Passed: 9-0

ORDINANCE 95-69

An Ordinance Amending and Restating Ordinance 94-42 concerning the construction of additions and improvements to the waterworks of the City of Bloomington, the issuance of revenue bonds to provide the cost thereof, the collection, segregation and distribution of the revenues of said works, the safeguarding of the interests of the owners of said bonds, other matters connected therewith, including the issuance of notes in anticipation of said bonds, and repealing ordinances inconsistent therewith

WHEREAS, the City of Bloomington has heretofore established, constructed and financed waterworks, and now owns and operates said waterworks pursuant to IC 8-1.5, as in effect on the date of delivery of the bonds authorized herein (the "Act"); and

WHEREAS, the Common Council of the City of Bloomington, Indiana, now finds that said waterworks is in need of certain additions and improvements; that preliminary design plans and costs estimates for said additions and improvements have been approved by the Utility Service Board; and

WHEREAS, the Common Council finds that on the basis of engineering estimates, the costs of the works, including estimated incidental expenses, is in the approximate amount of Nine Million Two Hundred Fifty Thousand Dollars ($9,250,000); and

WHEREAS, the Common Council finds that there are no funds of the waterworks on hand which will be applied on the cost of the project and that it will be necessary to issue waterworks revenue bonds in an amount not to exceed Nine Million Two Hundred Fifty Thousand Dollars ($9,250,000) and, if necessary, bond anticipation notes (the "BANs"); and

WHEREAS, the City has heretofore issued and now has outstanding revenue bonds payable from the revenues of said waterworks, designated "Waterworks Refunding Revenue Bonds of 1988," dated June 1, 1988 (the "1988 Bonds"), now outstanding in the amount of $565,000 and maturing annually over a period ending January 1, 1996, which 1988 Bonds constitute a first charge upon the hereinafter defined Net Revenues of the waterworks, subject to Section 13 herein; and

WHEREAS, the City has heretofore issued and now has outstanding revenue bonds payable from the revenues of said waterworks, designated "Waterworks Refunding Revenue Bonds of 1993", dated December 1, 1993 (the "1993 Bonds") now outstanding in the amount of $7,505,000 and maturing annually until January 1, 1996 and semiannually thereafter over a period ending January 1, 2009, which 1993 Bonds constitute a first charge upon the Net Revenues of the waterworks, on a parity with the 1988 Bonds, but subject to Section 13 herein; and

WHEREAS, the ordinances authorizing the issuance of the now outstanding 1988 Bonds and 1993 Bonds permit the issuance of additional bonds ranking on a parity with the 1988 Bonds and 1993 Bonds provided certain conditions can be met, and the City finds that the finances of the waterworks are such as will enable meeting the conditions for the issuance of additional bonds on a parity with the 1988 Bonds and 1993 Bonds and that, accordingly, the additional revenue bonds to be issued hereunder shall be on a parity with the now outstanding 1988 Bonds and 1993 Bonds; and

WHEREAS, the City desires to authorize the issuance of BANs hereunder, if necessary, payable solely from the proceeds of waterworks revenue bonds issued to finance the aformentioned cost of the additions and improvements, and to authorize the runding of said BANs, if issued; and

WHEREAS, the bonds authorized herein were issued with municipal bond insurance, including a surety to provide a reserve in the Debt Service Reserve Account continued herein, each provided by MBIA Insurance Corporation; and

WHEREAS, MBIA Insurance Corporation issued its Municipal Bond Insurance Policy and the 1995 Surety Bond on the date of delivery of the bonds and requested that the ordinance authorizing such bonds be amended to incorporate certain provisions contained in the commitments to issue such policy and surety bond; and

WHEREAS, all purchasers of the bonds authorized herein were advised of the intended amendment prior to the payment and delivery of such bonds, and such amendment does not adversely affect the rights of any of the owners of the bonds; and

WHEREAS, to comply with the request of MBIA Insurance Corporation, the Common Council hereby determines to amend and restate Ordinance No. 94-42, the ordinance authorizing such bonds; and

WHEREAS, the Common Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of said revenue bonds and BANs have been complied with in accordance with the provisions of the Act;

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

Sec. 1. Construction of the Improvements; Definitions. (a) That the City proceed with the construction of additions and improvements to its waterworks in accordance with the preliminary design plans and cost estimates heretofore prepared and filed with the Utility Service Board by Black & Veatch, consulting engineers employed by the City, which plans and cost estimates are by reference made a part of this ordinance as fully as if the same were attached hereto and incorporated herein and two copies of which are now on file in the office of the Assistant Director - Finance of the utility of the City of Bloomington, Indiana, and are open for public inspection pursuant to IC 36-1-5-4, and that the cost of construction of said additions and improvements shall not exceed the sum of Nine Million Two Hundred Fifty Thousand Dollars ($9,250,000), plus investment earnings on the bond and BAN proceeds, without further authorization from this Common Council. The additions and improvements to be constructed are described in summary form on the Exhibit A attached hereto (the "Project"). The terms "waterworks," "works," and other like terms where used in this ordinance shall be construed to mean and include the existing waterworks system and all real estate and equipment used in connection therewith and appurtenances thereto, and all extensions, additions and improvements thereto and replacements thereof now or at any time hereafter constructed or acquired. The Project shall be constructed in accordance with the plans heretofore mentioned, which plans have been approved by the Utility Service Board. Said Project shall be constructed and the bonds herein authorized shall be issued pursuant to and in accordance with the provisions of the Act relating to the issuance of revenue bonds.

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

"Act" means the provisions of IC 8-1.5, as in effect on the date of delivery of the bonds.

"Bond and Interest Account" means the account continued within the Waterworks Sinking Fund of Section 11 of this ordinance.

"General Account" means the account continued within the Operation and Maintenance Fund in Section 10 of this ordinance.

"MBIA" means MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504.

"Municipal Bond Insurance Policy" means the municipal bond insurance providing the guarantee of the payment of debt service on the bonds authorized herein.

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

"1988 Bonds" means the bonds designated "Waterworks Refunding Revenue Bonds of 1988," dated June 1, 1988, originally issued in the amount of $3,550,000, now outstanding in the amount of $565,,000 and maturing annually over a period ending January 1, 1996.

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

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

"1993 Bonds" means the bonds designated "Waterworks Refunding Revenue Bonds of 1993," dated December 1, 1993, now outstanding in the amount of $7,145,000 and maturing semi-annually over a period ending January 1, 2009.

"1993 Financial Guaranty Agreement" means the agreement between the City of Bloomington and MBIA pertaining to the 1993 Surety Bond.

"1995 Financial Guaranty Agreement" means the agreement between the City of Bloomington and MBIA pertaining to the 1995 Surety Bond.

"1993 Surety Bond" shall mean the debt service reserve fund surety bond held in the Reserve Account for the 1993 Bonds and purchased from MBIA.

"1995 Surety Bond" shall mean the debt service reserve fund surety bond held in the Reserve Account for the bonds issued hereunder and purchased from MBIA.

"Operation and Maintenance Fund" means the fund continued in Section 10 of this ordinance consisting of the General Account.

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

"Registrar and Paying Agent" means the financial institution selected to act as the registrar and paying agent for the bonds authorized herein.

"Reserve Account" means the account continued within the Waterworks Sinking Fund in Section 11 of this ordinance.

"Waterworks Improvement Fund" means the fund continued in Section 12 of this Ordinance.

"Waterworks Sinking Fund" means the sinking fund continued in Section 11 of this ordinance.

Sec. 2. Issuance of BANs and Revenue Bonds; Payments under the Municipal Bond Insurance Policy and the 1995 Surety Bond. (a) The City shall issue, if necessary, its BANs for the purpose of procuring interim financing to apply on the cost of said Project. The City shall issue its BANs in an amount not to exceed Nine Million Two Hundred Fifty Thousand Dollars ($9,250,000) to be designated "Waterworks Bond Anticipation Notes." Said BANs shall be numbered consecutively from 1 upward, shall be in multiples of $1,000, shall be dated as of the date of delivery thereof, and shall bear interest at a rate not to exceed 5% per annum (the exact rate or rates to be determined through negotiation) payable upon maturity. The BANs shall be issued and sold at not less than 99.5% of their par value. The BANs will mature no later than one (1) year from their date of delivery. The BANs are subject to renewal or extension at an interest rate or rates not to exceed 5% per annum (the exact rate or rates to be negotiated). The term of the BANs and all renewal BANs may not exceed five years from the date of delivery of the initial BANs. The BANs shall be registered in the name of the purchasers thereof.

The BANs shall be issued pursuant to IC 5-1.5-8-6.1 if sold to the Indiana Bond Bank or pursuant to IC 5-1-14-5 if sold to a financial institution or any other purchaser. The principal of and interest on the BANs shall be payable solely from the issuance of revenue bonds pursuant to and in the manner prescribed by the Act. The revenue bonds will be payable solely out of and constitute a first charge against the Net Revenues of the waterworks of the City, on a parity with the 1988 Bonds and 1993 Bonds, but subject to Section 13 herein.

(b) The City shall issue its waterworks revenue bonds in an amount not to exceed Nine Million Two Hundred Fifty Thousand Dollars ($9,250,000), to be designated "Waterworks Revenue Bonds of 1995," for the purpose of procuring funds to apply on the cost of said Project, funding a reserve for the bonds, issuance costs, and refunding the BANs, if issued.

Said bonds shall be sold at a price not less than 98.75% of the par value thereof, shall be issued in fully registered form in denominations of Five Thousand Dollars ($5,000) or any integral multiple thereof, numbered consecutively from 1 up, originally dated as of the first day of the

month in which said bonds are sold and shall bear interest at a rate or rates not exceeding 9% per annum (the exact rate or rates to be determined by bidding), payable on the first day of January and July in each year, beginning on the first January 1 or July 1 following delivery of the bonds as designated 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 semiannually on January 1 and July 1 of each year, beginning no sooner than January 1, 1996 and over a period not to exceed 25 years and in such amounts as will achieve as level annual debt service as practicable with $5,000 denominations and taking into account the annual debt service requirements of the 1993 Bonds.

All or a portion of the bonds may be issued as term bonds, upon election of the successful bidder. Such term bonds shall have a stated maturity or maturities on the dates as determined by the successful bidder, but such dates must correspond to the dates and not extend beyond the final year of maturity ultimately established in accordance with the above 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 dates consistent with the payment schedule that is implemented in accordance with the above paragraph.

The Utility Service Board is hereby authorized to contract with a qualified institution to serve as Registrar and Paying Agent for the bonds ("Registrar" or "Paying Agent"). The Registrar is hereby charged with the responsibility of authenticating the bonds. The Assistant Director - Finance of the utility 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 - Finance of the utility 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 as fiscal agency charges from the Waterworks Sinking Fund continued herein to pay the principal of and interest on the bonds.

As to the BANs, the Controller will be designated the Registrar and Paying Agent and will be charged with the performance of all of the duties and responsibilities of Registrar and Paying Agent.

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 at the addresses as they appear on the registration books kept by the Registrar as of the fifteenth day of the month immediately preceding the interest payment date or at such other address as is provided to the Paying Agent in writing by such registered owner. 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.

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 his 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 his 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, 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.

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

Upon the appointment of any successor registrar and paying agent by the City, the Assistant Director-Finance of the utility is authorized and directed to enter into such agreements and understandings with such successor registrar and paying agent as will enable the institution to perform the services required of a registrar and paying agent for the bonds. The Assistant Director-Finance of the utility is further authorized to pay such fees as the successor registrar and paying agent may charge for the services it provides as registrar and paying agent and such fees may be paid from the Waterworks Sinking Fund continued in Section 11 hereof.

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

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

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

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

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

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

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

(2) If and to the extent of a deficiency in amounts required to pay principal of the bonds, the Paying Agent shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing MBIA as agent for such holder in any legal proceeding relating to the payment of such principal and an assignment to MBIA of any of the bonds surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Paying Agent and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (b) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Municipal Bond Insurance Policy payment therefor from the Insurance Paying Agent, and (c) disburse the same to such holders.

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

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

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

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

As to the 1995 Surety Bond, if it becomes necessary to draw funds under the 1995 Surety Bond, the Paying Agent shall deliver to MBIA a Demand for Payment in the form provided by MBIA at least three days prior to the date funds are required. It will be the responsibility of the Paying Agent and the City to maintain adequate records, verified with MBIA as to the amount available to be drawn at any given time under the 1995 Surety Bond and as to the amounts paid and owing to MBIA under the terms of the 1995 Financial Guaranty Agreement.

Sec. 3. RedemptionThe BANs are prepayable by the City, in whole or in part, at any time upon seven days' notice to the owner of the BANs without any premium. The bonds of this issue maturing on and after January 1, 2006, are redeemable at the option of the City on January 1, 2005 or any date thereafter, on thirty (30) days' notice, in whole or in part, in inverse order of maturity and by lot within a maturity, at face value, together with the following premiums:.

2% if redeemed on January 1, 2005, or
thereafter on or before December 31, 2005;

1% if redeemed on January 1, 2006, or
thereafter on or before December 31, 2006;

0% if redeemed on January 1, 2007, or
thereafter prior to maturity;

plus accrued interest to the date fixed for redemption.

So long as the 1995 Surety Bond is in effect, there may be no optional redemption of bonds or distribution of funds unless all amounts owed to MBIA under the terms of the 1995 Financial Guaranty Agreement or any other documents have been paid in full.

Any bonds issued as term bonds, upon election of the successful bidder, are also subject to mandatory sinking fund redemption at 100% of face value in accordance with the schedule established in accordance with Section 2. The Registrar shall credit against the mandatory sinking fund requirement for any term bonds and any 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 City 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 Registrar at 100% of the principal amount thereof against the mandatory sinking fund obligation on such mandatory redemption date, and any excess of such amount shall be credited on future redemption obligations, and the principal

amount of bonds to be redeemed by operation of the mandatory sinking fund requirement shall be accordingly reduced; provided, however, the Registrar shall only credit such bonds maturing as term bonds to the extent received on or before forty-five days preceding the applicable mandatory redemption date stated above.

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

In either case, notice of such redemption shall be given at least thirty (30) days prior to the date fixed for redemption by mail unless the notice is waived by the registered owner of a bond. Such notice shall be mailed to the address of the registered owners as shown on the registration records of the City as of the date which is forty-five (45) days prior to such redemption date. The notice shall specify the date and place of redemption and sufficient identification of the bonds called for redemption. The place of redemption shall 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 principal office of the Paying Agent to pay the redemption price on the date so named. Coincidentally with the payment of the redemption price, the bonds so called for redemption shall be surrendered for cancellation.

Sec. 4. Execution and Negotiability; Pledge of Net Revenues said bonds and BANs shall be signed in the name of the City of Bloomington by the manual or facsimile signature of the Mayor, countersigned by the Controller and attested by the manual or facsimile signature of its Clerk, who shall affix the seal of said City to each of said bonds and BANs manually or shall have the seal imprinted or impressed thereon by facsimile or any other means. Said officials, by the signing of a Signature and No Litigation Certificate, shall adopt as and for their own proper signatures their facsimile signatures appearing on said bonds and BANs. The bonds shall also be authenticated by the manual signature of the Registrar..

Said bonds, and any bonds ranking on a parity therewith, as to both principal and interest, shall be payable from and secured by an irrevocable pledge of and shall constitute a first charge, subject to Section 13 herein, upon all the Net Revenues (herein defined as the gross revenues of the waterworks after deduction only for the payment of the reasonable expenses of operation and maintenance) of the waterworks of the City on a parity with the 1988 Bonds and 1993 Bonds. The City shall not be obligated to pay said bonds or the interest thereon except from the Net Revenues of said works, 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.

Sec. 5. Form of Bond. The form and tenor of said bonds, shall be substantially as follows, all blanks to be filled in properly prior to delivery thereof:.

UNITED STATES OF AMERICA

STATE OF INDIANA COUNTY OF MONROE

CITY OF BLOOMINGTON
WATERWORKS REVENUE BOND OF 1995

No. _____

Maturity Date	Interest Rate	Original Date	Authentication Date	CUSIP

Registered Owner:

Principal Sum:

The City of Bloomington, in Monroe County, State of Indiana, for value received, hereby promises to pay to the Registered Owner set forth above, solely out of the special fund hereinafter referred to, the Principal Sum set forth above on the Maturity Date set forth above (unless this bond be subject to and be called for redemption prior to maturity as hereinafter provided), and to pay interest hereon 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 interest shall be paid from such interest payment date, or unless this bond is authenticated on or before _____, 19_____ in which case it shall bear interest from the Original Date, which interest is payable semiannually on the first days of July and January of each year, beginning on _____ 1, 19_____.

The principal on this bond is payable at the principal office of _____ _____ (the "Registrar" or "Paying Agent"), in the _____ of _____. 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 an interest payment date, at the address as it appears on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by the registered owner. All payments on the bond shall be made in any coin or currency of the United States of America, which on the dates of such payment, shall be legal tender for the payment of public and private debts.

This bond shall not constitute an indebtedness of the City of Bloomington 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.

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

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

CITY OF BLOOMINGTON, INDIANA

By _____
Mayor

[SEAL]

Attest:

_____
Clerk

Countersigned:

_____
Controller

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

It is hereby certified that this bond is one of the bonds described in the within-mentioned Ordinance duly authenticated by the Registrar.

_____,
as Registrar

By _____
Authorized Representative

(To be printed on Reverse Side)

This bond is one of an authorized issue of bonds of the City of Bloomington, of like date, tenor and effect, except as to numbering, interest rates, and dates of maturity, in the total amount of _____ ($_____), numbered from 1 up, issued for the purpose of providing funds to be applied on the cost of additions and improvements to the City's waterworks, and to pay incidental expenses, as authorized by an ordinance adopted by the Common Council of the City of Bloomington on the _____ day of _____, 1994, entitled "An Ordinance concerning the construction of additions and improvements to the waterworks of the City of Bloomington, the issuance of revenue bonds to provide the cost thereof, the collection, segregation and distribution of the revenues of said works, the safeguarding of the interests of the owners of said bonds, other matters connected therewith, including the issuance of notes in anticipation of said bonds, and repealing ordinances inconsistent therewith" (the "Ordinance"), and in strict compliance with the provisions of IC 8-1.5, as in effect on the date of delivery of this bond (the "Act").

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 Waterworks Sinking Fund (continued by the Ordinance) to be provided from the Net Revenues (herein defined as the gross revenues of the waterworks of the City after deduction only for the payment of the reasonable expenses of operation and maintenance) of the waterworks.

The City of Bloomington irrevocably pledges the entire Net Revenues of said waterworks to the prompt payment of the principal of and interest on the bonds authorized by the Ordinance, of which this is one, and any bonds ranking on a parity therewith, including the 1988 Bonds and 1993 Bonds, each as defined in the Ordinance, 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 and maintenance of said works and for the payment of the sums required to be paid into said Waterworks Sinking Fund under the provisions of said Act and the Ordinance. The City covenants to establish rates and charges, to the extent permitted by law, to produce Net Revenues sufficient to pay 1.20 times the annual debt service on the bonds of this issue, the 1988 Bonds, the 1993 Bonds, and any bonds hereafter issued on a parity therewith and 1.00 times the 1988 Policy Costs (as defined in the ordinance authorizing the 1993 Bonds) and the amounts owed to the insurer of the 1993 Bonds under the Financial Guaranty Agreement (as defined in the ordinance authorizing the 1993 Bonds). In the event the City or the proper officers thereof shall fail or refuse to so fix, maintain and collect such rates or charges, or if there be a default in the payment of the interest on or principal of this bond, the owner of this bond shall have all of the rights and remedies provided for under Indiana law.

The City of Bloomington further covenants that it will set aside and pay into its Waterworks Sinking Fund a sufficient amount of the Net Revenues of said works to (a) pay the principal and interest payments on the bonds, as such principal and interest shall fall due, (b) pay the necessary fiscal agency charges for paying all bonds and interest © to maintain the debt service reserve required by the Ordinance and (d) the 1988 Policy Costs and amounts owed to the insurer of the 1993 Bonds under the Financial Guaranty Agreement, subject to the payment of the bonds of this issue, the 1988 Bonds, the 1993 Bonds, any parity bonds hereafter issued and the bonds refunded by the 1988 Bonds and referenced in Section 13 of the Ordinance. Such required payments shall constitute a first charge upon all the Net Revenues of said works on a parity with the aforementioned 1988 Bonds and 1993 Bonds, subject to Section 13 of the Ordinance.

The bonds of this issue maturing on and after January 1, 2006 are redeemable at the option of the City on January 1, 2005 or any date thereafter, on thirty (30) days' notice, in whole or in part, in inverse order of maturity and by lot within a maturity, at face value, together with the following premiums:

2% if redeemed on January 1, 2005, or
thereafter on or before December 31, 2005;

1% if redeemed on January 1, 2006, or
thereafter on or before December 31, 2006;

0% if redeemed on January 1, 2007, or
thereafter prior to maturity;

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

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

Date	Amount
*	

* Final Maturity]

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

Notice of such redemption shall be mailed to the address of the registered owner as shown on the registration 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 in 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 subject to defeasance prior to redemption or payment as provided in the Ordinance and 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.

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 his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new fully registered bond or bonds in 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.

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.

This bond does not qualify for the 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 acquired by financial institutions.

STATEMENT OF INSURANCE

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

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be

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

$_____-
City of Bloomington, Indiana
Waterworks Revenue Bonds of 1995

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

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

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

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

MBIA INSURANCE CORPORATION

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.

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program.

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

Sec. 6. Authorization for Preparation and Sale of the BANs and Revenue Bonds; Distribution of Official Statement; 1995 Financial Guaranty Agreement. (a) The Controller is hereby authorized and directed to have said BANs and bonds prepared, and the Mayor, Controller and Clerk are hereby authorized and directed to execute said BANs and bonds in the form and manner herein provided. The Controller is hereby authorized and directed to deliver said BANs and bonds to the respective purchasers thereof after sale made in accordance with the provisions of this ordinance, provided that at the time of said delivery the Controller shall collect the full amount which the purchaser has agreed to pay therefor, which shall be not less than 99.5% of the face value of said BANs or 98.75% of the face value of said bonds, as the case may be, plus accrued interest to the date of delivery. The bonds herein authorized, when fully paid for and delivered to the purchaser, shall be the binding special revenue obligations of the City, payable out of the Net Revenues of the City's waterworks to be set aside into the Waterworks Sinking Fund as herein provided, and the proceeds derived from the sale of said bonds shall be and are hereby set aside for application on the cost of said Project, and the expenses necessarily incurred in connection therewith. 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..

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

(c) The Common Council authorizes the purchase of the Municipal Bond Insurance Policy guaranteeing the payment of the bonds and the 1995 Surety Bond for the bonds from MBIA. The cost of obtaining the Municipal Bond Insurance Policy and 1995 Surety Bond shall be considered as a part of the cost of the issuance of the bonds and shall be paid out of the proceeds of the bonds or out of other funds of the waterworks system.

(d) In accordance with the requirements of MBIA, the City shall execute and deliver the 1995 Financial Guaranty Agreement with MBIA providing for, among other things, the reimbursement to MBIA of amounts drawn under the 1995 Surety Bond. A sample form of 1995 Financial Guaranty Agreement is attached hereto and is hereby approved by the Common Council. The Mayor, the Controller, the Clerk or the Assistant Director-Finance of the utility are hereby authorized and directed to complete, execute and attest the same on behalf of the City so long as its provisions are consistent with this ordinance.

Sec. 7. Sale of Bonds. Prior to the sale of said bonds at public sale, the Controller shall cause to be published either (I) a notice of such sale in the Herald-Times, the only newspaper published in the City of Bloomington, Indiana, two times, at least one week apart, the first publication made at least fifteen (15) days before the date of the sale and the second publication being made at least three (3) days before the date of the sale, or (ii) a notice of intent to sell bonds in the Herald-Times and the Court & Commercial Record all in accordance with IC 5-1-11 and IC 5-3-1. A notice or summary notice of sale may also be published one time in the Court & Commercial Record and/or the Bond Buyer. The notice shall state the character and amount of the bonds, the maximum rate of interest thereon, the terms and conditions upon which bids will be received and the sale made, and such other information as the Assistant Director-Finance of the waterworks and the attorneys employed by the City shall deem advisable and any summary notice may contain any information deemed so advisable. Said notice shall provide, among other things, that bidders for said bonds will be required to name the rate or rates of interest which the bonds are to bear, not exceeding the maximum rate hereinbefore fixed, and that such interest rate

or rates shall be in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%). The rate bid on a maturity shall be equal to or greater than the rate bid on the immediately preceding maturity. The notice may provide, among other things, that each bid shall be accompanied by a certified or cashier's check or a financial surety bond to guarantee performance on the part of the bidder. If a financial surety bond is used, it must be from an insurance company licensed to issue such bond in the State of Indiana, and such bond must be submitted to the City prior to the opening of the bids. The financial surety bond must identify each bidder whose good faith deposit is guaranteed by such financial surety bond. If the bonds are awarded to a bidder utilizing a financial surety bond, then that purchaser is required to submit to the City a certified or cashier's check (or wire transfer such amount as instructed by the City) not later than 3:30 p.m. (Bloomington Time) on the next business day following the award. In the event the successful bidder shall fail or refuse to accept delivery of the bonds and pay for the same as soon as the bonds are ready for delivery, or at the time fixed in the notice of sale, then said check and the proceeds thereof shall be the property of the City and shall be considered as its liquidated damages on account of such default. No conditional bids or bids for less than 98.75% of the face amount of the bonds will be considered. The opinion of Ice Miller Donadio & Ryan, bond counsel of Indianapolis, Indiana, approving the legality of said bonds, will be furnished to the purchaser at the expense of the City.

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

Sec. 8. Use of Proceeds; Construction Account. The accrued interest and premium, if any, received at the time of the delivery of the bonds shall be deposited in the Waterworks Sinking Fund hereinafter continued. The remaining proceeds from the sale of said bonds, to the extent not used to refund BANs, and BAN proceeds shall be deposited in a bank or banks which are legally designated depositories for the funds of the City, in a special account or accounts to be designated as "City of Bloomington, Waterworks Construction Account" (the "Construction Account"). All funds deposited to the credit of said Waterworks Sinking Fund or Construction Account shall be deposited, held, secured or invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds. The funds in the Construction Account shall be expended only for the purpose of paying the cost of the Project and as otherwise required by said Act. Any balance or balances remaining unexpended in such Construction Account after completion of the Project, which are not required to meet unpaid obligations incurred in connection with such construction, shall be either (1) paid into the Waterworks Sinking Fund and shall be used solely for the purposes of said fund, or (2) used for the same purpose or type of project for which the bonds could have been issued, all in accordance with IC 5-1-13, as amended and supplemented.

Sec. 9. Revenues. All revenues derived from the operation of the waterworks and from the collection of water rates and charges shall be segregated and deposited as set forth in this ordinance. Of these revenues the proper and reasonable expenses of operation and maintenance of the works shall be paid, the principal and interest of all bonds and fiscal agency charges of registrars or paying agents shall be paid, the 1988 Policy Costs shall be paid, any amounts owed to MBIA under the 1993 Financial Guaranty Agreement and the 1995 Financial Guaranty Agreement shall be paid and the costs of replacements, extensions, additions and improvements shall be paid.

Sec. 10. Operation and Maintenance Fund. (a) There is hereby continued an Operation and Maintenance Fund created in Ordinance No. 88-34 consisting of a General Account.

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

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

Sec. 11. Waterworks Sinking Fund. (a) The sinking fund created in Ordinance No. 88-34 for the payment of the principal of and interest on revenue bonds which by their terms are payable from the Net Revenues of the waterworks, the payment of any fiscal agency charges in connection with the payment of bonds, for payment of 1988 Policy Costs, and for payment of any amounts owed to MBIA under the 1993 Financial Guaranty Agreement and the 1995 Financial Guaranty Agreement, is hereby continued, which fund shall be designated the "Waterworks Sinking Fund" (herein, "Waterworks Sinking Fund" or "Sinking Fund"). There shall be set aside and deposited in the Sinking Fund, as available, and as hereinafter provided, a sufficient amount of the Net Revenues of the waterworks to meet the requirements of the Bond and Interest Account and Debt Service Reserve Account hereby continued in the Sinking Fund. Such payments shall continue until the balances in the Bond and Interest Account and the Debt Service Reserve Account, equal the principal of and interest on all of the then outstanding bonds of the waterworks to the final maturity and provide for payment of all fiscal agency charges, 1988 Policy Costs and any amounts owed to MBIA under the 1993 Financial Guaranty Agreement and 1995 Financial Guaranty Agreement.

(b) Bond and Interest Account. There shall be credited on the last day of each calendar month to the Bond and Interest Account an amount of the Net Revenues equal to one-sixth (1/6) of the interest on all then outstanding bonds payable on the then next succeeding interest payment date and, so long as the 1988 Bonds are outstanding, one-twelfth (1/12) of the principal, and after the 1988 Bonds are no longer outstanding, one-sixth (1/6) of the principal on all then outstanding bonds payable on the then next succeeding principal payment date, until the amount of interest and principal payable on the then next succeeding respective interest and principal payment dates shall have been so credited. There shall similarly be credited to the Account any amount necessary to pay the bank fiscal agency charges for paying interest on outstanding bonds as the same become payable. There shall similarly be credited an amount at least equal to one-twelfth (1/12) of the aggregate of 1988 Policy Costs and amounts owed to MBIA under the 1993 Financial Guaranty Agreement and 1995 Financial Guaranty Agreement. The City shall, from the sums deposited in the Waterworks Sinking Fund and credited to the Bond and Interest Account, remit promptly to the registered owner or to the bank fiscal agency sufficient moneys to pay the interest and principal on the due dates thereof together with the amount of bank fiscal agency charges. The City shall repay the 1988 Policy Costs, if necessary, under the terms of said policy, monthly, commencing in the first month following each draw. The City shall also repay all amounts owed to MBIA under the 1993 Financial Guaranty Agreement and the 1995 Financial Guaranty Agreement in accordance with the terms thereof.

(c) Draws under the 1988 policy and related reasonable expenses incurred by the 1988 bBond iInsurer shall bear interest at a rate equal to the lower of (I) the prime rate of Morgan Guaranty Trust Company of New York in effect from time to time plus 2% per annum or (ii) the highest rate permitted by law, including and to the extent permitted by laws relating to municipal utilities in the State of Indiana. Draws under the 1993 Surety Bond shall bear interest at the rate specified in the 1993 Financial Guaranty Agreement. Draws under the 1995 Surety Bond shall bear interest at the rate specified in the 1995 Financial Guaranty Agreement.

(d) Debt Service Reserve Account. The City has purchased the 1988 Policy for the 1988 Bonds and the 1993 Surety Bond for the 1993 Bonds. For the bonds issued hereunder, the

City shall purchase the 1995 Surety Bond on the date of delivery of the bonds. The credit to the Debt Service Reserve Account shall be a sufficient amount so that the balance thereof equals the lesser of (I) the maximum annual principal and interest requirements for the bonds, (ii) 125% of average annual debt service on the bonds, or (iii) 10% of bond proceeds (the "Reserve Requirement"). The Debt Service Reserve Account shall constitute the margin for safety and protection against default in the payment of principal of and interest on the 1988 Bonds, the 1993 Bonds and the bonds issued hereunder, and the moneys in the Debt Service Reserve Account shall only be used to pay current principal and interest on the 1988 Bonds, the 1993 Bonds or the bonds issued hereunder to the extent that moneys in the Bond and Interest Account are insufficient for that purpose. If it becomes necessary to draw upon the Debt Service Reserve Account to pay the 1988 Bonds, the 1993 Bonds or the bonds issued hereunder, the City shall first draw down the cash in the Reserve Account, if any, and next initiate draws on the 1988

(e) Policy, the 1993 Surety Bond and the 1995 Surety Bond on a pro rata basis, to meet such payments when due. Any deficiencies in credits to the Debt Service Reserve Account shall be promptly made up from the next available Net Revenues remaining after credits into the Bond and Interest Account. In the event moneys in the Debt Service Reserve Account are transferred to the Bond and Interest Account to pay principal and interest on bonds, then such depletion of the balance in the Debt Service Reserve Account shall be made up from the next available Net Revenues after the credits into the Bond and Interest Account. Moneys in excess of the Reserve Requirement shall be transferred to the Waterworks Improvement Fund. The Common Council, upon the advice of its financial advisor, hereby finds that funding the Debt Service Reserve Account is reasonably required and that the Reserve Requirement is no larger than necessary to market the bonds. The Common Council further finds that the Debt Service Reserve Account is directly related to the Project since the bonds could not be issued to fund the Project without the Debt Service Reserve Account.

Sec. 12. Waterworks Improvement Fund. As set forth in Section 10(c), revenues may be transferred or credited from the General Account to a fund designated as the "Waterworks Improvement Fund," and said Fund shall be used for improvements, replacements, additions and extensions of the waterworks, for payments in lieu of taxes, and in the discretion of the Utility Service Board, for any other lawful purpose related to the waterworks. Moneys in the Waterworks Improvement Fund shall be transferred to the Waterworks Sinking Fund if necessary to prevent a default in the payment of principal and interest on the then outstanding bonds or, if necessary, to eliminate any deficiencies in credits to or minimum balance in the Reserve Account of the Waterworks Sinking Fund or may be transferred to the Operation and Maintenance Fund to meet unforeseen contingencies in the operation and maintenance of the waterworks.

Sec. 13. Reversion of Flow of Funds. Simultaneously with the issuance of the 1988 Bonds, outstanding bonds of the waterworks were refunded and economically defeased (the "Refunded Bonds"). In the event that the cash and government obligations, together with any increment thereto and interest earned thereon, will not be sufficient to pay when due all principal of and interest on the Refunded Bonds to and including their respective final maturity dates, the City covenants and agrees that (I) the revenues of the waterworks shall be applied in accordance with the terms of the ordinances authorizing the Refunded Bonds, as more specifically described in Ordinance No. 88-34 authorizing the refunding and the 1988 Bonds, and the bonds issued hereunder shall be secured by 50.5% of the gross revenues of the waterworks, and (ii) the claims of the owners of the 1988 Bonds, the 1993 Bonds and the bonds issued hereunder are in all respects junior and subordinate to the rights of the holders of the Refunded Bonds.

Sec. 14. Priority of Payments. All revenues of the waterworks shall be paid in the following order, with the priority as indicated:

(1) First to pay all expenses of operation and maintenance of the waterworks;

(2) Second to pay all principal of and interest on the 1988 Bonds, the 1993 Bonds and the bonds issued hereunder on a pari passu (parity) basis;

(3) Third to pay the 1988 Policy Costs and any amounts owed to MBIA under the 1993 Financial Guaranty Agreement and 1995 Financial Guaranty Agreement on a pari passu basis;

(4) Fourth to replenish the cash drawn, if any, from the Reserve Account;

(5) Fifth to pay the costs of improvements, replacements, additions and extensions of the waterworks and for payments in lieu of taxes;

(6) Sixth to pay to MBIA the interest on amounts advanced under the 1993 Surety Bond and the 19935 Surety Bond on a pari passu basis; and

(7) All other lawful uses related to the waterworks, including debt service payments on any junior and subordinate bonds.

Sec. 15. Investment of Funds. The Waterworks Sinking Fund shall be maintained as a separate account or accounts from all other accounts of the City. The Operation and Maintenance Fund and the Waterworks Improvement Fund may be maintained in a single account, or accounts, but such account, or accounts, shall likewise be maintained separate and apart from all other accounts of the City and apart from the Waterworks Sinking Fund account or accounts. All moneys deposited in such accounts shall be deposited, held and secured as public funds in accordance with the public depository laws of the State of Indiana; provided that moneys therein may be invested in obligations in accordance with the applicable laws, including particularly Indiana Code, Title 5, Article 13, Chapter 9, as amended or supplemented, and in the event of such investment the income therefrom shall become a part of the funds invested and shall be used only as provided in this ordinance.

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

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

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

1. U.S. Export-Import Bank (Eximbank)
   Direct obligations or fully guaranteed certificates of beneficial ownership
2. Farmers Home Administration (FmHA)
   Certificates of beneficial ownership
3. Federal Financing Bank
4. Federal Housing Administration Debentures (FHA)
5. General Services Administration
   Participation certificates
6. Government National Mortgage Association (GNMA or "Ginnie Mae")
   GNMA - guaranteed mortgage-backed bonds
   GNMA - guaranteed pass-through obligations
7. U.S. Maritime Administration
   Guaranteed Title XI financing
8. U.S. Department of Housing and Urban Development (HUD)
   Project Notes
   Local Authority Bonds
   New Communities Debentures - U.S. government guaranteed debentures

U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

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

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

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

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

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

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

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

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

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

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

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

1. Repos must be between the municipal entity and a dealer bank or securities firm
   A. Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's Corporation and Moody's Investor Services, or
   B. Banks rated "A" or above by Standard & Poor's Corporation and Moody's Investor Services.
2. The written repo contract must include the following:
   A. Securities which are acceptable for transfer are:
      (1) Direct U.S. governments, or
      (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA and FHLMC)
   B. The term of the repo may be up to 30 days
   C. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/

simultaneous with payment (perfection by possession of certificated securities).

D. Valuation of Collateral

(1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest

(2) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

3. Legal opinion which must be delivered to the municipal entity:

A. Repo meets guidelines under state law for legal investment of public funds.

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

Sec. 16. Financial Records and Accounts. 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 therefrom and all financial transactions relating to said works. There shall be prepared and furnished to the original purchasers of the bonds and to any subsequent owner of the bonds at the time then outstanding, upon written request, not more than one hundred twenty (120) days after the close of each fiscal year, income and expenses and balance sheet statements of the works, covering the preceding fiscal year, which annual statements shall be prepared by the Assistant Director-Finance of the utility, or the person charged with the duty of auditing the books and records relating to the works, or such statements may be prepared by an independent certified public accountant retained by the City for the purpose of preparing such statements. There shall also be furnished, upon request, to any owner of the bonds, within thirty (30) days of their receipt by the City, the audited financial statements of the utility prepared by the State Board of Accounts. Copies of all such statements and reports shall be kept on file in the office of the Assistant Director-Finance of the utility. Any owner of the bonds shall have the right at all reasonable times to inspect the waterworks system and the records, accounts and data of the City.

Sec. 17. Rate Covenant. The City shall establish, maintain and collect just and equitable rates and charges for facilities and services afforded and rendered by said water utility, which shall, to the extent permitted by law, produce sufficient revenues at all times to pay all the legal and other necessary expenses incident to the operation of such utility, to include maintenance costs, operating charges, upkeep, repairs, interest charges on bonds or other obligations, to provide the sinking fund and debt service reserve for the liquidation of bonds or other evidences of indebtedness, to provide adequate funds to be used as working capital, as well as funds for making extensions, additions, and replacements, and also, for the payment of any taxes that may be assessed against such utility, it being the intent and purpose hereof that such charges shall produce an income sufficient to maintain such utility property in a sound physical and financial condition to render adequate and efficient service. The rates and charges shall be established, to the extent permitted by law, to produce Net Revenues sufficient to pay 1.20 times the annual debt service on the 1988 Bonds, the 1993 Bonds, the bonds issued hereunder, and any bonds hereafter issued on a parity herewith and 1.00 times the 1988 Policy Costs relating to the 1988 Bonds and any amounts owed to MBIA under the 1993 Financial Guaranty Agreement and 1995 Financial Guaranty Agreement. For purposes of this Section 17, Net Revenues exclude any outstanding fund balances from prior years. So long as any of the bonds herein authorized are outstanding, none of the facilities or services afforded or rendered by said system shall be furnished without a reasonable and just charge being made therefor. The City shall pay like charges for any and all services rendered by said utility to the City, and all such payments shall be deemed to be revenues of the utility. Such rates or charges shall, if necessary, be changed and readjusted from time to

time so that the revenues therefrom shall always be sufficient to meet the expenses of operation and maintenance and the requirements of the Sinking Fund.

Sec. 18. Defeasance. If, when the bonds issued hereunder or any portion thereof shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the 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 then outstanding shall be paid; or (i) sufficient moneys, or (ii) direct, non-callable obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury, the principal of and the interest on which when due will provide sufficient moneys for such purpose, shall be held in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case the bonds or any designated portion thereof issued hereunder shall no longer be deemed outstanding or entitled to the pledge of the Net Revenues of the City's waterworks. A defeasance which occurs by way of (i) or (ii) above shall be accompanied by a verification report of an independent nationally recognized certified public accountant. Amounts paid by the 1988 Bond Insurer or by MBIA under the 1993 Surety Bond or the 1995 Surety Bond shall not be deemed paid pursuant to this Section 18 and shall continue to be due and owing hereunder until paid by the City in accordance with this ordinance.

Sec. 19. Additional Bond Provisions. The City reserves the right to authorize and issue additional bonds payable out of the revenues of its waterworks ranking on a parity with the bonds authorized by this ordinance for the purpose of financing the cost of future additions, extensions and improvements to its waterworks, or to refund obligations, subject to the following conditions:

(a) The interest on and principal of all bonds payable from the revenues of the waterworks shall have been paid to date in accordance with the terms thereof, and all required payments into the Waterworks Sinking Fund have been made in accordance with the provisions of this ordinance. The Reserve Account must contain, for all outstanding bonds, upon the issuance of additional bonds, (i) the Reserve Requirement for all outstanding bonds or (ii) reserve insurance must be obtained for all outstanding bonds, and for the additional bonds, the Reserve Account must contain, upon the issuance of additional bonds, (i) the lesser of (1) maximum annual debt service on the additional bonds, (2) 125% of average annual debt service on the additional bonds, or (3) 10% of the proceeds of the additional bonds or (ii) reserve insurance must be attained for the additional bonds. For purposes of this subsection, proceeds of the additional bonds shall mean the face amount of the additional bonds plus premium, if any, less original issue discount, if any. As long as the 1993 Surety Bond or the 1995 Surety Bond is in effect, only a Qualified Surety Bond may be used as reserve insurance.

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

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

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

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

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

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

Sec. 20. Further Covenants of the City. For the purpose of further safeguarding the interests of the holders of the BANs and bonds herein authorized, it is specifically provided as follows:

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

(b) Said Project shall be constructed under the supervision and subject to the approval of Black & Veatch, or such other competent engineer as shall be designated by the City. All estimates for work done or material furnished shall first be checked by the engineer and approved by the City.

(c) The City shall at all times maintain its waterworks in good condition and operate the same in an efficient manner and at a reasonable cost.

(d) So long as any of the BANs or bonds herein authorized are outstanding, the City shall maintain insurance on the insurable parts of said works of a kind and in an amount such as would normally be carried by private companies 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, and insurance proceeds shall be used either in replacing or repairing the property destroyed or damaged or shall be deposited in the Sinking Fund. As an alternative to maintaining such insurance, the City may maintain a self-insurance program with catastrophic or similar coverage so long as such program meets the requirements of any applicable laws or regulations and is maintained in a manner consistent with programs maintained by similarly situated municipalities.

All insurance or self-insurance proceeds shall be used either in replacing or restoring the property destroyed or damaged, or shall be deposited in the Sinking fund.

(e) So long as any of the BANs or bonds are outstanding, the City shall not mortgage, pledge or otherwise encumber such works, 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, real or personal, as may be replaced, or shall no longer be necessary for use in connection with said utility.

(f) Except as hereinbefore provided in Section 19 hereof, so long as any of the bonds herein authorized are outstanding, no additional bonds or other obligations pledging any portion of the revenues of said waterworks shall be authorized, executed, or issued by the City except such as shall be made subordinate and junior in all respects to the bonds herein authorized, unless all of the bonds herein authorized are redeemed, retired or defeased pursuant to Section 18 hereof, coincidentally with the delivery of such additional bonds or other obligations.

(g) The provisions of this ordinance shall constitute a contract by and between the City and the owners of the BANs and the waterworks revenue bonds herein authorized, and after the issuance of said bonds or BANs, this ordinance shall not be repealed or amended in any respect which will adversely affect the rights of the owners of said BANs or 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. Subject to Section 22(a) through (f), this ordinance may be amended, however, without the consent of BAN or bondowners, if the Common Council determines, in its sole discretion, that such amendment would not adversely affect the owners of the BANs or bonds.

(h) The provisions of this ordinance shall be construed to create a trust in the proceeds of the sale of the BANs or bonds herein authorized for the uses and purposes herein set forth, and the owners of the BANs and 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 under Indiana law in the event of default in the payment of the principal of or interest on any of the bonds herein authorized or in the event of default in respect to any of the provisions of this ordinance or the governing Act.

(i) If the City shall fail to repay any 1988 Policy Costs or any amounts owing to MBIA with under 1993 Financial Guaranty Agreement or the 1995 Financial Guaranty Agreement in accordance with the requirements of Section 11(c) hereof, the 1988 bBond iInsurer and MBIA shall be entitled to exercise any and all remedies available at law or hereunder other than (i) acceleration of the maturity of the 1988 Bonds, the 1993 Bonds or the bonds issued hereunder or (ii) remedies which would adversely affect 1988 Bondholders, 1993 Bondholders or owners of the bonds issued hereunder.

(j) This ordinance shall not be discharged until all 1988 Policy Costs owing to the 1988 bBond iInsurer and all amounts owing to MBIA under the 1993 Financial Guaranty Agreement and 1995 Financial Guaranty Agreement shall have been paid in full.

Sec. 21. Tax Covenants. In order to preserve the exclusion of interest on the BANs and 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 BANs or bonds, as the case may be ("Code") and as an inducement to purchasers of the BANs and bonds, the City represents, covenants and agrees that:

(a) No person or entity, other than the City or another state or local governmental unit, will use proceeds of the BANs or 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 BAN or bond proceeds or will have actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract, an arrangement such as take-or-pay or output contract or any other type of arrangement that differentiates that person's or entity's use of such property from the use by the public at large.

(b) No BAN or bond proceeds will be loaned to any entity or person other than a state or local governmental unit. No BAN or 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 BAN or bond proceeds.

(c) No portion of the payment of the principal of or interest on the BANs or bonds is (under the terms of the bonds, BANs, this ordinance or any underlying arrangement), directly or indirectly, secured by an interest in property used or to be used for 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 property or borrowed money used or to be used for a private business use.

(d) The City represents that it will rebate any arbitrage profits to the United States to the extent required by the Code.

(e) It shall not be a default under this ordinance if the interest on the BANs or bonds 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 the issuance of the BANs or bonds, as the case may be.

(f) These covenants are based solely on current law in effect and in existence on the date of delivery of such BANs or bonds, as the case may be.

(g) It will not take any action or fail to take any action with respect to the BANs or bonds that would result in the loss of the exclusion from gross income for federal tax purposes of interest on the BANs or bonds pursuant to Section 103 of the Code, nor will the City act in any other manner which would adversely affect such exclusion, and it will not make any investment or do any other act or thing during the period that the BANs or bonds are outstanding which would cause the BANs and bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

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

Sec. 22. Amendments with Consent of Bond Owners. Subject to the terms and provisions contained in this section, and not otherwise, the owners of not less than sixty-six and two-thirds per cent (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, or any mandatory sinking fund redemption date for, 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 waterworks 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.

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 or Section 20(g), 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.

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

Sec. 23. (a) The City, having satisfied all the statutory requirements for the issuance of its bonds, may elect to issue its BAN or BANs to a financial institution, the Indiana Bond Bank or any other purchaser, pursuant to a Bond Anticipation Note Purchase Agreement (the "Purchase Agreement") to be entered into between the City and the purchaser of the BAN or BANs. The Common Council hereby authorizes the issuance and execution of the BAN or BANs in lieu of initially issuing bonds to provide interim construction financing for the Project until permanent financing becomes available. It shall not be necessary for the City to repeat the procedures for the issuance of its bonds, as the procedures followed before the issuance of the BAN or BANs are

for all purposes sufficient to authorize the issuance of the bonds and the use of the proceeds to repay the BAN or BANs.

(b) The Mayor and the Controller are hereby authorized and directed to execute a Purchase Agreement in such form or substance as they shall approve acting upon the advice of counsel. The Mayor and the Controller may also take such other actions or deliver such other certificates as are necessary or desirable in connection with the issuance of the BANs or the bonds and the other documents needed for the financing as they deem necessary or desirable in connection therewith.

Sec. 24. MBIA Provisions. As long as the Municipal Bond Insurance Policy is in effect, the City shall:

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

(b) Provide to MBIA notice of any amendment to this ordinance permitted by Section 20 hereof which amendment does not require consent of the holders of the bonds,

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

(d) Send a copy of any amendment to this ordinance to Standard & Poor's Corporation, provided such amendment requires the consent of MBIA pursuant to this Section 24(c) hereof,

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

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

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

Sec. 25. MBIA Rights Arising from an Event of Default. If the City shall fail to comply with any provision under this ordinance which noncompliance shall provide a holder of the bonds to pursue any available legal remedy against the City, MBIA shall have the right to consent to any such legal action before said bondholder takes such action. In addition, MBIA shall have the same rights as the owners of the bonds to pursue all legal remedies.

Sec. 26. Conflicting Ordinances. All ordinances and parts of ordinances, except the ordinances authorizing the 1988 Bonds, the Refunded Bonds and the 1993 Bonds, in conflict herewith are hereby repealed; provided, however, that this ordinance shall not be construed as adversely affecting the rights of the owners of the Refunded Bonds, the 1988 Bonds, or the 1993 Bonds.

Sec. 27. Headings. The headings or titles of the several sections shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this ordinance.

Sec. 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 15th day of November, 1995.

Iris Kiesling

IRIS KIESLING, President
Bloomington Common Council

ATTEST:

Patricia Williams

PATRICIA WILLIAMS, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this _____ day of November, 1995.

Patricia Williams

PATRICIA WILLIAMS, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this 17th day of November, 1995.

Tomilea Allison

TOMILEA ALLISON, Mayor
City of Bloomington

SYNOPSIS

This ordinance amends and restates Ordinance 94-42 which approved the issuance of not more than $9,250,000 of the City's Waterworks Revenue Bonds of 1995 to construct the additions and improvements described on Exhibit A to incorporate the commitment requirements of MBIA Insurance Corporation.

Signed copies to:
Utilities
Legal

EXHIBIT A

DESCRIPTION OF PROJECT

The additions and improvements include the following: Southwest Transmission Main, Westside Transmission Main, Southwest Booster Station, Southwest Elevated Tank, and other improvements related thereto.