2021; (iii) Sewage Works Revenue Bonds of 2000, Series C (the "2000C Bonds"), dated December 29, 2000, now outstanding in the aggregate principal amount of $2,150,000 and maturing annually on January 1 over a period ending January 1, 2021; and (iv) Sewage Works Refunding Revenue Bonds of 2003 (the "2003 Bonds"), dated March 27, 2003, now outstanding in the aggregate principal amount of $11,975,000 and maturing annually on January 1 over a period ending January 1, 2025, which 2000A Bonds, 2000B Bonds, 2000C Bonds and 2003 Bonds constitute a first charge on the Net Revenues of the sewage works, on a parity with the Outstanding Parity Bonds (as hereinafter defined); and

WHEREAS, the Common Council finds that the outstanding 2000A Bonds, 2000B Bonds, 2000C Bonds and 2003 Bonds (collectively, the "Refunded Bonds") should be currently refunded pursuant to the provisions of IC 5-1-5, as amended, to enable the City to obtain a reduction in interest payments and effect a savings to the City; and

WHEREAS, the Common Council finds that it is necessary to issue its sewage works refunding revenue bonds, in one or more series, in a combined aggregate principal amount not to exceed Twenty-Two Million Dollars ($22,000,000) and to use the proceeds thereof, together with any available funds on hand, to currently refund the Refunded Bonds and to pay for all costs related to said refunding, including funding a reserve; and

WHEREAS, in addition to the Refunded Bonds, the Common Council finds that there are now outstanding bonds payable out of the Net Revenues of the City's sewage works designated as the (i) Sewage Works Revenue Bonds of 2004 (the "2004 Bonds"), dated December 31, 2004, now outstanding in the aggregate principal amount of $4,198,000 and maturing annually on January 1 over a period ending January 1, 2026; (ii) Sewage Works Revenue Bonds of 2006, Series A-1 (the "2006A-1 Bonds"), dated May 4, 2006, now outstanding in the aggregate principal amount of $5,240,000 and maturing annually on

January 1 over a period ending January 1, 2027; (iii) Taxable Sewage Works Revenue Bonds of 2006, Series A-2 (the "2006A-2 Bonds"), dated May 4, 2006, now outstanding in the aggregate principal amount of $1,100,000 and maturing annually on January 1 over a period ending January 1, 2017; (iv) Sewage Works Revenue Bonds of 2006, Series B (the "2006B Bonds"), dated June 29, 2006, now outstanding in the aggregate principal amount of $2,718,380 and maturing annually on January 1 over a period ending January 1, 2027; (v) Sewage Works Revenue Bonds of 2006, Series C (the "2006C Bonds"), dated June 29, 2006, now outstanding in the aggregate principal amount of $5,577,576 and maturing annually on January 1 over a period ending January 1, 2027; (vi) Sewage Works Refunding Revenue Bonds, Series 2012A (the "2012A Bonds"), dated April 10, 2012, now outstanding in the aggregate principal amount of $6,290,000 and maturing annually on January 1 over a period ending January 1, 2029; (vii) Taxable Sewage Works Revenue Bonds, Series 2012B (the "2012B Bonds"), dated April 10, 2012, now outstanding in the aggregate principal amount of $6,000,000 and maturing annually on January 1 over a period ending January 1, 2018; and (viii) Sewage Works Revenue Bonds, Series 2012C (the "2012C Bonds"), dated May 15, 2012, now outstanding in the aggregate principal amount of $5,000,000 and maturing annually on January 1 over a period ending January 1, 2033, which 2004 Bonds, 2006A-1 Bonds, 2006A-2 Bonds, 2006B Bonds, 2006C Bonds, 2012A Bonds, 2012B Bonds and 2012C Bonds (collectively, the "Outstanding Parity Bonds") constitute a first charge on the Net Revenues of the sewage works on a parity with the Refunded Bonds; and

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

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

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

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

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

SECTION 1. Authorization of Refunding of Refunded Bonds; Certain Defined Terms.

(a) The City proceed with the current refunding of the Refunded Bonds thereby reducing its interest payments and effecting a savings, as reported by the City's financial advisor, Crowe Horwath LLP. The City shall apply any amounts held for the payment of debt service on the Refunded Bonds to the refunding as provided in Section 12(a).

(b) The terms "*sewage works*," "*sewage works system*," "*works*," "*system*," and words of like import where used in this ordinance shall be construed to mean and include the Treatment Works, as defined in Ordinance No. 05-35, as amended, of the City, and includes the existing sewage works system and all real estate and equipment used in connection therewith and appurtenances thereto, and all extensions, additions and improvements thereto and replacements

thereof now or at any time hereafter constructed or acquired. The bonds herein authorized shall be issued pursuant to and in accordance with the provisions of the Act and IC 5-1-5, as amended.

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

SECTION 2. Issuance of Bonds.

(a) The City shall issue its sewage works refunding revenue bonds in one or more series (collectively, the "Bonds") in a combined aggregate principal amount not to exceed Twenty-Two Million Dollars ($22,000,000). The Bonds shall be designated "Sewage Works Refunding Revenue Bonds, Series 201_ __", to be completed with the year in which issued and appropriate series designation, if issued in more than one series, for the purpose of procuring funds to apply on (i) the current refunding of the Refunded Bonds, (ii) funding a reserve, and (iii) costs of issuance of the Bonds.

(b) Any sale and issuance of a series of Bonds which are not issued concurrently with the first series of Bonds hereunder shall be subject to the requirements established by Sections 18 and 19(d) of this ordinance.

(c) The Bonds shall be issued and sold at a price not less than 99% of par value thereof. The Bonds shall be issued in fully registered form in denominations of $5,000 or integral multiples thereof. The Bonds shall be numbered consecutively from 1 up and originally dated as of their date of delivery. The Bonds shall bear interest at a rate or rates not exceeding 6.0% per annum (the exact rate or rates to be determined by negotiation with J.J.B. Hilliard, W.L. Lyons, LLC (the "Underwriter")). Interest shall be payable semiannually on January 1 and July 1 in each year, commencing on the first January 1 or the first July 1 following the date of delivery of the Bonds, as determined by the Controller with the advice of the City's financial advisor. Principal shall be payable in lawful money of the United States of America at the principal office of the Paying Agent (as hereinafter defined). The Bonds shall mature annually on January 1, or be subject to mandatory sinking fund redemption on January 1, over a period ending no later than January 1, 2025. The Bonds shall mature in such amounts (i) as will produce as level annual debt service as practicable taking into account the $5,000 denominations of the Bonds, (ii) as will produce the same level of annual debt service as exists on the Refunded Bonds less the annual savings resulting from the refunding and taking into account the $5,000 denominations of the Bonds, or (iii) as otherwise determined by the Controller with the advice of the City's financial advisor.

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

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

(f) If, at the time of the sale of the Bonds the Controller determines, with the advice of the City's financial advisor, that it would not be economically advantageous to the City to refund one or more series of the Refunded Bonds, such series of Refunded Bonds shall not be included in the refunding and shall remain outstanding. In such case, the term "Outstanding Parity Bonds" as defined herein shall be deemed to include such Refunded Bonds which have not been refunded with the Bonds and remain outstanding.

SECTION 3. Registrar and Paying Agent.

(a) The Board is hereby authorized to select and appoint a qualified financial institution to serve as Registrar and Paying Agent for the Bonds, which Registrar is hereby charged with the responsibility of authenticating the Bonds (the "Registrar" or "Paying Agent"). The Assistant Director of Finance of the sewage works is hereby authorized to enter into such agreements or understandings with such institution as will enable the institution to perform the services required of a Registrar and Paying Agent. The Assistant Director of Finance of the sewage works is further authorized to pay such fees as the institution may charge for the services it provides as Registrar and Paying Agent, and such fees may be paid from the Sewage Works Sinking Fund established to pay the principal of and interest on the Bonds as fiscal agency charges.

(b) The principal of the Bonds shall be payable at the principal office of the Paying Agent. All payments of interest on the Bonds shall be paid by check mailed one business day prior to the interest payment date to the registered owners thereof, as of the fifteenth day of the month preceding each payment (the "Record Date"), at the addresses as they appear on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by such registered owner on or before such Record Date. If payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall be instructed to wire transfer payments by 1:00 p.m. (New York City time) so such payments are received at the depository by 2:30 p.m. (New York City time).

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

(d) Each Bond shall be transferable or exchangeable only upon the books of the City kept for that purpose at the principal office of the Registrar, by the registered owner thereof in person, or by its attorney duly authorized in writing, upon surrender of such Bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount and of the same maturity shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. The costs of such transfer or exchange shall be borne by the City. The City and the Registrar and Paying Agent for the Bonds may treat and consider the person in whose name such Bonds are registered as the absolute owner thereof for all purposes including for the purpose of receiving payment of, or on account of, the principal thereof and interest due thereon.

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

SECTION 4. Redemption of Bonds.

(a) The Bonds are not subject to optional redemption prior to maturity.

(b) If any Bond is issued as a term bond, the Paying Agent shall credit against the mandatory sinking fund requirement for the Bonds maturing as term bonds, and corresponding mandatory redemption obligation, in the order determined by the City, any Bonds maturing as term bonds which have previously been redeemed (otherwise than as a result of a previous mandatory redemption requirement) or delivered to the Registrar for cancellation or purchased for cancellation by the Paying Agent and not theretofore applied as a credit against any redemption obligation. Each Bond maturing as a term bond so delivered or canceled shall be

credited by the Paying Agent at 100% of the principal amount thereof against the mandatory sinking fund obligation on such mandatory sinking fund date, and any excess of such amount shall be credited on future redemption obligations, and the principal amount of the Bonds to be redeemed by operation of the mandatory sinking fund requirement shall be accordingly reduced; provided, however, the Paying Agent shall credit only such Bonds maturing as term bonds to the extent received on or before forty-five (45) days preceding the applicable mandatory redemption date.

(c) Each $5,000 denomination amount shall be considered a separate Bond for purposes of mandatory redemption. If less than an entire maturity is called for redemption, the Bonds to be called for redemption shall be selected by lot by the Registrar.

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

SECTION 5. Book-Entry Provisions.

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

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

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

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

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

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

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

SECTION 6. Execution of Bonds; Pledge of Net Revenues to Bonds.

(a) The Bonds shall be signed in the name of the City by the manual or facsimile signature of the Mayor, countersigned by the manual or facsimile signature of the Controller and attested by the manual or facsimile signature of the Clerk, who shall affix the seal of said City to each of said Bonds manually or shall have the seal imprinted or impressed thereon by facsimile. These officials, by the signing of a Signature and No Litigation Certificate, shall adopt as and for their own proper signatures their facsimile signatures appearing on said Bonds. In case any officer whose signature or facsimile signature appears on the Bonds shall cease to be such officer before the delivery of the 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 Bonds shall also be authenticated by the manual signature of an authorized representative of the Registrar and no Bond shall be valid or become obligatory for any purpose until the certificate of authentication thereon has been so executed.

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

SECTION 7. Form of Bonds.

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

Form of Bond

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

No. R[_]-__

UNITED STATES OF AMERICA

STATE OF INDIANA COUNTY OF MONROE

CITY OF BLOOMINGTON

SEWAGE WORKS REFUNDING REVENUE BOND, SERIES 201_[_]

Maturity Date	Interest Rate	Original Date	Authentication Date	CUSIP

Registered Owner: Cede & Co.

Principal Sum:

The City of Bloomington, Indiana (the "City"), in Monroe County, State of Indiana, for value received, hereby promises to pay to the Registered Owner (named above) or registered assigns, solely out of the special revenue fund hereinafter referred to, the Principal Sum set forth above on the Maturity Date set forth above [(unless this Bond be subject to and shall have been duly called for redemption and payment as provided for herein)], and to pay interest hereon until the Principal Sum shall be fully paid at the rate per annum specified above from the interest payment date to which interest has been paid next preceding the Authentication Date of this Bond unless this Bond is authenticated after the fifteenth day of the month preceding an interest payment date and on or before such interest payment date in which case it shall bear interest from such interest payment date, or unless this Bond is authenticated on or before _____ 15, 201__, in which case it shall bear interest from the Original Date, which interest is payable semiannually on the first days of January and July of each year, beginning on _____ 1, 201__. Interest shall be calculated according to a 360-day calendar year containing twelve 30-day months.

The principal of this Bond is payable at the principal office of _____ (the "Registrar" or "Paying Agent"), in the _____of _____, Indiana. All payments of interest on this Bond shall be paid by check mailed one business day prior to the interest payment date to the registered owner hereof, as of the fifteenth day of the month preceding such payment, at the address as it appears on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by the registered owner. If payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall wire transfer payments by 1:00 p.m. (New York City time) so such payments are received at the depository by 2:30 p.m. (New York City time). All payments on the Bond shall be made in any coin or currency of the United States of America, which on the dates of such payment, shall be legal tender for the payment of public and private debts.

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

This Bond is one of an authorized issue of Bonds of the City of Bloomington, Indiana, of like tenor and effect, except as to numbering, interest rates, and dates of maturity, in the total amount of _____ Dollars ($_____) (the "Bonds"), numbered from 1 up, issued for the purpose of providing funds to be applied on the cost of the current refunding of certain Refunded Bonds (as defined in the hereinafter defined Ordinance), [funding a reserve] and paying incidental expenses, as authorized by an Ordinance adopted by the Common Council of the City of Bloomington, Indiana, on the ___ day of _____, 2013, entitled "An Ordinance concerning the current refunding by the City of Bloomington, Indiana of its Sewage Works Revenue Bonds of 2000, Series A through C, and Sewage Works Refunding Revenue Bonds of 2003; authorizing the issuance of sewage works refunding revenue bonds for such purposes; providing for the collection, segregation and distribution of the revenues of the sewage works and the safeguarding of the interests of the owners of said sewage works refunding revenue bonds; other matters connected therewith; and repealing ordinances inconsistent herewith" (the "Ordinance"), and in strict compliance with the provisions of Indiana Code 36-9-23 (the "Act") and 5-1-5, each as in effect on the issue date of the Bonds.

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

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

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

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

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

The Bonds of this issue are not subject to optional redemption prior to maturity.

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

Year	Amount

*Final Maturity

Each Five Thousand Dollars ($5,000) principal amount shall be considered a separate Bond for purposes of mandatory redemption. If less than an entire maturity is called for redemption, the Bonds to be called for redemption shall be selected by lot by the Registrar.]

[Notice of redemption shall be mailed to the address of the registered owner as shown on the registration record of the City, as of the date which is forty-five (45) days prior to such redemption date, not less than thirty (30) days prior to the date fixed for redemption. The notice shall specify the date and place of redemption and sufficient identification of the Bonds called

for redemption. The place of redemption may be determined by the City. Interest on the Bonds so called for redemption shall cease on the redemption date fixed in such notice, if sufficient funds are available at the place of redemption to pay the redemption price on the date so named.]

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

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

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

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

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

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

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

CITY OF BLOOMINGTON, INDIANA

_____
Mayor

Countersigned:

_____
Controller

[SEAL]

Attest:

_____
Clerk

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

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

_____,
as Registrar

By:_____
Authorized Representative

ASSIGNMENT

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

Dated:_____

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

End of Bond Form

SECTION 8. Preparation and Sale of Bonds; Official Statement; Refunding Escrow.

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

(b) The Controller is hereby authorized and directed to deliver the Bonds to the Underwriter in accordance with an agreement for the purchase of the Bonds between the City and the Underwriter (the "Purchase Agreement"). The substantially final form of Purchase Agreement between the City and the Underwriter is attached hereto as Exhibit A and is hereby approved by the Common Council. The Mayor and the Controller are hereby authorized to execute the Purchase Agreement and deliver the Bonds to the Underwriter so long as their terms are consistent with this ordinance. The Purchase Agreement shall establish a final principal amount, purchase price, interest rates, maturity schedule and mandatory redemption features, if any.

(c) The 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 of the City's sewage works, on a parity with the Outstanding Parity Bonds, to be set aside into the Sinking Fund as herein provided. The proceeds derived from the sale of the Bonds shall be and are hereby set aside for application on the cost of the current refunding of the Refunded Bonds and the expenses necessarily incurred in connection with the Bonds, including the funding of a reserve, if necessary. The proper officers of the City are hereby directed to draw all proper and necessary warrants, and to do whatever acts and things which may be necessary to carry out the provisions of this ordinance.

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

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

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

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

SECTION 9. Use of Proceeds.

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

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

With respect to the refunding of the 2000A Bonds, 2000B Bonds and 2000C Bonds (collectively, the "Refunded SRF Bonds"), in the event the holder thereof, the Indiana Finance Authority, agrees to accept immediate cash payment of an amount sufficient to refund the Refunded SRF Bonds on the date of delivery of the Bonds, the Controller shall provide such payment to the Indiana Finance Authority from proceeds of the Bonds and cash on hand to currently refund such Refunded SRF Bonds. In such case, the Controller shall obtain a verification of an accountant as to the required dollar amount necessary to be delivered to the Indiana Finance Authority to accomplish said refunding of the Refunded SRF Bonds as of the date of delivery of the Bonds.

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

(c) *Third*, the remaining proceeds from the sale of the Bonds shall be applied by the Controller to cost of issuance of the Bonds not otherwise paid. Prior to the delivery of the Bonds, the Controller shall obtain the legal opinion of Bose McKinney & Evans LLP, bond counsel, of Indianapolis, Indiana, and shall furnish such opinion to the Underwriter. The cost of the opinion shall be considered as part of the costs incidental to the issuance of the Bonds and shall be paid out of the proceeds thereof. When all costs of issuance of the Bonds have been paid, the Controller shall then transfer any amount then remaining from the proceeds of the Bonds to the hereinafter described Sinking Fund.

SECTION 10. Revenues.

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

SECTION 11. General Account.

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

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

SECTION 12. Sewage Works Sinking Fund.

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

(a) Bond and Interest Account. Any moneys heretofore accumulated to pay principal of and interest on the Refunded Bonds shall be either (i) 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 or, with respect to any Refunded SRF Bonds which will be immediately refunded upon delivery of the Bonds, (ii) applied to the immediate payment of the Refunded SRF Bonds. There shall be credited on the last day of each calendar month to the Bond and Interest Account, hereby continued within the Sinking Fund, an amount of the Net Revenues equal to at least one-sixth (1/6) of the interest on all then outstanding bonds payable on the then next

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

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

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

SECTION 13. Sewage Works Improvement Fund.

As set forth in Section 11(b), revenues may be transferred or credited from the General Account to a fund designated the Sewage Works Improvement Fund, hereby continued (the "Improvement Fund"). The Improvement Fund shall be used for improvements, replacement, additions and extensions of the sewage works, and for payments in lieu of taxes. Moneys in the Improvement Fund shall be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal and interest on the Outstanding Parity Bonds or the Bonds, or if necessary, to eliminate any deficiencies in credits to or minimum balance in the Reserve Account of the Sinking Fund. Moneys in the Improvement Fund may also be transferred to the General Account to meet unforeseen contingencies in the operation, repair and maintenance of the sewage works.

SECTION 14. Maintenance of Funds; Investments.

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

SECTION 15. Maintenance of Books and Records.

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

SECTION 16. Rate Covenant.

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

SECTION 17. Defeasance of Bonds.

If, when any of the Bonds issued hereunder shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the Bonds or any portion thereof for redemption shall have been given, and the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the Bonds or any portion thereof and coupons then outstanding shall be paid; or (i) sufficient moneys, or (ii) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America, the principal of and the interest on which when due will provide sufficient moneys, shall be held in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case the Bonds issued hereunder or any designated portion thereof shall no longer be deemed outstanding or entitled to the pledge of the Net Revenues of the City's sewage works. Any amounts payable to the Bond Insurers under any of the Policies shall not be deemed paid pursuant to this Section 17 and shall continue to be due and owing hereunder until paid by the City in accordance with this ordinance.

SECTION 18. Additional Bond Provisions.

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

(a) All required payments into the Sinking Fund shall have been made in accordance with the provisions of this ordinance, and the interest on and principal of all bonds payable from the revenues of the sewage works shall have been paid to date in accordance with their terms. The Reserve Requirement shall be satisfied for the additional parity bonds either at the time of delivery of the additional parity bonds or over a five year or shorter period, in a manner which is commensurate with the requirements established in Section 12(b) of this ordinance.

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

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

(d) So long as any of the Outstanding Parity Bonds are held by the Indiana Finance Authority through its Wastewater Revolving Fund Loan Program (the "SRF Program"), (i) the City obtains the consent of the Indiana Finance Authority, (ii) the City has faithfully performed and is in compliance with each of its obligations, agreements and covenants contained in the Financial Assistance Agreement and this ordinance, and (iii) the City is in compliance with its National Pollutant Discharge Elimination System permits, except for non-compliance for which purpose the bonds are issued, including refunding bonds issued prior to, but part of the overall plan to eliminate such non-compliance.

SECTION 19. Further Covenants.

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

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

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

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

(e) Except as hereinbefore provided in Section 18 hereof, so long as any of the Bonds are outstanding, no additional bonds or other obligations pledging any portion of the revenues of said sewage works shall be authorized, executed, or issued by the City except such as shall be made subordinate and junior in all respects to the Bonds, unless all of the Bonds are redeemed, retired or defeased pursuant to Section 17 hereof coincidentally with the delivery of such additional bonds or other obligations.

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

(g) The provisions of this ordinance shall constitute a contract by and between the City and the owners of the Bonds herein authorized, and after the issuance of said Bonds, this ordinance shall not be repealed or amended in any respect which will adversely affect the rights of the owners of said Bonds nor shall the Common Council adopt any law, ordinance or resolution which in any way adversely affects the rights of such owners so long as any of said Bonds or the interest thereon remain unpaid. Except for the changes set forth in Section 22 (a)-(g), this ordinance may be amended, however, without the consent of Bond owners, if the Common Council determines, in its sole discretion, that such amendment would not adversely affect the owners of the Bonds.

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

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

SECTION 20. Investment of Funds.

The Controller is hereby authorized to invest moneys pursuant to IC 5-1-14-3 and the provisions of this ordinance (subject to applicable requirements of federal law to insure such yield is the then current market rate) to the extent necessary or advisable to preserve the exclusion from gross income of interest on the Bonds under federal law. The Controller shall keep full and accurate records of investment earnings and income from moneys held in the funds and accounts continued or referenced herein. In order to comply with the provisions of the ordinance, the Controller is hereby authorized and directed to employ consultants or attorneys from time to time to advise the City as to requirements of federal law to preserve the tax exclusion. The Controller may pay any such fees as operating expenses of the sewage works.

SECTION 21. Tax Covenants.

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

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

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

(c) No more than 5% of the Bond proceeds will be loaned to any person or entity other than another state or local governmental unit. No more than 5% of the Bond proceeds will be transferred, directly or indirectly, or deemed transferred to a nongovernmental person in any manner that would in substance constitute a loan of the Bond proceeds.

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

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

(f) The City will not take any action nor fail to take any action with respect to the Bonds that would result in the loss of the exclusion from gross income for federal tax purposes on the Bonds pursuant to Section 103 of the Code, nor will the City act in any other manner which would adversely affect such exclusion. The City covenants and agrees not to enter into any contracts or arrangements which would cause the Bonds to be treated as private activity bonds under Section 141 of the Code.

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

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

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

SECTION 22. Amendments with Consent of Bondholders.

Subject to the terms and provisions contained in this Section and Section 19(g), and not otherwise, the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds issued pursuant to this ordinance and then outstanding shall have

the right, from time to time, anything contained in this ordinance to the contrary notwithstanding, to consent to and approve the adoption by the City of such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this ordinance, or in any supplemental ordinance; provided, however, that nothing herein contained shall permit or be construed as permitting:

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

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

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

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

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

(f) A reduction in the Reserve Requirement; or

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

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

SECTION 23. Tax Exemption.

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

SECTION 24. Continuing Disclosure.

In order for the Underwriter of the Bonds to comply with the SEC Rule, the Mayor and the Controller are hereby authorized to execute and deliver an agreement by the City to comply with the requirements of a continuing disclosure undertaking by the City pursuant to subsection (b)(5) of the SEC Rule, and any amendments thereto from time to time (the "Continuing Disclosure Agreement"). The City hereby covenants and agrees that it will comply with and

carry out all of the provisions of the Continuing Disclosure Agreement. The substantially final form of Continuing Disclosure Agreement attached hereto as Exhibit C and incorporated herein by reference is hereby approved and the Mayor and Controller are authorized to execute the same and to approve such changes in form or substance thereto which are consistent with the terms of this ordinance, such changes to be conclusively evidenced by the execution thereof.

SECTION 25. Sewer Rate Ordinance.

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

SECTION 26. Conflicting Ordinances.

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

SECTION 27. Headings.

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

SECTION 28. Effective Date.

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

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this 3rd day of April, 2013.

By: _____
DARRYL NEHER, President
Bloomington Common Council

ATTEST:

_____
REGINA MOORE, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this 4th day of April, 2013.

_____
REGINA MOORE, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this 4th day of April, 2013.

_____
MARK KRUZAN, Mayor
City of Bloomington

SYNOPSIS

This ordinance authorizes refunding by the City of Bloomington of its Sewage Works Revenue Bonds of 2000, Series A through C, and Sewage Works Refunding Revenue Bonds of 2003. It further authorizes the issuance of Sewage Works Refunding Revenue Bonds for such purposes, and provides for the collection, segregation and distribution of the revenues of the sewage works and the safeguarding of the interests of the owners of said sewage works refunding revenue bonds; other matters connected therewith; and repealing ordinances inconsistent herewith.

Signed copies to:
Controller - Clerk
Legal - CM/CA
Utilities
- Bond Counsel