

*dated 8-0
(Satterfield absent)*

ORDINANCE 09-07

AN ORDINANCE CONCERNING THE CURRENT REFUNDING BY THE CITY OF BLOOMINGTON, INDIANA, OF ITS GENERAL OBLIGATION BONDS OF 1998; AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS FOR SUCH PURPOSE; PROVIDING FOR THE SAFEGUARDING OF THE INTERESTS OF THE OWNERS OF SAID REFUNDING BONDS; OTHER MATTERS CONNECTED THEREWITH; AND REPEALING ORDINANCES INCONSISTENT HERewith

WHEREAS, the City of Bloomington, Indiana (the "City"), acting pursuant to Indiana Code 36-4-6-19, as amended (the "Act") (all references herein to the Indiana Code are designated hereafter as "IC" followed by the applicable code section or sections), has heretofore financed certain road improvements in the City (the "Project") with the proceeds of its General Obligation Bonds of 1998, dated September 1, 1998, originally issued in the aggregate principal amount of \$7,750,000 and now outstanding in the aggregate principal amount of \$6,020,000 (the "1998 Bonds"); and

WHEREAS, the Common Council of the City (the "Council") finds that the outstanding 1998 Bonds (the "Refunded Bonds") should be currently refunded pursuant to the provisions of IC 5-1-5, as amended, to enable the City to obtain a reduction in interest payments and effect a savings to the City; and

WHEREAS, the Council finds that it is necessary to issue general obligation refunding bonds of the City in an aggregate principal amount not to exceed Six Million Four Hundred Thousand Dollars (\$6,400,000) and to use the proceeds thereof, together with funds on hand, to currently refund the Refunded Bonds and to pay for all costs related to said refunding; and

WHEREAS, the bonds to be issued hereunder 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 Council has been advised that it may be cost effective to purchase a municipal bond insurance policy for the bonds herein authorized; and

WHEREAS, the original principal amount of the bonds herein authorized, together with the outstanding principal amount of previously issued bonds which constitute a debt of the City, is no more than two percent (2%) of the total net assessed valuation of the City; and

WHEREAS, the Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of said general obligation refunding bonds have been complied with in accordance with the provisions of the Act; now, therefore,

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

Section 1. Authorization of Refunding of Refunded Bonds. The City proceed with the current refunding of the Refunded Bonds thereby reducing its interest payments and effecting a savings. The Controller shall apply any amounts held for the payment of debt service on the Refunded Bonds to the refunding as provided in Section 10 of this ordinance. 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.

Section 2. Issuance of Bonds.

(a) The City shall issue and sell its general obligation refunding bonds in the aggregate principal amount not to exceed Six Million Four Hundred Thousand Dollars

(\$6,400,000) to be designated "General Obligation Refunding Bonds, Series 2009" (the "Bonds"), for the purpose of procuring funds to apply on (i) the current refunding of the Refunded Bonds and (ii) issuance costs, including, if necessary, a premium for a municipal bond insurance policy.

(b) The Bonds shall be issued and sold at a price not less than 98% of par value thereof. The Bonds shall be issued in fully registered form in denominations of \$5,000 or integral multiples thereof. The Bonds shall be numbered consecutively from 1 up and originally dated as of their date of delivery. The Bonds shall bear interest at a rate or rates not exceeding 6.0% per annum (the exact rate or rates to be determined by negotiation). 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) and such 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, 2017 and in such amounts that will enable the City to achieve either (i) the maximum amount of savings in the refunding of the Refunded Bonds or (ii) as level annual debt service as practicable while achieving a savings in the refunding of the Refunded Bonds.

(c) All or a portion of the Bonds may be issued as one or more term bonds, upon election of the Underwriter (as hereinafter defined) of the Bonds. Such term bonds shall have a stated maturity or maturities consistent with the maturity schedule determined in accordance with the preceding paragraph, on the dates as determined by the 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.

(d) Interest on the Bonds shall be calculated according to a 360-day calendar year containing twelve 30-day months.

Section 3. Registrar and Paying Agent.

(a) The Controller 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 Controller 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 Controller 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 Bond Fund established to pay the principal of and interest on the Bonds as fiscal agency charges.

(b) The principal of and premium, if any, on the Bonds shall be payable at the principal office of the Paying Agent and 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 immediately preceding each interest payment date (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 all 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 of this issue 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 authorized denomination amount shall be considered a separate Bond for purposes of mandatory redemption. If less than an entire maturity of Bonds 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; Security for the 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 Controller and attested by 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 full faith and credit of the City is hereby irrevocably pledged to the punctual payment of the principal of and interest on the Bonds. The City covenants that it will cause a property tax for the payment of the principal of and interest on the Bonds to be levied, collected, appropriated and applied for that purpose.

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 Clerk 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. R09-__

UNITED STATES OF AMERICA

STATE OF INDIANA

COUNTY OF MONROE

CITY OF BLOOMINGTON

GENERAL OBLIGATION REFUNDING BOND, SERIES 2009

Maturity Date Interest Rate Original Date Authentication Date CUSIP

Registered Owner:

Principal Sum:

The City of Bloomington, in Monroe County, State of Indiana (the "City"), acknowledges itself indebted, and for value received, hereby promises to pay, to the Registered Owner (named above) or registered assigns, 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 immediately 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, 20__, in which case it shall bear interest from the Original Date, which interest is payable semiannually on January 1 and July 1 of each year, beginning on _____ 1, 20__. Interest shall be calculated according to a 360-day calendar year containing twelve 30-day months.

The principal of and premium, if any, on 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 on the due date or, if such due date is a day when financial institutions are not open for business, on the business day immediately after such due date to the registered owner hereof, as of the fifteenth day of the month immediately 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. 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.

The full faith and credit of the City of Bloomington, Indiana, are hereby irrevocably pledged to the punctual payment of the principal of and the interest on this Bond according to its terms. The City covenants that it will cause a property tax for the payment of the principal of

and interest on this Bond to be levied, collected, appropriated and applied for that purpose. This Bond is negotiable pursuant to the laws of the State of Indiana.

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 rate, 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 currently refunding certain Refunded Bonds (as defined in the Ordinance) and to pay incidental expenses[, including a premium for a municipal bond insurance policy], as authorized by an ordinance adopted by the Common Council of the City on the 29th day of April, 2009, entitled "An ordinance concerning the current refunding by the City of Bloomington, Indiana, of its General Obligation Bonds of 1998; authorizing the issuance of general obligation refunding bonds for such purpose; providing for the safeguarding of the interests of the owners of said refunding bonds; other matters connected therewith; and repealing ordinances inconsistent herewith" (the "Ordinance"), and in strict compliance with the provisions of Indiana Code 36-4-6-19 and Indiana Code 5-1-5, each as in effect on the issue date of the Bonds (collectively, the "Act").

[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 effecting 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 for the payment of the principal of and interest on the Refunded Bonds.

[The Bonds have been designated as qualified tax-exempt obligations to qualify for the \$30,000,000 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 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:

<u>Year</u>	<u>Amount</u>
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*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 City 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 and this Bond and the total issue of the Bonds is within every limit of indebtedness as prescribed by the constitution and laws of the State of Indiana.

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 by the manual or facsimile signature of the Mayor, countersigned by the manual or facsimile signature of the Controller, the corporate seal of the City to be hereunto affixed, imprinted or impressed by any means, and attested manually or by facsimile by the Clerk.

CITY OF BLOOMINGTON, INDIANA

Mayor

[SEAL]

COUNTERSIGNED:

Controller

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

[STATEMENT OF INSURANCE]

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; Municipal Bond Insurance.

(a) The Clerk 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. The Controller is hereby authorized and directed to deliver said Bonds to J.J.B. Hilliard, W.L. Lyons, LLC (the "Underwriter") in accordance with the Bond Purchase Agreement (the "Purchase Agreement") between the City and the Underwriter. The substantially final form of Purchase Agreement between the City and the Underwriter is attached hereto as Exhibit A and is hereby approved. The Mayor, the Controller and the Clerk 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 redemption features, if any.

(b) 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. 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.

(c) The preparation and distribution of an official statement (preliminary and final) prepared by London Witte Group, LLC, 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").

(d) The acquisition of a municipal bond insurance policy for the Bonds is hereby authorized; provided, however, the City may only acquire such an insurance policy if the financial advisor to the City certifies to the City that the acquisition of the policy is economically advantageous. The acquisition of a municipal bond insurance policy is hereby deemed to be

economically advantageous in the event the difference between the present value cost of (a) the total debt service of the Bonds if issued without municipal bond insurance and (b) the total debt service on the Bonds if issued with municipal bond insurance, is greater than the cost of the premium on the municipal bond insurance policy.

(e) The Mayor and Controller are hereby authorized and directed to execute and deliver any agreements, certificates or documents as may be required by the provider of a municipal bond insurance policy as described in (d) above acquired with respect to Bonds issued hereunder to the extent necessary to comply with the terms of such insurance policy and the commitment with respect to the issuance thereof.

(f) The Controller is hereby authorized to appoint a financial institution to serve as escrow trustee (the "Escrow Trustee") for the Refunded Bonds in accordance with the terms of the Escrow Agreement between the City and the Escrow Trustee (the "Escrow Agreement"). The substantially final form of Escrow Agreement attached hereto as Exhibit B is hereby approved, 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.

(g) The execution, by either the Mayor, the Controller, the Underwriter, or the City's financial advisor, of a subscription for United States Treasury Obligations – State and Local Government Series for investment of proceeds of the 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.

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 as set forth in the Escrow Agreement, 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. 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.

(b) *Second*, 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 Bond Fund.

Section 10. Covenant to Levy Tax; Bond Fund. The full faith and credit of the City of Bloomington, Indiana are hereby irrevocably pledged to the punctual payment of the principal of and the interest on the Bonds according to their terms. In order to provide for the payment of the principal of and interest on the Bonds, there shall be levied in each year upon all taxable property in the City, real and personal, and collected a tax in an amount and in such manner sufficient to meet and pay the principal of and interest on the Bonds as they come due and the proceeds of this tax are hereby pledged solely to the payment of the Bonds. Such tax proceeds shall be deposited into the bond fund established under the ordinance authorizing the Refunded Bonds (the "Bond Fund"), which Bond Fund is hereby continued, and used to pay the principal of and interest on the Bonds, when due, together with any fiscal agency charges. Any moneys heretofore accumulated in the Bond Fund to pay principal 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.

Section 11. 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 taxes to be levied upon all taxable property in the City and the bondholders shall be entitled to look only to the trust for payment of the Bonds.

Section 12. Investments. The Bond Fund shall be deposited in and maintained as a separate account or accounts from all other accounts of the City. All moneys deposited in the Bond Fund 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, and in the event of such investment the income therefrom shall become a part of the Bond Fund and shall be used only as provided in this ordinance.

Section 13. 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 Project 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, as the case may be. If the City enters into a management contract for the Project, 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.

(j) Prior to delivery of the Bonds, the Mayor, with the advice of bond counsel, is authorized to deliver a certificate designating the Bonds as "bank qualified" if the Bonds will meet the requirements of Section 265(b) of the Code.

Section 14. 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 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 Council of such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the Council 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 taxes 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) 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 Clerk 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.

Excluding the changes set out in this Section 14(a)-(f), the City may amend this ordinance without bondholder consent if the City determines, in its sole discretion, that the amendment shall not adversely affect the rights of any of the owners of the Bonds.

Section 15. 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.

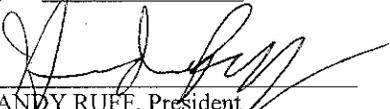
Section 16. Continuing Disclosure. In order for the Underwriter of the Bonds to comply with the SEC Rule, the Mayor and the Controller are hereby authorized to execute and deliver an agreement by the City to comply with the requirements of a continuing disclosure undertaking by the City pursuant to subsection 5(b) or (d)(2) 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 17. Conflicting Ordinances. All ordinances and parts of ordinances 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.

Section 18. Severability. If any section, paragraph or provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this ordinance.

Section 19. 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 29th day of April, 2009.

By: 
ANDY RUFF, 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 30th day of ~~May~~ ^{APRIL}, 2009.

Regina Moore
REGINA MOORE, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this 30th day of May, 2009.

Mark Kruzan
MARK KRUZAN, Mayor
City of Bloomington

SYNOPSIS

This Ordinance approves the issuance and sale of general obligation refunding bonds by the City to effect a refunding of its 1998 General Obligation bonds. The purpose is to provide a savings to the City through a reduction in interest payments on the Bonds.

Signed copies to:
Legal (10)
Controller
CA (3)
Clerk (2)