PASSED 9-0

ORDINANCE 16-09

AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, INDIANA, AUTHORIZING THE ACQUISITION, CONSTRUCTION, INSTALLATION AND EQUIPPING BY THE CITY OF BLOOMINGTON, INDIANA, OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE CITY'S WATERWORKS, THE ISSUANCE AND SALE OF REVENUE BONDS TO PROVIDE FUNDS FOR THE PAYMENT OF THE COSTS THEREOF, THE ISSUANCE AND SALE OF BOND ANTICIPATION NOTES IN ANTICIPATION OF THE ISSUANCE AND SALE OF SUCH BONDS, AND THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SUCH WATERWORKS AND OTHER RELATED MATTERS

WHEREAS, the City of Bloomington, Indiana (the "City") has heretofore established and constructed and currently owns and operates a waterworks for the provision of public water supply to the City and its inhabitants (the "Waterworks"), in accordance with the provisions of Indiana Code 8-1.5, as amended (the "Act"); and

WHEREAS, the Utility Service Board of the City (the "Board") has represented to the Common Council of the City (the "Common Council"), and the Common Council hereby finds, that certain improvements and extensions to the Waterworks are necessary; and American Structurepoint Inc of Indianapolis, Indiana, the consulting engineers employed by the City, and/or such other engineers as may be employed by the City (collectively, the "Consulting Engineers"), have prepared and filed or will prepare and file plans, specifications and detailed descriptions and estimates of the costs of the necessary improvements and extensions to the Waterworks, which plans, specifications, descriptions and estimates, to the extent required by law, have been or will be duly submitted to and approved by the Board and all governmental authorities having jurisdiction thereover (the improvements and extensions to the Waterworks as described in the Consulting Engineers' plans and specifications and below in Section 2 hereof are referred to herein as the "Project"); and

WHEREAS, the Common Council further finds that the estimates prepared with respect to the costs of acquisition, construction, installation and equipping of such improvements and extensions to the Waterworks, and including all authorized costs relating thereto, including the costs of issuance of bonds and, if necessary, bond anticipation notes (the "BANs") on account of the financing of all or a portion thereof, will be in the estimated amount not to exceed Four Million Six Hundred Thousand Dollars ($4,600,000); and

WHEREAS, the Common Council finds that to provide funds necessary to pay for all or a portion of the costs of the Project, it will be necessary for the City to issue waterworks revenue bonds in an amount not to exceed Four Million Six Hundred Thousand Dollars ($4,600,000), and, if necessary, BANs in an amount not to exceed Four Million Six Hundred Thousand Dollars ($4,600,000); and

WHEREAS, the City desires to authorize the issuance of the BANs, if necessary, to provide interim financing of the Project in the maximum aggregate principal amount not to exceed Four Million Six Hundred Thousand Dollars ($4,600,000) and the issuance of waterworks revenue bonds, in one or more series, payable from the Net Revenues (as hereinafter defined) of the Waterworks, in the maximum aggregate principal amount of Four Million Six Hundred Thousand Dollars ($4,600,000), issued to finance all or a portion of the aforementioned costs of the Project and to refund the BANs, if issued; and

WHEREAS, pursuant to a certain Ordinance adopted by the Common Council (the "2000 Ordinance"), the City has heretofore issued its waterworks revenue bonds payable from the Net Revenues of the Waterworks, designated "Waterworks Revenue Bonds of 2000, Series A," currently outstanding in the aggregate principal amount of Four Million Nine Hundred Seventy-Five Thousand Dollars ($4,975,000), bearing interest at the per annum rate of 2.90%, and maturing semiannually on January 1 and July 1 in the years 2016 to 2021, inclusive, ending January 1, 2021 (the "2000 Bonds"); and

WHEREAS, pursuant to Ordinance No. 01-42, adopted by the Common Council on December 5, 2001 (the "2003 New Money Ordinance"), the City has heretofore issued its waterworks revenue bonds payable from the Net Revenues of the Waterworks, (i) designated "Waterworks Revenue Bonds of 2003, Series A," currently outstanding in the aggregate principal amount of One Million Eight Hundred Thirty-One Thousand Dollars ($1,831,000), bearing interest at the per annum rate of 3.30%, and maturing semiannually on January 1 and July 1 in the years 2016 to 2023, inclusive, ending January 1, 2023, and (ii) designated "Waterworks Revenue Bonds of 2003, Series B," currently outstanding in the aggregate principal amount of Four Million Two Hundred Sixty-Four Thousand Dollars ($4,264,000), bearing interest at the per annum rate of 3.30%, and maturing semiannually on January 1 and July 1 in the years 2016 to 2025, inclusive, ending January 1, 2025 (collectively, the "2003 New Money Bonds"); and

WHEREAS, pursuant to Ordinance No. 03-10, adopted by the Common Council on April 2, 2003 (the "2003 Refunding Ordinance"), the City has heretofore issued its waterworks revenue bonds payable from the Net Revenues of the Waterworks, designated "Waterworks Refunding Revenue Bonds of 2003," currently outstanding in the aggregate principal amount of Two Million Forty Thousand Dollars ($2,040,000), bearing interest at the per annum rate of 4.50%, and maturing semiannually on January 1 and July 1 in the years 2016 to 2020, inclusive, ending January 1, 2020 (the "2003 Refunding Bonds"); and

WHEREAS, pursuant to Ordinance No. 05-12, adopted by the Common Council on April 20, 2005, as amended (as amended, the "2006 Ordinance"), the City has heretofore issued its waterworks revenue bonds payable from the Net Revenues of the Waterworks, designated "Waterworks Revenue Bonds of 2006, Series A" (as amended), currently outstanding in the aggregate principal amount of Three Million Two Hundred Seventeen Thousand Three Hundred Dollars ($3,217,300), bearing interest at per annum rates ranging from 4.55% to 4.83%, and maturing semiannually on January 1 and July 1 in the years 2016 to 2027, inclusive, ending January 1, 2027 (the "2006 Bonds"); and

WHEREAS, pursuant to Ordinance No. 10-07, adopted by the Common Council on May 17, 2010 (the "2011 Ordinance"), the City has heretofore issued its waterworks revenue bonds payable from the Net Revenues of the Waterworks, (i) designated "Waterworks Revenue Bonds of 2011, Series A," currently outstanding in the aggregate principal amount of Four Million Nine Hundred Forty-Five Thousand Dollars ($4,945,000), bearing interest at the per annum rate of 3.746%, and maturing semiannually on January 1 and July 1 in the years 2016 to 2029, inclusive, ending January 1, 2029, and (ii) designated "Waterworks Revenue Bonds of 2011, Series B," currently outstanding in the aggregate principal amount of Thirty-Three Million Three Hundred Twenty Thousand Dollars ($33,320,000), bearing interest at per annum rates ranging from 3.00% of 4.00%, and maturing semiannually on January 1 and July 1 in the years 2016 to 2029, inclusive, ending January 1, 2029 (collectively, the "2013 Bonds"); and

WHEREAS, the 2000 Ordinance, the 2003 New Money Ordinance, the 2003 Refunding Ordinance, the 2006 Ordinance and the 2011 Ordinance (collectively, the "Prior Ordinances") permit the issuance of additional bonds ranking on a parity with the outstanding 2000 Bonds, 2003 New Money Bonds, 2003 Refunding Bonds, 2006 Bonds and 2011 Bonds (collectively, the "Prior Bonds"), provided that certain

conditions are met, and the City finds that the finances of the Waterworks will enable the City to meet the conditions for the issuance of additional parity bonds and that, accordingly, the revenue bonds authorized herein shall constitute a first charge on the Net Revenues of the Waterworks, on parity with the Prior Bonds; and

WHEREAS, the Common Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of one or more series of waterworks revenue bonds, on a parity basis with the Prior Bonds, and BANs, if necessary, to provide the necessary funds to be applied to the costs of the Project and all authorized costs relating thereto, and the refunding of the BANs, if issued, have been complied with in accordance with the provisions of the Prior Ordinances, the Act and other applicable laws; and

WHEREAS, the Common Council consequently seeks to authorize the issuance of waterworks revenue bonds and BANs to finance the acquisition, construction, installation and equipping of the Project pursuant to the Act and other applicable laws, the sale of one or more series of such revenue bonds at public sale pursuant to the provisions of Indiana Code 5-1-11 or to the Indiana Finance Authority (the "Authority") pursuant to the provisions of Indiana Code 4-4-11 and 13-18-21, and the sale of such BANs pursuant to the provisions of the Act and other applicable laws, subject to and dependent upon the terms and conditions hereinafter set forth; and

WHEREAS, if the Bonds are sold to the Authority, the City would expect to enter into a Financial Assistance Agreement (as hereinafter defined) with the Authority, pertaining to the Project and the financing thereof; and

WHEREAS, the Board has considered the matter of the financing of the Project and has adopted a resolution approving the same; and

WHEREAS, prior to the issuance of the bonds authorized by this ordinance, the City shall first obtain the approval of the Indiana Utility Regulatory Commission (IURC) for the issuance of said bonds; and

WHEREAS, certain preliminary expenditures related to the payment of the costs of the Project have been or will be incurred by or on behalf of the City prior to the issuance and delivery of such waterworks revenue bonds and BANs; and

WHEREAS, the Common Council desires to express its intention to reimburse such expenditures as have been or may be incurred prior to the issuance of such waterworks revenue bonds and BANs, pursuant to Indiana Code 5-1-14-6 and in compliance with Section 1.150-2 of the U.S. Treasury Regulations promulgated by the Internal Revenue Service (the "Treasury Regulations"); now, therefore,

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

SECTION 1. Acquisition, Construction, Installation and Equipping of the Project. The City is hereby authorized to acquire any and all necessary property and proceed with the acquisition, construction, installation and equipping of improvements and extensions to the Waterworks, pursuant to the Act and in accordance with the plans, specifications and cost estimates heretofore prepared and filed with the Board and the Common Council by the Consulting Engineers and/or City engineering, which plans, specifications and cost estimates are hereby adopted and approved and, by reference, incorporated fully into this Ordinance, and two copies of which are now on file in the office of the Clerk of the City (the "Clerk") and are open for public inspection. The actions of the City in connection with the acquisition of any and all necessary property and the acquisition, construction, installation, equipping and financing of such improvements and extensions to the Waterworks are hereby authorized, approved, ratified and confirmed.

Where used in this Ordinance, the term "City" shall be construed also to include any department, board, commission or officer or officers of the City or of any City department, board or commission. The terms "Waterworks," "waterworks," "works" and similar terms used in this

Ordinance shall be construed to mean and include the existing structures and property of the Waterworks for the provision of public water supply, and all enlargements, improvements, extensions and additions thereto, and replacements thereof, now or subsequently constructed or acquired, whether from the proceeds of the bonds and BANs authorized herein or otherwise. Such improvements and extensions shall be constructed and the bonds and BANs herein authorized shall be issued pursuant to the provisions of this Ordinance, the Act and other applicable laws.

SECTION 2. Description of the Project. The Project is more fully described in, and shall be in accordance with the plans and specifications and cost estimates heretofore prepared and filed with the Board and the Common Council by the Consulting Engineers and/or City engineering referenced in Section 1 hereof. In summary, the Project consists of the acquisition, construction, installation and equipping of additions and improvements to the Waterworks, including maintaining and improving water quality, and replacement and rehabilitation of water mains, tanks, booster stations and hydrants.

The City shall proceed with the acquisition, construction, installation and equipping of the Project and shall enter into all contracts necessary or appropriate for such purpose, in conformity with and subject to the requirements and conditions set forth in this Ordinance and in the Act.

SECTION 3. The Bonds. In accordance with the Act and for the purpose of providing funds with which to pay the costs of the Project, together with all authorized costs relating thereto including the costs of issuance of the Bonds, as hereinafter defined, and refunding the BANs, if any, described below, the City shall issue its waterworks revenue bonds, in one or more series, in an aggregate principal amount not to exceed Four Million Six Hundred Thousand Dollars ($4,600,000) (the "Bonds"). The total principal amount of Bonds issued pursuant to this Ordinance shall not exceed Four Million Six Hundred Thousand Dollars ($4,600,000). The principal of and redemption premium, if any, and interest on the Bonds shall be payable solely out of the Waterworks Sinking Fund referred to below, on a parity with the Prior Bonds.

Any other provisions of this Ordinance to the contrary notwithstanding, the Bonds shall be issued on a parity with the Prior Bonds, and none of the provisions of this Ordinance shall be construed to affect the rights of the holders of the Prior Bonds. The Controller of the City (the "Controller") is authorized to employ Crowe Horwath LLP, Indianapolis, Indiana, the financial advisor to the City (the "Financial Advisor"), or any other certified public accountant or firm of certified public accountants to perform any and all computations necessary to confirm the preliminary evidence and findings demonstrating compliance with the conditions set forth in the Prior Ordinances for the issuance of additional revenue bonds on parity with the Prior Bonds. The City shall not issue the Bonds without first receiving a certificate from the Financial Advisor or other certified public accountant or firm of certified public accountants in form and substance satisfactory to the Controller and Faegre Baker Daniels LLP, Indianapolis, Indiana, bond counsel for the City, and to the effect that the City and the Waterworks are in complete compliance with the conditions set forth in the Prior Ordinances for the issuance of additional revenue bonds on parity with the Prior Bonds.

The Bonds shall be designated as the "City of Bloomington, Indiana, Waterworks Revenue Bonds of 201__" (with the blank to be filled in with the last digit of the calendar year in which such series of the Bonds is issued, with an appropriate series designation in the event more than one series of Bonds is expected to be issued in such calendar year). Each series of the Bonds shall be issued as fully registered bonds in denomination or denominations of Five Thousand Dollars ($5,000) and any integral multiples thereof not exceeding the aggregate principal amount of such Bonds maturing in any one year, or in the event that any series of the Bonds is sold to the Authority pursuant to Section 9 hereof, the Bonds of such series shall be in multiples of One Dollar ($1) or such other denomination as is acceptable to the Authority. The Bonds shall be numbered consecutively from ___R-1 upward (with the blank to be filled in with the last two digits of the calendar year in which such series of the Bonds is issued, with an appropriate series designation in the event more than one series of Bonds is expected to be issued in such calendar year) and shall bear interest at a rate or rates not exceeding five percent (5.0%) per annum, the exact rate or rates to be determined by negotiation with the Authority (with such rate to be set forth in the Financial Assistance Agreement with respect to any series of the Bonds that is sold to the Authority) or by bidding. Said interest rate or rates on the Bonds shall be in multiples of one-eighth (1/8) or one-hundredth (1/100) of one percent (1%). Interest on each series of the Bonds

shall be calculated on the basis of twelve (12) thirty (30)-day months for a three hundred sixty (360)-day year and shall be payable semiannually on January 1 and July 1 of each year (each, an "Interest Payment Date"), commencing not earlier than July 1, 2017, with the first interest payment date to be determined by (i) the Controller with the advice of the Financial Advisor and set forth in the Controller's Certificate (as hereinafter defined) if such series of Bonds is sold by public bidding or (ii) negotiation with the Authority (as provided in the Financial Assistance Agreement between the City and the Authority (the "Financial Assistance Agreement")), until principal is fully paid. The principal of each series of the Bonds shall mature serially and semi-annually on January 1 and July 1 of each year, commencing not earlier than July 1, 2017 (or commencing on such other date as provided in the Financial Assistance Agreement, if such series of the Bonds is sold to the Authority) and ending not later than July 1, 2037, on the dates and in the principal amounts as set forth in the Controller's Certificate. The Bonds will mature in such amounts that will produce, on an aggregate basis, as level annual debt service as practicable, except as otherwise provided in the Financial Assistance Agreement if the Bonds are sold to the Authority.

The Bonds shall bear an original issue date which shall be the date of delivery of the Bonds or the first day of the month in which the Bonds are delivered, as determined by the Controller with the advice of the Financial Advisor and set forth in the Controller's Certificate (unless otherwise provided in the Financial Assistance Agreement in the event the Bonds are sold to the Authority), and each Bond shall also bear the date of its authentication. Any Bond authenticated on or before the fifteenth day of the calendar month immediately preceding the first Interest Payment Date shall pay interest from its original issue date (unless otherwise provided in the Financial Assistance Agreement in the event the Bonds are sold to the Authority). Any Bond authenticated thereafter shall pay interest from the Interest Payment Date next preceding the date of authentication of such Bond to which interest thereon has been paid or duly provided for, unless such Bond is authenticated after the fifteenth day of the calendar month immediately preceding an Interest Payment Date and on or before such Interest Payment Date, in which case interest thereon shall be paid from such Interest Payment Date.

In the event that the Bonds or the BANs of any series are sold to the Authority or any other purchaser who so agrees pursuant to Section 9 of this Ordinance, it is understood that principal shall not be payable and interest shall not accrue on such series of the Bonds or the BANs until such principal amount has been advanced pursuant to requests made by the City to the Authority or to any such other purchaser, with advances to be allocable to the Bonds in order of maturity. If the Bonds of any series are sold to the Authority, to the extent that (a) the total principal amount of such series of the Bonds is not paid by the purchaser or drawn down by the City or (b) proceeds remain in the Construction Account established under Section 10 of this Ordinance and are not applied to the Project (or any modifications or additions thereto approved by the Authority), the City shall reduce the principal amount of such Bonds' maturities to effect such reduction in a manner that will still achieve as level an annual debt service as practicable as described in this Section 3 subject to and upon the terms forth in the Financial Assistance Agreement.

The Controller is hereby authorized to appoint a registrar and a paying agent for any series of the Bonds or BANs (the "Registrar" and the "Paying Agent," and in both such capacities, the "Registrar and Paying Agent"). The Registrar and Paying Agent shall be charged with and shall by appropriate agreement undertake the performance of all of the duties and responsibilities customarily associated with each such position, including, without limitation, the authentication of the Bonds and BANs. The Controller is authorized and directed to enter into such agreements and understandings with the Registrar and Paying Agent and any subsequent Registrar and Paying Agent as will enable and facilitate the performance of its duties and responsibilities, and is authorized and directed to pay such fees as the Registrar and Paying Agent may reasonably charge for its services in such capacity, and such fees may be paid from the Waterworks Sinking Fund created under the Prior Ordinances and continued herein.

If the Bonds or the BANs are registered in the name of any purchaser that does not object to such designation, the Controller shall be designated as the Registrar and Paying Agent and shall be charged with the performance of all of the duties and responsibilities of Registrar and Paying Agent.

The Registrar and Paying Agent, if not the Controller, may at any time resign as Registrar and Paying Agent upon giving thirty (30) days' notice in writing to the City and by first-class mail to each registered owner of the Bonds or BANs then outstanding, and such resignation will take effect at the end of such thirty (30) days 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 certified mail. The Registrar and Paying Agent may also 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 or BANs then outstanding by first-class mail of the removal of the Registrar and Paying Agent. Notices to registered owners of the Bonds or BANs 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. Any predecessor Registrar and Paying Agent shall deliver all of the Bonds or BANs and cash in its possession with respect thereto, together with the registration books, to the successor Registrar and Paying Agent. The Controller is hereby authorized to act on behalf of the City with regard to any of the aforementioned actions of the City relating to the resignation or removal of the Registrar and Paying Agent and appointment of a successor Registrar and Paying Agent.

Principal of and any redemption premium on the Bonds, and principal and interest on the BANs, shall be payable at the principal corporate trust office of the Paying Agent. Interest on the Bonds shall be paid by check or draft mailed or delivered by the Paying Agent to the registered owner thereof at the address as it appears on the registration books kept by the Registrar as of the fifteenth day of the calendar month immediately preceding the Interest Payment Date or at such other address as may be provided to the Paying Agent in writing by such registered owner. Notwithstanding anything in this Ordinance to the contrary, so long as The Depository Trust Company, New York, New York ("DTC"), or its nominee, or any successor thereto, is the registered owner of any series of the Bonds or BANs, the principal of and premium, if any, and interest on such series of the Bonds or BANs will be paid directly to DTC or successor depository by wire transfer on the payment date in same-day funds by the Paying Agent. Notwithstanding the foregoing, principal of and interest on the Bonds or BANs, if registered in the name of the Authority, shall be paid by wire transfer to a financial institution if and as directed by the Authority, on the due date of such payment or, if such date is a day when financial institutions are not open for business, on the business day immediately preceding such due date. So long as the Authority is the registered owner of the Bonds or BANs, the Bonds or BANs shall be presented for payment as directed by the Authority. All payments on the Bonds and the BANs shall be made in any coin or currency of the United States of America which, on the dates of such payments, shall be legal tender for the payment of public or private debt.

Each Bond or BAN shall be transferable or exchangeable only on the books of the City maintained for such purpose at the principal corporate trust office of the Registrar, by the registered owner thereof in person, or by his or her attorney duly authorized in writing, upon surrender of such Bond or BAN together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner or his or her attorney duly authorized in writing, and thereupon a new fully registered Bond or Bonds or BAN or BANs in the same aggregate principal amount and of the same maturity and series 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. Each Bond or BAN may be transferred or exchanged without cost to the registered owner, except for any tax or other governmental charge which may be required to be paid with respect to such transfer or exchange. The Registrar shall not be obligated to make any transfer or exchange of any Bond or BAN (i) during the fifteen (15) days immediately preceding an Interest Payment Date or (ii) after the mailing of notice calling such Bond or BAN for redemption. The City, the Registrar and the Paying Agent may treat and consider the person in whose name any Bond or BAN is registered as the absolute owner thereof for all purposes including the purpose of receiving payment of, or on account of, the principal thereof, and redemption premium, if any, and interest thereon.

In the event any Bond or BAN is mutilated, lost, stolen or destroyed, the City may cause to be executed and the Registrar may authenticate a new Bond or BAN of like date, maturity, series and denomination as the mutilated, lost, stolen or destroyed Bond or BAN, which new Bond or BAN shall be marked in a manner to distinguish it from the Bond or BAN for which it was issued; provided, that in the case of any mutilated Bond or BAN, such mutilated Bond or BAN shall first be surrendered to the Registrar, and in the case of any lost, stolen or destroyed Bond or

BAN there shall be first furnished to the Registrar evidence of such loss, theft or destruction satisfactory to the City and the Registrar, together with indemnity satisfactory to them. In the event that any such mutilated, lost, stolen or destroyed Bond or BAN shall have matured or been called for redemption, instead of causing to be issued a duplicate Bond or BAN, the Registrar and Paying Agent may pay the same upon surrender of the mutilated Bond or BAN or upon satisfactory indemnity and proof of loss, theft or destruction in the case of a lost, stolen or destroyed Bond or BAN. The City and the Registrar and Paying Agent may charge the owner of any such Bond or BAN with their reasonable fees and expenses in connection with the above. Every substitute Bond or BAN issued by reason of any Bond or BAN being lost, stolen or destroyed shall, with respect to such Bond or BAN, constitute a substitute contractual obligation of the City pursuant to this Ordinance, whether or not the lost, stolen or destroyed Bond or BAN shall be found at any time, and shall be entitled to all the benefits of this Ordinance, equally and proportionately with any and all other Bonds or BANs duly issued hereunder.

In the event that any Bond or BAN is not presented for payment or redemption on the date established therefor, the City may deposit in trust with the Paying Agent an amount sufficient to pay such Bond or BAN or the redemption price thereof, as appropriate, and thereafter the owner of such Bond or BAN shall look only to the funds so deposited in trust with the Paying Agent for payment and the City shall have no further obligation or liability with respect thereto.

Any series of Bonds or BANs may, in compliance with all applicable laws, be issued and held in book-entry form on the books of the central depository system, DTC, its successors, or any successor central depository system appointed by the City from time to time (the "Clearing Agency"). The City and the Registrar may, in connection therewith, do or perform or cause to be done or performed any acts or things not adverse to the rights of the holders of the Bonds or BANs, as are necessary or appropriate to accomplish or recognize such book-entry form Bonds or BANs.

During any time that a series of Bonds or BANs is held in book-entry form on the books of a Clearing Agency (a) any such Bonds or BANs may be registered upon the books kept by the Registrar in the name of such Clearing Agency, or any nominee thereof, including Cede & Co., as nominee of DTC; (b) the Clearing Agency in whose name such Bonds or BANs are so registered shall be, and the City and the Registrar and Paying Agent may deem and treat such Clearing Agency as, the absolute owner and holder of such Bonds or BANs for all purposes of this Ordinance, including, without limitation, the receiving of payment of the principal of and premium, if any, and interest on such Bonds or BANs, the receiving of notice, and the giving of consent; (c) neither the City nor the Registrar and Paying Agent shall have any responsibility or obligation hereunder to any direct or indirect participant, within the meaning of Section 17A of the Securities Exchange Act of 1934, as amended, of such Clearing Agency, or any person on behalf of which, or otherwise in respect of which, any such participant holds any interest in any Bonds or BANs, including, without limitation, any responsibility or obligation hereunder to maintain accurate records of any interest in any Bonds or BANs or any responsibility or obligation hereunder with respect to the receiving of payment of principal of or premium, if any, or interest on any Bonds or BANs, the receiving of notice, or the giving of consent; (d) the Clearing Agency is not required to present any Bonds or BANs called for partial redemption prior to receiving payment so long as the Registrar and Paying Agent and the Clearing Agency have agreed to the method for noting such partial redemption; and (e) payment of the principal of and premium, if any, and interest on any Bonds or BANs may be made by wire transfer or other method acceptable to the Clearing Agency, as indicated in a Certificate of the Controller to such effect.

If either (i) the City receives notice from the Clearing Agency which is currently the registered owner of any Bonds or BANs to the effect that such Clearing Agency is unable or unwilling to discharge its responsibility as a Clearing Agency for such Bonds or BANs or (ii) the City elects to discontinue its use of such Clearing Agency as a Clearing Agency for such Bonds or BANs, then the City and the Registrar and Paying Agent each shall do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of such Bonds or BANs, as are necessary or appropriate to discontinue use of such Clearing Agency as a Clearing Agency for such Bonds or BANs and to transfer the ownership of each of such Bonds or BANs to such person or persons, including any other Clearing Agency, as the holder of such Bonds or BANs may direct in accordance with this Ordinance. Any expenses of such discontinuance and

transfer, including expenses of printing new certificates to evidence such Bonds or BANs, shall be paid by the City.

During any time that any series of the Bonds or BANs is held in book-entry form on the books of a Clearing Agency, the Registrar and Paying Agent shall be entitled to request and rely upon a certificate or other written representation from the Clearing Agency or any participant or indirect participant with respect to the identity of any beneficial owners of such Bonds or BANs as of a record date selected by the Registrar and Paying Agent. For purposes of determining whether the consent, advice, direction or demand of a registered owner of such Bonds or BANs has been obtained, the Registrar and Paying Agent shall be entitled to treat the beneficial owners of such Bonds or BANs as the holders of such Bonds or BANs.

During any time that any series of the Bonds or BANs is held in book-entry form on the books of a Clearing Agency, the City is authorized to enter into a Blanket Letter of Representations agreement with the Clearing Agency, and the provisions of any such Blanket Letter of Representations or any successor agreement shall control on the matters set forth herein.

SECTION 4. The BANs. In anticipation of the issuance and sale of the Bonds authorized herein, and to provide interim financing to apply to the costs of the Project, the City is hereby authorized to have prepared and to issue and sell negotiable BANs of the City to an eligible purchaser of the BANs under Indiana Code 5-1-14-5 or to the Authority, pursuant to a Bond Anticipation Note Purchase Agreement (the "BAN Purchase Agreement") entered into between the City and the purchaser of the BANs, in one or more series, in an aggregate principal amount not to exceed Four Million Six Hundred Thousand Dollars ($4,600,000), to be designated "City of Bloomington, Indiana, Waterworks Revenue Bond Anticipation Notes of 201__" (with the blank to be filled in with the last digit of the calendar year in which such series of the BANs is issued, with an appropriate series designation in the event more than one series of BANs is expected to be issued in such calendar year). The BANs shall be issued pursuant to Indiana Code 5-1-14-5 if sold to an eligible purchaser thereunder, or pursuant to Indiana Code 4-4-11 and 13-18-21 if sold to the Authority. If the BANs are sold to the Authority, the Financial Assistance Agreement shall serve as the BAN Purchase Agreement. The BANs shall be issued in fully registered form, shall be numbered consecutively from ___R-1 (with the blank to be filled in with the last two digits of the calendar year in which such series of the BANs is issued, with an appropriate series designation in the event more than one series of BANs is expected to be issued in such calendar year) upwards, shall be in such denominations as the purchaser of the BANs shall request, shall be dated as of the date of delivery of the BANs, and shall bear interest at a rate or rates not exceeding five percent (5.0%) per annum (the exact rate or rates of interest to be determined by negotiations with the purchaser of the BANs and payable as provided in the BAN Purchase Agreement). The initial BANs delivered will mature on the date provided in the BAN Purchase Agreement. The BANs may be subject to renewal or extension, subject to the limitations set forth below, at an interest rate or rates not to exceed five percent (5.0%) per annum, with the exact rate to be negotiated with the purchaser of such BANs. The term of the BANs and all renewal BANs may not exceed five (5) years from the date of delivery of the initial BANs.

The principal of the BANs shall be refunded and retired out of the proceeds from the issuance and sale hereunder of the Bonds. The principal of the BANs, and the principal of and interest on the BANs prepaid in accordance with Section 5 hereof, shall be refunded by the issuance of the Bonds pursuant to, and in the manner prescribed by, the Act. The interest on the BANs shall be payable either from the Net Revenues of the Waterworks, subject to the prior lien thereon of the Prior Bonds, or from proceeds from the issuance and sale hereunder of the Bonds, as set forth in the BAN Purchase Agreement.

SECTION 5. Optional Prepayment of BANs; Optional Redemption of the Bonds; Term Bonds.

(a) Optional Prepayment of BANs. The BANs are prepayable by the City, in whole or in part, at any time upon seven (7) days' written notice to the owner of the BANs, without any premium. In the case of prepayment, the principal and accrued interest due on the BANs shall be paid only from proceeds of the Bonds, except that such principal and interest due on the BANs may also be paid from other revenues and funds legally available therefor, if any, including federal or state funds available for application to the Project; provided, however, that such funds are not pledged to the payment of the BANs.

(b) Optional Redemption of the Bonds. Each series of the Bonds shall be subject to redemption at the option of the City, in whole or in part (and if in part, in authorized denominations and in order of maturity determined by the City and by lot within any such maturity or maturities in such manner as may be designated by the Registrar), at times to be determined by the Controller with the advice of the Financial Advisor and set forth in the Controller's Certificate, at a redemption price equal to one hundred percent (100%) of the principal amount of each Bond to be redeemed, plus accrued and unpaid interest on the Bonds so redeemed to the redemption date, and according to premiums to be determined by the Controller with the advice of the Financial Advisor and set forth in the Controller's Certificate, not in excess of two percent (2%) of the par amount of the Bonds to be redeemed; provided, however, if any Bonds are sold to the SRF Program (as hereinafter defined) and registered in the name of the Authority, such Bonds shall not be redeemable at the option of the City unless and until consented by the Authority.

Official notice of such redemption of the Bonds shall be mailed by the Registrar and Paying Agent by certified or registered mail at least thirty (30) days (or, at least sixty (60) days, with respect to any series of the Bonds sold to the Authority) prior to the scheduled redemption date to each of the registered owners of the Bonds called for redemption (unless waived by any such registered owner) at the address shown on the registration books of the Registrar and Paying Agent, or at such other address as is furnished in writing by such registered owner to the Registrar; provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any Bond shall not affect the validity of the proceedings for the redemption of any other Bonds. The notice shall specify the redemption price, the date and place of redemption, and the registration numbers (and, in case of partial redemption, the respective principal amounts) of the Bonds called for redemption. The place of redemption may be at the principal corporate trust office of the Registrar and Paying Agent or as otherwise determined by the City. Interest on the Bonds (or portions thereof) so called for redemption shall cease to accrue 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 redemption date and when such Bonds (or portions thereof) are presented for payment. Any Bond redeemed in part may be exchanged for a Bond or Bonds of the same maturity in authorized denominations equal to the remaining principal amount thereof.

In addition to the foregoing notice, the City may also direct that further notice of redemption of Bonds be given, including, without limitation, and at the option of the City, notice described in paragraph (i) below given by the Registrar and Paying Agent to the parties described in paragraphs (ii) and (iii) below. No defect in any such further notice and no failure to give all or any portion of any such further notice shall in any manner defeat the effectiveness of any call for redemption of Bonds so long as notice thereof is mailed as prescribed above.

(i) If so directed by the City, each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (1) the CUSIP numbers of all Bonds being redeemed; (2) the date of issue of the Bonds as originally issued; (3) the rate of interest borne by each Bond being redeemed; (4) the maturity date of each Bond being redeemed; and (5) any other descriptive information needed to identify accurately the Bonds being redeemed.

(ii) If so directed by the City, each further notice of redemption shall be sent at least thirty-five (35) days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(iii) If so directed by the City, each such further notice shall be published one time in The Bond Buyer of New York, New York or, if the Registrar believes such publication is impractical or unlikely to reach a substantial number of the holders of the Bonds, in some other financial newspaper or journal which regularly carries notices of redemption of other obligations similar to the Bonds, such publication to be made at least thirty (30) days prior to the date fixed for redemption.

Upon the payment of the redemption price of the Bonds (or portions thereof) being redeemed and if so directed by the City, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds (or portions thereof) being redeemed with the proceeds of such check or other transfer.

(c) Term Bonds. All or a portion of the Bonds may be aggregated into one or more term bonds payable from mandatory sinking fund redemption payments (the "Term Bonds") required to be made as set forth below. The Term Bonds shall have a stated maturity or maturities of January 1 and July 1 in the years consistent with the maturity schedule for the Bonds, and such Term Bonds shall be subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest to the redemption date, but without premium, on January 1 and July 1 of the years and in the principal amounts consistent with the maturity schedule for the Bonds.

The Registrar and Paying Agent shall credit against any mandatory sinking fund redemption requirement for a Term Bond of a particular maturity, any Bonds of such maturity delivered to the Registrar and Paying Agent for cancellation or purchased for cancellation by the City and canceled by the Registrar and Paying Agent and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each Bond so delivered or purchased shall be credited by the Registrar and Paying Agent at one hundred percent (100%) of the principal amount thereof against the mandatory sinking fund redemption requirements for the applicable Term Bond in inverse order of mandatory sinking fund redemption (or final maturity) dates, and the principal amount of such Term Bond to be redeemed on such mandatory sinking fund redemption dates by operation of the mandatory sinking fund requirements shall be reduced accordingly; provided, however, the Registrar and Paying Agent shall only credit Bonds against the mandatory sinking fund requirements to the extent such Bonds are received on or before forty-five (45) days preceding the applicable mandatory sinking fund redemption date.

The Registrar shall determine by lot (treating each $5,000 principal amount (or other authorized denomination) of each Bond as a separate Bond for such purpose) the Bonds within a Term Bond of a particular maturity to be redeemed pursuant to mandatory sinking fund redemption requirements on January 1 and July 1 of each year. With respect to optional redemption of Term Bonds, an amount equal to the principal amount of the Term Bonds redeemed will be credited toward the latest scheduled mandatory sinking fund payment or payments with respect to such Term Bonds unless otherwise directed by the City.

Notice of any such mandatory sinking fund redemption shall be given in the same manner as notice of optional redemption is required to be given pursuant to this Section 5. In the event any of the Bonds are issued as Term Bonds, the form of Bond described in Section 8 hereof shall be modified accordingly. Any reference to payment of principal on Bonds shall include payment of scheduled mandatory sinking fund redemption payments.

SECTION 6. Execution and Authentication of the Bonds and BANs. The Bonds and the BANs shall be executed in the name of the City by the manual or facsimile signature of the Mayor of the City (the "Mayor") and attested by the manual or facsimile signature of the Clerk, who shall cause the seal of the City or a facsimile thereof to be affixed to each of the Bonds and the BANs. The Bonds and the BANs shall be authenticated by the manual signature of the Registrar, and no Bond or BAN shall be valid or become obligatory for any purpose until the certificate of authentication thereon has been so executed. In case any official whose signature appears on any Bond or BAN shall cease to be such official before the delivery of such Bond or BAN, the signature of such official shall nevertheless be valid and sufficient for all purposes, the same as if such official had been in office at the time of such delivery. Subject to the provisions of this Ordinance regarding the registration of the Bonds and BANs, the Bonds and BANs shall be fully negotiable instruments under the laws of the State of Indiana.

SECTION 7. Security and Sources of Payment for the Bonds. The Bonds, when fully paid for and delivered to the purchaser or purchasers thereof, together with any bonds hereafter issued on a parity therewith (to be referred to hereinafter collectively as the "bonds," unless the context otherwise requires), as to both principal and interest, shall be valid and binding special and limited revenue obligations of the City, payable solely from and secured by an irrevocable pledge of and constituting a first charge, on a parity basis with the Prior Bonds, upon all of the

"Net Revenues" (herein defined as gross revenues of the Waterworks after deduction only for the payment of the reasonable expenses of operation and maintenance) derived from the Waterworks, including all such Net Revenues from the existing works, the Project and all additions and improvements thereto and replacements thereof subsequently constructed or acquired, to be set aside into the Waterworks Sinking Fund as herein provided. The City shall not be obligated to pay the Bonds or the interest thereon except from the Net Revenues of the Waterworks, and the 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.

SECTION 8. Form of the Bonds. The form and tenor of the Bonds shall be substantially as set forth in Appendix A, attached hereto and incorporated herein as if set forth at this place (with all blanks to be filled in properly and all necessary additions, modifications and deletions to be made prior to the delivery thereof).

SECTION 9. Issuance, Sale and Delivery of the Bonds and the BANs.

(a) Generally. The Controller is hereby authorized and directed to have the Bonds and the BANs prepared, and the Mayor and the Clerk are each hereby authorized and directed to execute and attest, respectively, the Bonds and the BANs in the form and manner herein provided. The Controller is hereby authorized and directed to deliver the Bonds and the BANs to the purchaser or purchasers thereof after sale made in accordance with the provisions of the Act and this Ordinance, provided that at the time of said delivery the Controller shall collect the full amount which the purchaser or purchasers have agreed to pay therefor, which shall be not less than ninety-nine percent (99.0%) of the par amount of the Bonds (or such higher percentage of the par value of the Bonds as determined by the Controller with the advice of the Financial Advisor of the City and set forth in the Controller's Certificate), plus accrued interest thereon to the date of delivery, if any, and in the case of the BANs, shall not be less than ninety-nine percent (99.0%) of the par amount of the BANs. The City may receive payment for the Bonds and the BANs in installments. The proceeds derived from the sale of the Bonds (or, instead, the BANs, if such BANs are issued), shall be and are hereby set aside for application to the costs of the Project, including all authorized costs relating thereto and the respective costs of issuance of the Bonds and the BANs. The authorized officers of the City are hereby authorized and directed to draw all proper and necessary warrants and to do whatever other acts and things that may be necessary or appropriate to carry out the provisions of this Ordinance.

(b) Issuance, Sale and Delivery of the BANs. The City, having satisfied all the statutory requirements for the issuance of the Bonds, may elect to issue its BAN or BANs to an eligible purchaser under Indiana Code 5-1-14-5 or to the Authority pursuant to the BAN Purchase Agreement, to be entered into between the City and the purchaser of the 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. The Mayor, the Controller and/or the Clerk are each hereby authorized and directed to execute and/or attest the BAN Purchase Agreement in such form or substance as they shall approve acting upon the advice of counsel. The Mayor, the Controller and the Clerk may also take such other action 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.

(c) Issuance, Sale and Delivery of the Bonds.

(i) Public Sale. Any series of the Bonds may, in the discretion of the Controller based upon the advice of the Financial Advisor, be sold by public sale. In the event any series of the Bonds is sold by public sale, prior to the sale of such series of the Bonds, the Controller shall cause to be published a notice of intent to sell bonds two (2) times at least one (1) week apart in the Bloomington Herald Times, a newspaper of general circulation published in the City, and the Court & Commercial Record, a newspaper of general circulation published in Indianapolis, Indiana. The notice of such sale or a summary thereof may also be published in The Bond Buyer, a financial journal published in the City and State of New York and/or in other publications, in the discretion of the

Controller. The notice must state that any person interested in submitting a bid for such series of the Bonds may furnish in writing, at the address set forth in the notice, the person's name, address and telephone number, and that any such person may also furnish a telex number. The notice must also state: (A) the amount of the Bonds to be offered; (B) the denominations; (C) the dates of maturity; (D) the maximum rate or rates of interest; (E) the place of sale; and (F) the time within which the name, address and telephone number must be furnished, which time must not be less than seven (7) days after the last publication of the notice. Each person so registered shall be notified of the date and time bids will be received not less than twenty-four (24) hours before the date and time of sale. The notification shall be made by telephone at the number furnished by the person, and also by telex if the person furnishes a telex number. Such notice may also include such other information as the Controller shall deem necessary.

Such notice shall provide, among other things, that each bid shall be accompanied by a certified or cashier's check or a financial surety bond from an insurance company in the amount of one percent (1%) of the principal amount of such series of the Bonds to guarantee performance on the part of the bidder; that if the Bonds are awarded to a bidder who has submitted a financial surety bond to the City, then such bidder must submit the required amount of the good faith deposit to the City in the form of a certified or cashier's check (or a wire transfer consisting of immediately available funds to the City as instructed by the City) not later than 3:00 p.m. (local time) on the next business day following the award by the City; that if such check or wire transfer is not received by that time, the financial surety bond may be drawn upon by the City to satisfy the deposit requirements; and that in the event the successful bidder shall fail or refuse to accept delivery of and pay for the Bonds as soon as the Bonds are ready for delivery, or at the time fixed in the notice of intent to sell bonds, then such check or financial surety bond and the proceeds thereof shall become the property of the City and shall be considered as the City's liquidated damages on account of such default.

All bids for Bonds sold at public sale shall be sealed and shall be presented to the Controller at the Controller's office, and the Controller shall continue to receive all bids offered until the time fixed for the sale of the Bonds, at which time and place the Controller shall open and consider each bid. Bidders for the Bonds shall be required to name the rate or rates of interest which the Bonds are to bear, not exceeding five percent (5.0%) per annum. Such interest rate or rates shall be in multiples of one-eighth (1/8) or one-hundredth (1/100) of one percent (1%). Bids specifying more than one interest rate shall also specify the amount and maturities of the series of Bonds bearing each rate, and all Bonds of a series maturing on the same date shall bear the same rate of interest. The interest rate on a series of Bonds of a given maturity must be at least as great as the interest rate on Bonds of such series of any earlier maturity. Subject to the provisions set forth below, the Controller shall award the Bonds to the bidder offering the lowest net interest cost to the City, to be determined by computing the total interest on all of the Bonds from the date thereof to their maturities and deducting therefrom the premium bid, if any, or adding thereto the amount of any discount. No bid for less than ninety-nine percent (99.0%) of the par value of the Bonds (or such higher percentage of the par value of the Bonds as determined by the Controller with the advice of the Financial Advisor and set forth in the Controller's Certificate), plus accrued interest, if any, at the rate or rates named to the date of delivery, will be considered. The Controller shall have full right to reject any and all bids. In the event no acceptable bid is received at the time fixed for the sale of the Bonds, the Controller shall be authorized to continue to receive bids from day to day thereafter for a period not to exceed thirty (30) days, without readvertising, pursuant to Indiana law.

The Controller is hereby authorized to determine, in the Controller's discretion, to sell the Bonds pursuant to the general provisions of Indiana Code 5-1-11 (rather than Section 2(b) thereof), and in the event of such a determination, those portions of this Section 9 which conflict with such provisions shall be deemed inapplicable.

(ii) Sale to the Authority. Any series of the Bonds may, in the discretion of the Controller based upon the advice of the Financial Advisor, be sold to the Authority. The Mayor and the Controller are hereby authorized to submit an application to the Authority for participation in the drinking water loan program (the "SRF Program") under Indiana

Code 4-4-11 and 13-18-21. The Financial Assistance Agreement for the Bonds and the Project shall be executed by the City and the Authority. The form of Financial Assistance Agreement shall be in substantially the form of the financial assistance agreement previously approved by one or more of the Prior Ordinances, and the Mayor, the Controller and/or the Clerk are hereby authorized to execute and/or attest the same on behalf of the City and to approve any changes in form or substance to the Financial Assistance Agreement, such approval to be conclusively evidenced by their execution. The Financial Assistance Agreement may set forth the definitive terms and conditions for such sale including the purchase price and interest rate, but all of such terms and conditions must be consistent with the terms and conditions of this Ordinance, including, without limitation, the interest rates on the Bonds which shall not exceed the maximum rate of interest for the Bonds authorized pursuant to this Ordinance. Bonds sold to the Authority shall be accompanied by all documentation required by the Authority pursuant to Indiana Code 4-4-11 and 13-18-21, and the Financial Assistance Agreement, including, without limitation, an approving opinion of a nationally recognized bond counsel, certification and guarantee of signatures and certification as to no litigation pending, as of the date of delivery of the Bonds to the Authority, challenging the validity or issuance of the Bonds. In the event the Controller determines to sell the Bonds to the Authority, the entry by the City into the Financial Assistance Agreement, the execution of the Financial Assistance Agreement by the Mayor, and, if required, the entry by the City into a purchase agreement or any other agreement with the Authority and the execution thereof by the Mayor, in accordance with this Ordinance are hereby authorized, approved and ratified.

Notwithstanding anything contained herein, the City may accept any other forms of financial assistance, as and if available, from the SRF Program (including without limitation (1) any forgivable loans, grants or other assistance whether available as an alternative to any Bond related provision otherwise provided for herein or as a supplement or addition thereto and (2) one or more series or combination of series of Bonds and/or BANs). If required by the SRF Program to be eligible for such financial assistance, one or more of the series of the Bonds or BANs issued hereunder may be issued on a basis such that the payment of the principal of or interest on (or both) such series of Bonds is junior and subordinate to the payment of the principal of and interest on other series of Bonds issued hereunder (and/or any other revenue bonds secured by a pledge of Net Revenues, whether now outstanding or hereafter issued), all as provided by the terms of such series of Bonds as modified pursuant to this authorization. Such financial assistance, if any, shall be as provided in the Financial Assistance Agreement and the Bonds of each series of Bonds and the BANs of each series of BANs issued hereunder (including any modification made pursuant to the authorization in this paragraph to the form of Bond otherwise contained herein).

(d) Credit Enhancement; Opinion of Bond Counsel. Prior to the delivery of the Bonds and the BANs, the Controller (i) shall be authorized to investigate, negotiate and obtain bond insurance, other forms of credit enhancement and/or credit ratings on the Bonds (and the BANs, if issued) and (ii) shall obtain a legal opinion as to the validity of the Bonds (and the BANs, if issued) from Faegre Baker Daniels LLP, Indianapolis, Indiana, bond counsel for the City, with such opinion or opinions to be furnished to the purchaser or purchasers of the Bonds or to the purchaser of the BANs at the expense of the City. The costs of obtaining any such insurance, other credit enhancement and/or credit ratings, together with bond counsel's fee in preparing and delivering such opinion or opinions and in the performance of related services in connection with the issuance, sale and delivery of the Bonds and the BANs, shall be considered as a part of the cost of the Project and shall be paid out of the proceeds of the Bonds and BANs, respectively.

SECTION 10. Disposition of Proceeds of the Bonds and BANs; City of Bloomington, Waterworks Construction Account. All accrued interest, if any, received at the time of the delivery of the Bonds shall be deposited in the Waterworks Sinking Fund. The remaining proceeds from the sale of the Bonds, to the extent not used to refund the BANs, and BAN proceeds shall be deposited in a bank or banks which are legally qualified depositories for the funds of the City, in the special account to be designated as "City of Bloomington, Waterworks Construction Account" (the "Construction Account"). Amounts in the Construction Account shall be expended only for the purpose of paying the costs of the Project, refunding the BANs, if

issued, paying the costs of issuance of the Bonds and the BANs, if the BANs are issued, or as otherwise permitted or required by the Act. Any balance or balances remaining unexpended in the Construction Account after completion of the Project, which are not required to meet unpaid obligations incurred in connection with the acquisition, construction, installation or equipping of the Project, shall be used solely for one or more of the purposes permitted under the provisions of Indiana Code 5-1-13, as amended, or be applied upon the terms set forth in the Financial Assistance Agreement.

Notwithstanding the provisions of this Section 10, if BANs are issued, then the proceeds of the Bonds relating thereto shall be used to refund the BANs or to pay additional Project costs and are hereby pledged for such purposes, and any proceeds of the Bonds remaining after the BANs have been paid in full and after completion of the Project shall be used solely for one or more of the purposes permitted under the provisions of Indiana Code 5-1-13, as amended.

If the Bonds are sold to the Authority, to the extent that (i) the total principal amount of the Bonds is not paid by the purchaser or drawn down by the City or (ii) proceeds remain in the Construction Account and are not applied to the Project (or any modifications or additions thereto approved by the Authority), the City shall reduce the principal amount of the Bonds' maturities to effect such reduction in a manner that will still achieve as level an annual debt service as practicable as described in Section 3 of this Ordinance subject to and upon the terms forth in the Financial Assistance Agreement.

SECTION 11. Segregation and Application of Waterworks Revenues. All revenues derived from the operation of the Waterworks and from the collection of water rates and charges shall be deposited in a fund previously established and continued hereby and designated as the Waterworks Revenue Fund and segregated and kept separate and apart from all other funds and bank accounts of the City. Out of said revenues the proper and reasonable expenses of operation and maintenance of the Waterworks shall be paid, the requirements of the Waterworks Sinking Fund shall be made and fiscal agency charges of bank registrars and paying agents shall be paid, and the costs of replacements, extensions, additions and improvements shall be paid as hereinafter provided.

SECTION 12. Operation and Maintenance Fund. There is hereby continued from the Prior Ordinances an Operation and Maintenance Fund consisting of a General Account (the "General Account"). On the last day of each calendar month, there shall be credited from the Revenue Fund to the General Account a sufficient amount of the revenues of the Waterworks so that the balance maintained in the General Account shall be sufficient to pay the expenses of operation and maintenance of the Waterworks for the next succeeding two (2) calendar months. The moneys credited to the General 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 with respect to the Waterworks. Any moneys in the General Account may be transferred to the Waterworks Sinking Fund previously established and continued hereby if necessary to prevent a default in the payment of principal of or interest on outstanding bonds of the Waterworks.

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 Board, and in a manner consistent with the requirements of this Ordinance.

SECTION 13. Waterworks Sinking Fund.

(a) There is hereby continued from the Prior Ordinances a Waterworks Sinking Fund (defined herein as the "Waterworks Sinking Fund" or "Sinking Fund") 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, and the payment of any fiscal agency charges in connection with the payment of such bonds and interest thereon. There shall be set aside and deposited in the Sinking Fund, as available, and as provided below, a sufficient amount of the Net Revenues of the Waterworks to meet the requirements of the Bond and Interest Account and the Debt Service Reserve Account previously established and continued hereby in the Sinking Fund. Such

payments shall continue until the balance in the Bond and Interest Account, plus the balance in the Debt Service Reserve Account, if any, equals the principal of and interest on all of the then outstanding bonds of the Waterworks to their final maturity and provision is made for the payment of all fiscal agency charges in connection therewith.

(b) Bond and Interest Account. There shall be credited on the last day of each calendar month to the Bond and Interest Account previously established and continued hereby, an amount of Net Revenues of the Waterworks equal to the sum of at least one-sixth (1/6) of the interest on all then outstanding bonds of the Waterworks payable on the then next succeeding Interest Payment Date, and at least one-sixth (1/6) of the principal of all then outstanding bonds of the Waterworks payable on the then next succeeding principal payment date, until the amount of interest and principal payable on the next succeeding respective principal and interest payment dates shall have been so credited; provided that such fractional amounts shall be appropriately increased, if necessary, to provide for the first interest and first principal payments on the Bonds. There shall similarly be credited to the account the amount necessary to pay the bank fiscal agency charges, if any, for paying principal and interest on outstanding bonds of the Waterworks as the same become payable. The City shall, from the sums deposited in the Sinking Fund and credited to the Bond and Interest Account, remit promptly to the registered owners of the outstanding bonds of the Waterworks or to the bank fiscal agency sufficient moneys to pay the principal and interest on the due dates thereof together with the amount of any bank fiscal agency charges.

(c) Debt Service Reserve Account. The City has funded with cash of has purchased Surety Bonds ("Outstanding Surety Bonds") to satisfy the reserve requirements for the Prior Bonds, which cash and Outstanding Surety Bonds are held in the Debt Service Reserve Account (the "Reserve Account") as a reserve for the Prior Bonds.

For each series of Bonds issued under this Ordinance, the City shall purchase a Surety Bond, or use Bond proceeds, funds on hand or a combination thereof, to fund the Reserve Account for said series of Bonds. Upon the issuance of each series of Bonds, the Reserve Account shall contain for said series of Bonds an amount equal to the least of (i) the maximum annual debt service on said series of Bonds, (ii) one hundred twenty-five percent (125%) of the average annual debt service on said series of Bonds, or (iii) ten percent (10%) of the proceeds of said series of Bonds; provided, however, that for so long as the Indiana Finance Authority is the owner of any Prior Bonds, the Bonds or any other bonds payable from the Net Revenues of the Waterworks, the total balance maintained in the Reserve Account (taking into account the Outstanding Surety Bonds, any other Surety Bonds, and any cash held therein) shall not be less than the maximum annual debt service on the Prior Bonds and the Bonds (the "Reserve Requirement").

The Reserve Account shall constitute the margin for safety as a protection against default in the payment of principal of and interest on the Prior Bonds and the Bonds (and any other parity bonds of the City payable from the Net Revenues of its Waterworks hereafter issued so long as the Reserve Requirement has been increased proportionately), and the moneys in the Reserve Account shall only be used to pay current principal and interest on the Bonds and the Prior Bonds to the extent that moneys in the Bond and Interest Account are insufficient for that purpose. If it becomes necessary to draw upon the Reserve Account to pay the Prior Bonds or the Bonds, the City shall first draw down the cash in the Reserve Account, if any, and next initiate draws on any Surety Bonds held therein, including the Outstanding Surety Bonds, on a pro rata basis, to meet such payments when due. Notwithstanding the foregoing sentence, if the Reserve Requirement for the Bonds is funded in whole or in part with cash rather than in whole with a Surety Bond, the City shall, if necessary to pay principal of or interest on the Bonds, use the cash in the Reserve Account to first pay such principal of or interest on the Bonds before such cash is used on the Prior Bonds. Any deficiency in the balance maintained in the 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 Reserve Account are transferred to the Bond and Interest Account to pay principal and interest on the Prior Bonds or Bonds, respectively, then such depletion of the balance in the Reserve Account shall be made up from the next available Net Revenues after the credits into the Bond and Interest Account hereinbefore provided for. Any moneys in the Reserve Account in excess of the Reserve Requirement shall be transferred to the Waterworks Improvement Fund, and in no event shall such excess moneys be held in the Reserve Account.

(d) Depository Agreements. The Sinking Fund, containing the Bond and Interest Account and the Reserve Account, and/or the Construction Account may be held by a financial institution acceptable to the Authority, pursuant to terms acceptable to the Authority. If the Sinking Fund and the accounts therein are held in trust, the City shall transfer the monthly required amounts of Net Revenues to the Bond and Interest Account and the Reserve Account, and the financial institution holding such funds in trust shall be instructed to pay the required payments in accordance with the payment schedules for the City's outstanding bonds. The Common Council hereby authorizes the Mayor and the Controller to execute and deliver an agreement with a financial institution to reflect this trust arrangement for the Sinking Fund and/or the Construction Account.

SECTION 14. Waterworks Improvement Fund. As set forth in Section 12 hereof, revenues may be transferred or credited from the General Account to the "Waterworks Improvement Fund" hereby continued (the "Improvement Fund"). Subject to the provisions of the Prior Ordinances, the Improvement Fund shall be used for (a) improvements, replacements, additions and extensions of the Waterworks, (b) for payments in lieu of taxes, and (c) for any other lawful purpose related to the Waterworks. Moneys in the Improvement Fund shall be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal and interest on the then outstanding bonds payable from the Sinking Fund or if necessary to eliminate any deficiencies in credits to or minimum balances, if any, in the Reserve Account. Moneys in the Improvement Fund also may be transferred to the Operation and Maintenance Fund to meet unforeseen contingencies in the operation and maintenance of the Waterworks.

SECTION 15. Priority of Payments. All revenues of the Waterworks shall be paid in the following order, with the priority as indicated:

(a) First to pay all expenses of the operation and maintenance of the Waterworks;

(b) Second, on a pari passu (parity) basis, to pay all principal of and interest on the Prior Bonds, the Bonds and any bonds hereafter issued which rank on a parity with the Bonds;

(c) Third, on a pari passu (parity) basis, to replenish any cash drawn from the Reserve Account if the Reserve Requirement (as defined in Ordinance No. 01-42) for the 2003 New Money Bonds or the 2003 Refunding Bonds is satisfied, in whole or in part, with cash and to replenish any surety bonds in place for either the Prior Bonds or the Bonds;

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

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

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

SECTION 16. Separation of Funds; Investment of Moneys Therein. The Waterworks Sinking Fund shall be deposited in and maintained as a separate bank account or accounts from all other bank accounts of the City. The Operation and Maintenance Fund and the Waterworks Improvement Fund may be maintained in a single bank account, or accounts, but such bank account, or accounts, shall likewise be maintained separate and apart from all other bank accounts of the City and apart from the Waterworks Sinking Fund bank account or accounts. Each of the funds and accounts of the Waterworks shall be deposited, held, secured or invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds, including, particularly, applicable provisions of Indiana Code 5-13-9, as amended. Any interest or income derived from any such investments shall become a part of the moneys in the fund or account so invested, provided, however, that income derived from investment of moneys in the Debt Service Reserve Account of the Waterworks Sinking Fund, if any, which result in the amount of moneys therein to be in excess of the Reserve Requirement shall be transferred to the Waterworks Improvement Fund.

SECTION 17. Books of Record and Accounts. The City shall keep proper books of record 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 deposited in said funds, and all disbursements made therefrom on account of the operation of the works, and to meet the requirements of the Waterworks Sinking Fund, and all other financial transactions relating to said works. There shall be prepared and furnished, upon written request, to any owner of the Bonds or BANs at the time then outstanding, not more than ninety (90) days after the close of each fiscal year, complete financial statements of the works, covering the preceding fiscal year, which annual statements shall be certified by the Controller or by licensed independent public accountants employed for that purpose. Copies of all such statements and reports shall be kept on file in the office of the Director of the City of Bloomington Utilities. Any owner or owners of the Bonds or BANs then outstanding shall have the right at all reasonable times to inspect the works and all records, accounts and data of the City relating thereto. Such inspections may be made by representatives duly authorized by written instrument.

If the Bonds or BANs are sold to the Authority, the City shall establish and maintain the books and other financial records of the Project (including the establishment of a separate account or subaccount for the Project) and the Waterworks in accordance with (i) generally accepted accounting standards for utilities, on an accrual basis, as promulgated by the Government Accounting Standards Board, and (ii) the rules, regulations and guidance of the State Board of Accounts.

SECTION 18. Covenant with Respect to Rates and Charges. The City shall establish, maintain and collect reasonable and just and equitable rates and charges for facilities and services afforded and rendered by the Waterworks, which shall to the extent permitted by law produce sufficient revenues at all times to pay all the legal and other necessary expense incident to the operation of the Waterworks, to include maintenance costs, operating charges, upkeep, repairs, interest charges on bonds or other obligations, to provide for the proper operation, repair and maintenance of the Waterworks, 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 the Waterworks, 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 Prior Bonds, the Bonds and bonds hereafter issued on a parity with the Bonds. So long as any of the Bonds are outstanding, none of the facilities or services afforded or rendered by the Waterworks 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 the Waterworks to the City, and all such payments shall be deemed to be revenues of the Waterworks. Such rates and charges shall, if necessary, be changed and adjusted 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.

SECTION 19. Defeasance. If, when the Bonds or BANs issued hereunder (or portions 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 BANs (or portions thereof) for redemption shall have been given, and the whole amount of the principal, the interest and the premium, if any, so due and payable upon all of the Bonds or BANs (or portions thereof) then outstanding shall be paid; or (i) sufficient moneys, or (ii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, the principal of and the interest on which when due will provide sufficient moneys, or (iii) time certificates of deposit fully secured as to both principal and interest by obligations of the kind described in (ii) above of a bank or banks the principal of and interest on which when due will provide sufficient moneys, shall be held in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case the Bonds or BANs, as applicable (or portions thereof), issued hereunder shall no longer be deemed outstanding or entitled to the pledge of the Net Revenues of the City's Waterworks.

SECTION 20. Additional BANs and Bonds. The City reserves the right to authorize and issue additional BANs at any time ranking on a parity with the BANs so long as the interest is payable only on the same date(s) as that provided in the BAN Purchase Agreement and the principal is payable solely from the Bond proceeds. The City also reserves the right to authorize and issue additional bonds, payable out of the Net Revenues of its Waterworks, ranking on a parity with the Prior Bonds and with the Bonds authorized by this Ordinance, for the purpose of financing the cost of future additions, extensions and improvements to the Waterworks, or to refund obligations, subject to the following conditions:

(a) All required payments into the Sinking Fund and the accounts thereof shall have been made in accordance with the provisions of this Ordinance, and the interest on and principal of all bonds payable from the Net Revenues of the Waterworks shall have been paid to date in accordance with their terms. The Reserve Account must contain, for all outstanding bonds, upon the issuance of additional parity bonds, (i) the reserve requirement for all outstanding bonds or (ii) reserve insurance must be obtained for all outstanding bonds, and for the additional parity bonds, the Reserve Account must contain, upon the issuance of additional parity bonds, (i) the lesser of (1) maximum annual debt service on the additional parity bonds, (2) one hundred twenty-five percent (125%) of the average annual debt service on the additional parity bonds, or (3) ten percent (10%) of the proceeds of the additional parity bonds, provided, however, that for so long as the Indiana Finance Authority owns any Prior Bonds, such amount shall be equal to the maximum annual debt service on the additional parity bonds, or (ii) reserve insurance must be attained for the additional parity bonds. For purposes of this subsection, proceeds of the additional parity bonds shall mean the face amount of the additional parity bonds plus premium, if any, less original issue discount, if any. As long as the Surety Bond for the 2000 Bonds is in effect, only a Qualified Surety Bond (as defined in the 2000 Ordinance) may be used as reserve insurance and, for so long as the 2000 Bonds or the 2003 New Money Bonds are outstanding, any Surety Bond for the reserve must be from a company, and in a form, acceptable to the Indiana Finance Authority.

(b) The Net Revenues of the Waterworks in the calendar year immediately preceding the issuance of any such additional bonds ranking on a parity with the Bonds authorized by this Ordinance shall be not less than one hundred twenty-five percent (125%) of the maximum annual interest and principal requirements of the then outstanding bonds and the additional parity bonds proposed to be issued; or, prior to the issuance of said parity bonds, the water rates and charges shall be increased sufficiently so that said increased rates and charges applied to the previous calendar year's operations would have produced Net Revenues for said year equal to 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. For purposes of this subsection, the records of the Waterworks shall be analyzed and all showings shall be 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 Board or any outstanding fund balances from prior years.

(c) The principal of said additional parity bonds shall be payable semiannually on January 1 and July 1 and the interest on said additional parity bonds shall be payable semiannually on January 1 and July 1 in the years in which such principal and interest are payable.

(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) If the Bonds are sold to the Authority, (i) the City has obtained the consent of the Authority, (ii) the City has faithfully performed and is in compliance with each of its obligations, agreements and covenants contained in the Financial Assistance Agreement and this Ordinance, and (iii) the City is in compliance with its waterworks permits, except for non-compliance for which the bonds are to be issued, including refunding bonds issued prior to, but part of, the overall plan to eliminate such non-compliance.

SECTION 21. Additional Covenants of the City. For the purpose of further safeguarding the interests of the owners of the Bonds and BANs, it is specifically provided as follows:

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

(b) Said additions and improvements shall be constructed under the supervision and subject to the approval of the Consulting Engineers or such other competent engineer as shall be designated by the Common Council. All estimates for work done or material furnished shall first be checked by the Consulting Engineers and approved by the Common Council.

(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 Bonds or BANs are outstanding, the City shall maintain insurance coverage (which must be acceptable to the Authority if the Authority owns the Bonds or the BANs), including fidelity bonds, to protect the Waterworks and its operations 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. All insurance proceeds and condemnation awards shall be used in replacing or restoring the property destroyed, damaged or taken; alternatively, they may be applied as Net Revenues of the works, but only with the consent of the Authority, if the Bonds or BANs have been sold to the Authority.

(e) So long as any of the Bonds or BANs are outstanding, the City shall not mortgage, pledge or otherwise encumber such works, or any part thereof, nor shall it sell, lease or otherwise dispose of any portion thereof except to replace equipment which may become worn out or obsolete.

(f) If the Bonds or BANs are sold to the Authority to finance Eligible Costs (as defined in the Financial Assistance Agreement), the City shall not borrow any money, enter into any contract or agreement or incur any other liabilities in connection with the Waterworks, other than for normal operating expenditures, without the prior written consent of the Authority, if such undertaking would involve, commit or use the revenues of the Waterworks.

(g) Except as hereinbefore provided in Section 20 hereof, so long as any of the Bonds 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, unless all of the Bonds are redeemed, retired or defeased pursuant to Section 19 hereof coincidentally with the delivery of such additional bonds or other obligations.

(h) The provisions of this Ordinance shall constitute a contract by and between the City and the owners of the Bonds and BANs, and after the issuance of said Bonds and BANs, subject to the rights of the City under Sections 25 and 26 hereof, this Ordinance shall not be repealed or amended in any respect which will adversely affect the rights of the owners of said Bonds and BANs, nor shall the Common Council adopt any law, ordinance or resolution which in any way adversely affects the rights of such owners so long as any of said Bonds or BANs or the interest thereon remains unpaid. Except with respect to amendments described in Section 26(a) through (g) hereof, however, this Ordinance may be amended without the consent of the owners of the Bonds or the BANs (i) if, among other things, the Common Council determines, in its sole discretion, that such amendment would not adversely affect the owners of the Bonds or the BANs, respectively, and (ii) as otherwise permitted pursuant to Section 25 or 26 hereof; provided, however, that if the Bonds or BANs are sold to the Authority, the City shall obtain the prior written consent of the Authority.

(i) The provisions of this Ordinance shall be construed to create a trust in the proceeds of the sale of the Bonds and BANs for the uses and purposes herein set forth, and the owners of the Bonds and BANs shall retain a lien on such respective proceeds until the same are applied in accordance with the provisions of this Ordinance and of the 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 Waterworks Sinking Fund for the uses and purposes of said fund as in this Ordinance set forth. The owner of said Bonds and BANs shall have all of the rights, remedies and privileges under Indiana law in the event of default in the payment of the principal of or interest on any of the Bonds or BANs or in the event of default in respect to any of the provisions of this Ordinance or the Act.

SECTION 22. Permitted Actions Relating to Preservation of Exclusion of Interest from Federal Gross Income.

(a) The Controller is hereby authorized to invest moneys pursuant to the provisions of this Ordinance and Indiana Code 5-1-14-3 at a restricted yield (subject to applicable requirements of federal law to insure that any such investment is acquired for fair market value) to the extent necessary or advisable to preserve the exclusion from gross income of interest on the Bonds and BANs, or the tax exempt status of interest on the Bonds and BANs, under federal law.

(b) The Controller shall keep full and accurate records of investment earnings and income from moneys held in the funds and accounts created or referenced herein. In order to comply with the provisions of this Ordinance, the Controller is hereby authorized and directed to employ consultants or attorneys from time to time to advise the City as to requirements of federal law to preserve the tax exclusion or exemption.

SECTION 23. Tax Covenants. In order to preserve the exclusion of interest on the Bonds and BANs from gross income for federal income tax purposes and as an inducement to purchasers of the Bonds and BANs, the City represents, covenants and agrees that:

(a) No person or entity or any combination thereof, other than the City or any other governmental unit ("Governmental Unit") within the meaning of Section 141(b)(6) and Section 150(a)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), will use more than ten percent (10%) of the proceeds of the Bonds or BANs or property financed by the Bond or BAN proceeds other than as a member of the general public. No person or entity or combination thereof, other than the City or any other Governmental Unit will own property financed by more than ten percent (10%) of the Bond or BAN 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 a take-or-pay or other type of 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, except pursuant to a management or similar contract which satisfies the requirements of IRS Revenue Procedure 97-13.

(b) No Bond or BAN proceeds will be loaned to any entity or person. No Bond or BAN proceeds will be transferred, directly or indirectly, or deemed transferred to a nongovernmental person in any manner that would in substance constitute a loan of the Bond or BAN proceeds.

(c) The City will not take, or cause or permit to be taken by it or by any party under its control, or fail to take or cause or permit to fail to be taken by it or by any party under its control, any action with respect to the Bonds or BANs that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Bonds or BANs pursuant to Section 103 of the Code, nor will the City act in any other manner which would adversely affect such exclusion. The City further covenants that it will not make any investment or do any other act or thing during the period that any Bond or BAN is outstanding hereunder which would cause any Bond or BAN to be an "arbitrage bond" within the meaning of Section 148 of the Code and the regulations applicable thereto as in effect on the date of delivery of the Bonds or BANs.

(d) The City will, to the extent necessary to preserve the exclusion of interest on the Bonds and BANs from gross income for federal income tax purposes, rebate all required arbitrage profits on Bond and BAN proceeds or other moneys treated as Bond or BAN proceeds to the federal government and will set aside such moneys in a Rebate Account to be held by the Controller in trust for such purpose.

SECTION 24. Compliance with Tax Sections. Notwithstanding any other provisions of this Ordinance, the covenants and authorizations contained in this Ordinance (the "Tax Sections") which are designed to preserve the tax-exempt status of interest on the Bonds and BANs or the exclusion of interest on the Bonds and BANs from gross income under federal law (the "Tax Exemption") need not be complied with if the City receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption. In addition, the City is authorized to issue one or more series of Bonds or BANs, the interest on which is not excludable from gross income under federal law, in which case the Tax Sections of this Ordinance shall not apply to such series of Bonds or BANs.

SECTION 25. Supplemental Ordinances Without Consent. Without notice to or consent of the owners of the Bonds or BANs herein authorized, the City may, from time to time and at any time, adopt an ordinance or ordinances supplemental hereto (which supplemental ordinance or ordinances shall thereafter form a part hereof) for any of the following purposes:

(a) To cure any ambiguity or formal defect or omission in this Ordinance or in any supplemental ordinance or to make any other change authorized herein;

(b) To grant to or confer upon the owners of the Bonds and BANs any additional benefits, rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the owners of the Bonds and BANs or to make any change which, in the judgment of the City, is not to the prejudice of the owners of the Bonds or BANs;

(c) To modify, amend or supplement this Ordinance to permit the qualification of the Bonds or BANs for sale under the securities laws of the United States of America or of any of the states of the United States of America or to obtain or maintain bond insurance or other credit enhancement with respect to payments of principal of and interest on Bonds or BANs;

(d) To provide for the refunding or advance refunding of the Bonds;

(e) To procure a rating on the Bonds from a nationally recognized securities rating agency or agencies designated in such supplemental ordinance if such supplemental ordinance will not adversely affect the owners of the Bonds or any other bonds ranking on a parity with such Bonds; or

(f) To accomplish any other purpose which, in the judgment of the City, does not adversely affect the interests of the owners of the Bonds or BANs;

provided, however, that if the Bonds or BANs are sold to the Authority, the City shall obtain the prior written consent of the Authority..

SECTION 26. Supplemental Ordinances Without Consent. Subject to the terms and provisions contained in this Section 26 and Section 21(h) of this Ordinance, and not otherwise, the owners of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Bonds issued pursuant to this Ordinance and then outstanding shall have the right, from time to time, anything contained in this Ordinance to the contrary notwithstanding, to consent to and approve the adoption by the City of such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this Ordinance, or in any supplemental ordinance; provided, however, that if the Bonds or BANs are sold to the Authority, the City shall obtain the prior written consent of the Authority; and provided, further, that nothing herein contained shall permit or be construed as permitting:

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

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

(c) The creation of a lien upon or a pledge of the Net 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; or

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

If the owners of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Bonds outstanding at the time of adoption of such supplemental ordinance shall have consented to and approved the adoption thereof by written instrument to be maintained on file in the office of the Controller of the City, no owner of any Bond issued pursuant to this Ordinance shall have any right to object to the adoption of such supplemental ordinance or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City or its officers from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental ordinance pursuant to the provisions of this Section 26, this Ordinance shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Ordinance of the City and all owners of Bonds issued pursuant to the provisions of this Ordinance then outstanding, shall thereafter be determined, exercised and enforced in accordance with this Ordinance, subject in all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this Ordinance, the rights and obligations of the City and of the owners of the Bonds authorized by this Ordinance, and the terms and provisions of the Bonds and this Ordinance, or any supplemental ordinance, may be modified or altered in any respect with the consent of the City and the consent of the owners of all the Bonds issued pursuant to this Ordinance then outstanding.

SECTION 27. Reimbursement of Preliminary Expenditures. The Common Council hereby declares that, for the purpose of evidencing compliance with Indiana Code 5-1-14-6 and Section 1.150-2 of the Treasury Regulations, it reasonably expects to reimburse with the proceeds of the Bonds or BANs (in an amount not to exceed and payable from the sources set forth above) expenditures for the payment of the costs of the Project made by or on behalf of the City prior to the issuance of the Bonds or BANs during the period beginning on the date sixty (60) days prior to the effective date of this Ordinance until the date of issuance of the Bonds or BANs, as the case may be, which expenditures are expected to be paid initially from other legally available funds of the City.

SECTION 28. Repeal of Conflicting Ordinances. All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions of this Ordinance, are, to the extent of such conflict, hereby repealed; provided, however, that this Ordinance shall not be deemed in any way to repeal, amend, alter or modify any of the Prior Ordinances, nor be construed as adversely affecting the rights of any of the owners of the outstanding Prior Bonds.

SECTION 29. Rates and Charges. The estimate of rates and charges which will be needed and charged to the general classes of users of property to be served by the Waterworks in order to provide sufficient moneys to make payments of principal of and interest on the Bonds, along with the other payments identified in this Ordinance, is set forth in Ordinance No. 16-08, adopted by the Common Council on June 15, 2016.

SECTION 30. Official Statement. Any series of the Bonds may be offered and sold pursuant to an Official Statement or other offering document with respect to such Bonds (the "Official Statement"), to be made available and distributed in such manner, at such times, for such periods and in such number of copies as may be required pursuant to Rule 15c2-12 promulgated by the United States Securities and Exchange Commission (the "Rule") and any and all applicable rules and regulations of the Municipal Securities Rulemaking Board. The City hereby authorizes the Controller (a) to authorize and approve a Preliminary Official Statement, as the same may be appropriately confirmed, modified and amended for distribution as the Preliminary Official Statement of the City; (b) on behalf of the City, to designate the Preliminary Official Statement a "final" Official Statement with respect to such Bonds, subject to completion as permitted by and otherwise pursuant to the Rule; and (c) to authorize and approve the Preliminary Official Statement to be placed into final form and to enter into such agreements or arrangements as may be necessary or advisable in order to provide for the distribution of a sufficient number of copies of the Official Statement under the Rule. The Mayor and the Controller are further authorized to execute and attest, respectively, an agreement in connection with the offering of such Bonds in accordance with the Rule by which the City agrees to undertake such continuing disclosure obligations as may be required under the Rule.

SECTION 31. Controller's Certificate. The Controller shall, prior to the sale of the Bonds, set forth in a certificate (the "Controller's Certificate") the principal payment schedule for the Bonds, the percentage of par at which the Bonds shall be sold and any other matters required by this Ordinance to be provided in the Controller's Certificate.

SECTION 32. Payments on Holidays. If the date of making any payment or the last date for performance of any act or the exercising of any right, as provided in this Ordinance, shall be a legal holiday or a day on which banking institutions in the City or in the town or city in which the Registrar and Paying Agent is located are typically closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are typically closed, with the same force and effect as if done on the nominal date provided in this Ordinance, and no interest shall accrue for the period after such nominal date. Notwithstanding the foregoing, with respect to any Bonds sold to the Authority pursuant to Section 9 of this Ordinance, if the date for making any payment is a day when financial institutions are not open for business, such payment shall be made on the business day immediately preceding such payment date.

SECTION 33. Separability. If any section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 34. Captions. The captions in this Ordinance are inserted only as a matter of convenience and reference, and such captions are not intended and shall not be construed to define, limit, establish, interpret or describe the scope, intent or effect of any provision of this Ordinance.

SECTION 35. Effectiveness. This Ordinance shall be in full force and effect from and after its passage.

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this 12th day of July, 2016.

ANDY RUFF, President
Bloomington Common Council

ATTEST:

NICOLE BOLDEN, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this 13th day of July, 2016.

NICOLE BOLDEN, Clerk
City of Bloomington

This Ordinance SIGNED and APPROVED by me upon this 13th day of July, 2016.

JOHN HAMILTON, Mayor
City of Bloomington

SYNOPSIS

This ordinance authorizes the issuance of waterworks revenue bonds in an amount not to exceed $4.6 million for improvements and extensions to the City's waterworks.

Please note that this ordinance was edited after it was issued in the Council's Legislative Packet, but before it was introduced at First Reading, to add a synopsis.

APPENDIX A

[Form of Bond]

UNITED STATES OF AMERICA
STATE OF INDIANA, COUNTY OF MONROE
CITY OF BLOOMINGTON, INDIANA,
WATERWORKS REVENUE BOND OF 20___

No. ___R-____

Interest Rate	[Maturity Date]	Original Date	Authentication Date	[CUSIP No.]

Registered Owner:

Principal Amount:

The City of Bloomington (the "City"), in Monroe County, State of Indiana, for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, upon surrender hereof, solely out of the special revenue fund hereinafter referred to, the Principal Amount stated above, [on the Maturity Date stated above][or so much thereof as may be advanced from time to time and be outstanding as evidenced by the records of the registered owner making payment for this Bond, on January 1 and July 1 on the dates and in the amounts as set forth on Schedule A attached hereto] (unless this bond be subject to and shall have been called for redemption prior to maturity as hereinafter provided), and to pay interest hereon until the Principal Amount is fully paid at the Interest Rate per annum stated above from the interest payment date to which interest has been paid next preceding the Authentication Date of this bond, unless this bond is authenticated after the fifteenth day of the calendar month immediately preceding an interest payment date and on or before such interest payment date, in which case it shall bear interest from such interest payment date, or unless this bond is authenticated on or before _____ 15, 20___, in which case it shall bear interest from the Original Date stated above. Interest on this bond shall be payable semiannually on January 1 and July 1 of each year, commencing _____ 1, 20____, and shall be calculated on the basis of twelve (12) thirty (30)-day months for a three hundred sixty (360)-day year.

The principal of and premium, if any, on this bond are payable at the principal office of _____ in the _____ of _____, Indiana, as Registrar and Paying Agent (which term shall include any successor registrar and paying agent). All payments of interest hereon shall be paid by check or draft mailed or delivered by the Paying Agent to the Registered Owner hereof at the address as it appears on the registration books of the Registrar as of the fifteenth day of the calendar month immediately preceding the applicable interest payment date or at such other address as is furnished to the Registrar and Paying Agent in writing by such Registered Owner. All payments on this bond shall be made in any coin or currency of the United States of America which, on the dates of such payments, shall be legal tender for the payment of public and private debts.

[Notwithstanding the foregoing, if payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds.] [Notwithstanding the foregoing paragraph, so long as this bond is registered in the name of the Indiana Finance Authority (the "Authority"), principal of and interest on this bond shall be paid by wire transfer to a financial institution designated by the Authority on the due date of such payment or, if such date is a day when financial institutions are not open for business, on the business day immediately preceding such due date. So long as the Authority is the registered owner of this bond, this bond shall be presented for payment as directed by the Authority.]

[So long as the Authority is the registered owner of this bond, it is understood that the principal hereof shall not be payable and interest hereon shall not accrue until such principal amount has been advanced pursuant to a request made by the City to the Authority.]

This bond and the other bonds of this issue, together with the interest payable hereon and thereon, are payable solely from and secured by an irrevocable pledge of and constitute a first charge upon all of 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), derived from the waterworks of the City, including the existing works, the improvements and extensions acquired or constructed out of the proceeds of this bond and the issue of which it is a part, and all additions and improvements thereto subsequently acquired or constructed. This bond and the other bonds of this issue rank on a parity basis with the Prior Bonds, as defined in the Ordinance. The City shall not be obligated to pay the principal of or interest on this bond except from the special fund, entitled the "Waterworks Sinking Fund" (heretofore created by ordinance of the City and continued under the Ordinance as hereinafter described), provided from the Net Revenues of such waterworks, and neither this bond nor any of the bonds of the issue of which this bond is a part shall constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana.

This bond is one of an authorized issue of bonds of the City of Bloomington, Indiana, of like tenor and effect, except as to series, numbering, interest rate and date of maturity, in the aggregate principal amount of _____ Dollars ($_____) numbered from ___R-1 upward, issued for the purpose of providing funds to pay the cost of certain improvements and extensions to the waterworks of the City (the "Waterworks"), [and to refund notes issued in anticipation of the bonds,] and all expenses necessarily incurred in connection with the issuance of such bonds, as authorized by an ordinance adopted by the Common Council of the City on the _____ day of _____, 2016, entitled "An Ordinance of the Common Council of the City of Bloomington, Indiana, Authorizing the Acquisition, Construction, Installation and Equipping by the City of Bloomington, Indiana, of Certain Improvements and Extensions to the City's Waterworks, the Issuance and Sale of Revenue Bonds to Provide Funds for the Payment of the Costs Thereof, the Issuance and Sale of Bond Anticipation Notes in Anticipation of the Issuance and Sale of Such Bonds, and the Collection, Segregation and Distribution of the Revenues of Such Waterworks and Other Related Matters" (the "Ordinance"), and in strict compliance with the provisions of Indiana Code, Title 8, Article 1.5, and the laws amendatory thereof and supplemental thereto (the "Act").

Reference is hereby made to the Ordinance for a description of the nature and extent of the rights, duties and obligations of the owner of the bonds and the City and the terms on which this bond is issued, and to all the provisions of the Ordinance to which the owner hereof by the acceptance of this bond assents. [Reference is hereby made to the Financial Assistance Agreement between the City and the Authority as to certain terms and covenants pertaining to the sewage works project and this bond (the "Financial Assistance Agreement").]

This bond is issuable only in fully registered form in the denomination of _____ Dollars ($_____) or any integral multiple thereof not exceeding the aggregate principal amount of the bonds of this issue maturing in any one year[,unless this bond is of a series of bonds sold to the Authority, in which case it may be of such denomination as directed].

Pursuant to the provisions of the Act and the Ordinance, the principal of and interest on this bond and all other bonds of this issue, together with the Prior Bonds and any bonds hereafter issued on a parity herewith and therewith, are secured by and are payable solely from the Waterworks Sinking Fund heretofore created, and continued by the Ordinance, to be provided from the Net Revenues derived from the Waterworks, including the existing works, the improvements and extensions acquired or constructed out of the proceeds of this bond and the issue of which it is a part, and all additions and improvements thereto and replacements thereof subsequently constructed and acquired. This bond does not and shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana, and the City is not and shall not be obligated to pay this bond or the interest thereon except from such special fund provided from such Net Revenues.

The City irrevocably pledges the entire Net Revenues of the Waterworks, to the extent necessary for such purposes, to the prompt payment of the principal of and interest on the bonds of this issue authorized pursuant to the Ordinance, including this bond, the Prior Bonds and any

bonds hereafter issued on a parity herewith and therewith. The City covenants that it will to the fullest extent permitted by law cause to be fixed, maintained and collected such rates and charges for services rendered by such works as are sufficient in each year for the payment of the proper and reasonable expenses of operation and maintenance of said works, to comply with and satisfy all covenants contained in the Ordinance [and the Financial Assistance Agreement], and for the payment of the sums required to be paid into said Sinking Fund under the provisions of said Act and said Ordinance. 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 principal of or interest on this bond, the Registered Owner of this bond shall have all of the rights and remedies provided for under Indiana law.

The City further covenants that it will set aside and pay into its Waterworks Sinking Fund a sufficient amount of the Net Revenues of the Waterworks to meet (a) the interest on all bonds payable from the revenues of the Waterworks, as such interest shall fall due, (b) the necessary fiscal agency charges for paying all bonds and interest, (c) the principal of all bonds payable from the revenues of the Waterworks, and (d) an additional amount as a margin of safety to create the reserve required by the Ordinance.

The City reserves the right pursuant to the terms and conditions of the Ordinance to authorize and issue additional bonds hereafter payable out of the Net Revenues of the Waterworks, ranking on a parity herewith or junior hereto for the purpose of financing future extensions and improvements to the Waterworks or to refund outstanding waterworks revenue bonds.

The bonds of this issue maturing on or after _____ 1, 20___ are subject to redemption prior to maturity, at the option of the City, in whole or in part (and if in part, only in authorized denominations and in order of maturity determined by the City and by lot within any such maturity or maturities in such manner as may be designated by the Registrar), on any date on or after _____ 1, 20___, at a redemption price equal to one hundred percent (100%) of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest on the bonds so redeemed to the redemption date, and with the following premium: _____ [(provided, however, if the bonds are sold to the SRF Program (as defined in the Ordinance) and registered in the name of the Authority, such bonds shall not be redeemable at the option of the City unless and until consented by the Authority)].

Notice of any such redemption shall be sent by registered or certified mail to the Registered Owner of this bond at least [thirty (30)][sixty (60)] days prior to the date fixed for redemption, unless such notice is waived by the Registered Owner. The notice shall specify the redemption price, the date and place of redemption, and the registration numbers (and in case of partial redemption, the respective principal amounts) of the bonds called for redemption. Interest on bonds so called for redemption shall cease to accrue on the redemption date fixed in such notice, so long as sufficient funds are available at the place of redemption to pay the redemption price on the redemption date or when presented for payment.

If this bond or a portion hereof shall have become due and payable in accordance with its terms or this bond or a portion hereof shall have been duly called for redemption or irrevocable instructions to call this bond or a portion hereof for redemption shall be given and the whole amount of the principal and the premium, if any, and interest, so due and payable upon this bond or such portion hereof shall be paid, or (i) sufficient moneys, or (ii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, the principal of and the interest on which when due will provide sufficient moneys for such purpose, or (iii) time certificates of deposit of a bank or banks, fully secured as to both principal and interest by obligations of the kind described in (ii) above, the principal of and 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 this bond or such portion hereof shall no longer be deemed outstanding, entitled to the pledge of the Net Revenues of the Waterworks or an obligation of the City.

If this bond shall not be presented for payment or redemption on the date fixed therefor, the City may deposit in trust with the Paying Agent an amount sufficient to pay such bond or the redemption price, as appropriate, and thereafter the Registered Owner shall look only to the funds so deposited in trust with the Paying Agent for payment, and the City shall have no further obligation or liability with respect thereto.

Subject to the provisions of the Ordinance regarding the registration of such bonds, this bond and all other bonds of this issue of which this bond is a part are fully negotiable instruments under the laws of the State of Indiana. This bond is transferable or exchangeable only on the books of the City maintained for such purpose at the principal 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 the Registered Owner, as the case may be, in exchange therefor. This bond may be transferred or exchanged without cost to the Registered Owner or his attorney duly authorized in writing, except for any tax or other governmental charge which may be required to be paid with respect to such transfer or exchange. The Registrar shall not be obligated to make any exchange or transfer of this bond (i) during the fifteen (15) days immediately preceding an interest payment date on this bond or (ii) after the mailing of any notice calling this bond for redemption. 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 the redemption premium, if any, and interest due hereon.

In the event this bond is mutilated, lost, stolen or destroyed, the City may cause to be executed and the Registrar may authenticate a new bond of like date, maturity and denomination as this bond, which new bond shall be marked in a manner to distinguish it from this bond; provided, that in the case of this bond being mutilated, this bond shall first be surrendered to the Registrar, and in the case of this bond being lost, stolen or destroyed, there shall first be furnished to the Registrar evidence of such loss, theft or destruction satisfactory to the City and to the Registrar, together with indemnity satisfactory to them. In the event that this bond, being mutilated, lost, stolen or destroyed, shall have matured or been called for redemption, instead of causing to be issued a duplicate bond the Registrar may pay this bond upon surrender of this mutilated bond or upon satisfactory indemnity and proof of loss, theft or destruction in the event this bond is lost, stolen or destroyed. In such event, the City and the Registrar may charge the owner of this bond with their reasonable fees and expenses in connection with the above. Every substitute bond issued by reason of this bond being lost, stolen or destroyed shall, with respect to this bond, constitute a substitute contractual obligation of the City, whether or not this bond, being lost, stolen or destroyed shall be found at any time, and shall be entitled to all the benefits of the Ordinance, equally and proportionately with any and all other bonds duly issued thereunder.

In the manner provided in the Ordinance, the Ordinance and the rights and obligations of the City and the owners of the bonds of this issue authorized thereunder, including this bond, may (with certain exceptions as stated in the Ordinance) be modified or amended with the consent of the owners of at least sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of such bonds exclusive of any such bonds which may be owned by the City.

The Registered Owner of this bond, by the acceptance hereof, hereby agrees to all the terms and provisions contained in the Ordinance.

The City, the Registrar and the Paying Agent may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and the interest due hereon and for all other purposes, and none of the City, the Registrar or the Paying Agent shall be affected by any notice to the contrary.

This bond shall not be valid or become obligatory for any purpose or entitled to any security or benefit under the Ordinance herein described unless and until the certificate of authentication hereon shall have been executed by a duly authorized representative of the Registrar.

The City hereby certifies, recites and declares that all acts, conditions and things required to be done precedent to and in the preparation, execution, issuance and delivery of this bond have been done and performed in regular and due form as required by law.

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

CITY OF BLOOMINGTON, INDIANA

By:_____

Mayor

(Seal of the City)

ATTEST:

_____

City Clerk

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This bond is one of the City of Bloomington, Indiana, Waterworks Revenue Bonds of 20___, issued and delivered pursuant to the provisions of the within-mentioned Ordinance.

_____

By:_____
Authorized Officer

ASSIGNMENT

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

Dated: _____

_____
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.

Signature Guarantee:

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

[SCHEDULE A

PRINCIPAL PAYMENT SCHEDULE]

[End of Bond Form]

Distributed to: Utilities, Legal Department, Office of the Mayor, Office of the City Clerk, City Council Administrator