(passed 9-0)

ORDINANCE 02-42

AN ORDINANCE CONCERNING THE REFUNDING BY THE CITY OF BLOOMINGTON OF ITS SEWAGE WORKS REFUNDING REVENUE BONDS OF 1989 AND ITS SEWAGE WORKS REVENUE BONDS OF 1995; AUTHORIZING THE ISSUANCE OF SEWAGE WORKS REFUNDING REVENUE BONDS FOR SUCH PURPOSE; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF THE SEWAGE WORKS AND THE SAFEGUARDING OF THE INTERESTS OF THE OWNERS OF THE SEWAGE WORKS REFUNDING REVENUE BONDS AUTHORIZED HEREIN; OTHER MATTERS CONNECTED THEREWITH; AND REPEALING ORDINANCES INCONSISTENT HEREWITH

WHEREAS, the City of Bloomington, Indiana ("City") has heretofore established, constructed and financed a municipal sewage works and now owns and operates the sewage works pursuant to IC 36-9-23 and other applicable laws; and

WHEREAS, the Common Council finds that certain hereinafter described outstanding bonds of the sewage works should be refunded to obtain a reduction in interest payments and effect a savings to the City; that the refunding of said outstanding bonds, together with redemption premium and accrued interest thereon and including all costs related to the refunding cannot be provided for out of funds of the sewage works now on hand and the refunding should be accomplished by the issuance of revenue bonds of the sewage works; and

WHEREAS, the Common Council finds that there are now outstanding bonds which have been refunded and economically defeased designated "Sewage Works Revenue Bonds, Series of 1978," dated April 1, 1978 ("Prior Refunded Bonds"), now outstanding in the amount of $1,935,000, maturing annually over a period ending February 1, 2005, and payable out of the revenues of the sewage works; the City issued its bonds designated "Sewage Works Refunding Revenue Bonds of 1989," dated November 1, 1989 ("1989 Bonds"), now outstanding in the amount of $1,890,000 and maturing annually over a period ending January 1, 2005, to refund such Prior Refunded Bonds, which 1989 Bonds constitute a first charge upon the Net Revenues (as hereinafter defined) of the sewage works, subject to Section 15 hereof; and

WHEREAS, the Common Council finds that there are now outstanding bonds of the sewage works originally issued to finance the construction of improvements and additions to the sewage works and payable out of the revenues therefrom designated "Sewage Works Revenue Bonds of 1995," dated May 1, 1995 ("1995 Bonds"), now outstanding in the amount of $16,845,000 and maturing annually over a period ending January 1, 2025; "Sewage Works Revenue Bonds of 1999, Series A," dated May 1, 1999 ("1999 Bonds"), now outstanding in the amount of $7,895,000 and maturing annually over a period ending January 1, 2029; "Sewage Works Revenue Bonds of 2000, Series A," dated April 7, 2000 ("2000A Bonds"), now outstanding in the amount of $3,329,000 and maturing annually over a period ending January 1, 2021; "Sewage Works Revenue Bonds of 2000, Series B," dated June 30, 2000 ("2000B Bonds"), now outstanding in the amount of $7,999,000 and maturing annually over a period ending January 1, 2021; and "Sewage Works Revenue Bonds of 2000, Series C," dated December 29, 2000 ("2000C Bonds"), now outstanding in the amount of $4,406,000 and maturing annually over a period ending January 1, 2021; and which 1995 Bonds, 1999 Bonds, 2000A Bonds, 2000B Bonds and 2000C Bonds constitute a first charge upon the Net Revenues of the sewage works on a parity with the 1989 Bonds, subject to Section 15 hereof; and

WHEREAS, the Common Council finds that the 1989 Bonds and the 1995 Bonds (collectively, "Refunded Bonds") should be refunded pursuant to the provisions of IC 5-1-5 to enable the City to obtain a reduction in interest payments and effect a savings to the City; and

WHEREAS, the Common Council finds that it is advisable to issue its refunding revenue bonds in an amount not to exceed $22,000,000 and to use the proceeds, together with funds on hand, to refund the Refunded Bonds and to pay for all costs related to the refunding; and

WHEREAS, the ordinances authorizing the issuance of the 1999 Bonds, the 2000A Bonds, the 2000B Bonds and the 2000C Bonds (collectively, "Outstanding Bonds") permit the

issuance of additional bonds ranking on a parity with said Outstanding Bonds provided certain conditions can be met, and the City finds that the finances of said sewage works will enable the City to meet the conditions for the issuance of additional parity bonds and that, accordingly, the revenue bonds authorized herein shall rank on a parity with the Outstanding Bonds, subject to Section 15 hereof; and

WHEREAS, the Common Council has been advised that it may be cost efficient to purchase municipal bond insurance and a debt service reserve surety for the bonds authorized herein; and

WHEREAS, the Common Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of revenue bonds have been complied with in accordance with the provisions of IC 5-1-5 and IC 36-9-23, each as in effect on the date of delivery of the bonds authorized herein (collectively, "Act");

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

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

(a) The City, being the owner of and engaged in operating an unencumbered sewage works supplying the City, its inhabitants, and the residents adjacent thereto, with sewage collection and treatment services, now finds it necessary to provide funds for refunding the Refunded Bonds thereby reducing its interest payments and effecting a savings, as reported by the City's financial advisor, O.W. Krohn & Associates. The terms "sewage works," "sewage works system," "works," "system," and words of like import where used in this ordinance shall be construed to mean and include the Treatment Works, as defined in Ordinance No. 00-35, and includes the existing sewage works system and all real estate and equipment used in connection therewith and appurtenances thereto, and all extensions, additions and improvements thereto and replacements thereof now or at any time hereafter constructed or acquired.

(b) The City shall issue its "Sewage Works Refunding Revenue Bonds of 2003" ("Refunding Bonds") in an aggregate principal amount not to exceed $22,000,000 for the purpose of procuring funds to be applied to the refunding of the Refunded Bonds, the payment of costs of issuance and all other costs related to the refunding, including a premium for municipal bond insurance and a debt service reserve surety. The City shall apply moneys currently held for the payment of debt service on the Refunded Bonds to the refunding as provided in Section 7.

The Refunding Bonds shall be issued in the denomination of Five Thousand Dollars ($5,000) each, or integral multiples thereof, numbered consecutively from 1 upward, and dated as of the date of delivery. Interest on the Refunding Bonds shall be payable semiannually on January 1 and July 1 in each year, beginning on the first January 1 or the first July 1 following delivery of the Refunding Bonds as designated by the Controller, with the advice of the City's financial advisor. The Refunding Bonds shall be sold at a price of not less than 98% of the par value thereof and shall be payable in lawful money of the United States of America, at the principal office of the Paying Agent (as hereinafter defined). Such Refunding Bonds shall bear interest at a rate or rates not exceeding 6% per annum and shall mature annually, or shall be subject to mandatory sinking fund redemption if term bonds are issued, on January 1 of each year over a period ending no later than January 1, 2025 and in such amounts which will achieve the highest savings to the City with $5,000 denominations.

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

All or a portion of the Refunding Bonds may be issued as one or more term bonds, upon election of the Underwriter (as hereinafter defined). Such term bonds shall have a stated maturity or maturities of January 1, in the years as determined by the Underwriter, but in no event later than the last serial maturity date of the Refunding Bonds as determined in accordance with the above paragraph. The term bonds shall be subject to mandatory sinking fund redemption and final payment(s) at maturity at 100% of the principal amount thereof, plus accrued interest to the redemption date, on principal payment dates which are hereinafter determined in accordance with the above paragraph.

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

"Act" means the provisions of IC 5-1-5 and IC 36-9-23, each as in effect on the date of delivery of the Refunding Bonds.

"Ambac" means Ambac Assurance Corporation, a Wisconsin domiciled stock insurance company.

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

"General Account" means the account continued in Section 12 of this ordinance.

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

"1989 Bonds" means the "Sewage Works Refunding Revenue Bonds of 1989," dated November 1, 1989, now outstanding in the amount of $1,890,000 and maturing annually over a period ending January 1, 2005.

"1995 Bonds" means the "Sewage Works Revenue Bonds of 1995," dated May 1, 1995, now outstanding in the amount of $16,845,000.

"1999 Bonds" means the "Sewage Works Revenue Bonds of 1999, Series A," dated May 1, 1999, now outstanding in the amount of $7,895,000.

"1999 Financial Guaranty Agreement" means the agreement between the City of Bloomington and MBIA pertaining to the 1999 Surety Bond.

"1999 Municipal Bond Insurance Policy" means the MBIA municipal bond insurance providing the guarantee of the payment of debt service on the 1999 Bonds.

"1999 Surety Bond" shall mean the debt service reserve fund surety bond held in the Reserve Account for the 1999 Bonds and purchased from MBIA.

"Outstanding Bonds" means the 1999 Bonds, the 2000A Bonds, the 2000B Bonds and the 2000C Bonds.

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

"Refunded Bonds" means the 1989 Bonds and the 1995 Bonds.

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

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

"Sewage Works Improvement Fund" means the fund continued in Section 14 of this ordinance.

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

"2000A Bonds" means the "Sewage Works Revenue Bonds of 2000, Series A," dated April 7, 2000, now outstanding in the amount of $3,329,000.

"2000B Bonds" means the "Sewage Works Revenue Bonds of 2000, Series B," dated June 30, 2000, now outstanding in the amount of $7,999,000.

"2000C Bonds" means the "Sewage Works Revenue Bonds of 2000, Series C," dated December 29, 2000, now outstanding in the amount of $4,406,000.

"2000 Surety Bond" shall mean the debt service reserve fund surety bond held in the Reserve Account for the 2000A Bonds and 2000B Bonds and purchased from Ambac.

Sec 2. Registrar and Paying Agent; Book-Entry Provisions. The Utility Service Board is hereby authorized to contract with a qualified financial institution to serve as Registrar and Paying Agent for the Refunding Bonds ("Registrar" or "Paying Agent"). The Registrar is hereby charged with the responsibility of authenticating the Refunding Bonds. The Assistant Director-Finance of the utility is hereby authorized to enter into such agreements or understandings with the Registrar as will enable the institution to perform the services required of a registrar and paying agent. The Assistant Director-Finance of the utility is further authorized to pay such fees as the Registrar may charge for the services it provides as Registrar and Paying Agent and such fees may be paid from the Sewage Works Sinking Fund established to pay the principal of and interest on the Refunding Bonds as fiscal agency charges.

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

Each Refunding Bond shall be transferable or exchangeable only upon the books of the City kept for that purpose at the principal corporate trust office of the Registrar by the registered owner in person, or by its attorney duly authorized in writing, upon surrender of such Refunding Bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner, or its attorney duly authorized in writing, and thereupon a new fully registered

Refunding Bond or Refunding Bonds in an authorized aggregate principal amount and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. The costs of such transfer or exchange shall be borne by the City. The City, Registrar and Paying Agent for the Refunding Bonds may treat and consider the person in whose name such Refunding Bonds are registered as the absolute owner thereof for all purposes including for the purpose of receiving payment of, or on account of, the principal thereof and interest due thereon.

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

Upon the appointment of any successor registrar and paying agent by the City, the Assistant Director-Finance of the utility is authorized and directed to enter into such agreements and understandings with such successor registrar and paying agent as will enable the institution to perform the services required of a registrar and paying agent for the bonds. The Assistant Director-Finance of the utility is further authorized to pay such fees as the successor registrar and paying agent may charge for the services it provides as registrar and paying agent and such fees may be paid from the Sewage Works Sinking Fund continued in Section 13 hereof.

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

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

The City has determined that it may be beneficial to the City to have the Refunding Bonds held by a central depository system pursuant to an agreement between the City and The Depository Trust Company, New York, New York ("Depository Trust Company") and have transfers of the Refunding Bonds effected by book-entry on the books of the central depository system ("Book Entry System"). The Refunding Bonds may be initially issued in the form of a separate single authenticated fully registered Refunding Bond for the aggregate principal amount of each separate maturity of the Refunding Bonds. In such case, upon initial issuance, the ownership of such Refunding Bonds shall be registered in the register kept by the Registrar in the name of CEDE & CO., as nominee of the Depository Trust Company.

With respect to the Refunding Bonds registered in the register kept by the Registrar in the name of CEDE & CO., as nominee of the Depository Trust Company, the City and the Paying Agent shall have no responsibility or obligation to any other holders or owners (including any beneficial owner ("Beneficial Owner")) of the Refunding Bonds with respect to (i) the accuracy of the records of the Depository Trust Company, CEDE & CO., or any Beneficial Owner with respect to ownership questions, (ii) the delivery to any bondholder (including any Beneficial Owner) or any other person, other than the Depository Trust Company, of any notice with respect to the Refunding Bonds including any notice of redemption, or (iii) the payment to any bondholder (including any Beneficial Owner) or any other person, other than the Depository Trust Company, of any amount with respect to the principal of, or premium, if any, or interest on the Refunding Bonds except as otherwise provided herein.

No person other than the Depository Trust Company shall receive an authenticated Refunding Bond evidencing an obligation of the City to make payments of the principal of and premium, if any, and interest on the Refunding Bonds pursuant to this ordinance. The City and the Registrar and Paying Agent may treat as and deem the Depository Trust Company or CEDE & CO. to be the absolute bondholder of each of the Refunding Bonds for the purpose of (i) payment of the principal of and premium, if any, and interest on such Refunding Bonds; (ii) giving notices of redemption and other notices permitted to be given to bondholders with respect to such Refunding Bonds; (iii) registering transfers with respect to such Refunding Bonds; (iv) obtaining any consent or other action required or

permitted to be taken of or by bondholders; (v) voting; and (vi) for all other purposes whatsoever. The Paying Agent shall pay all principal of and premium, if any, and interest on the Refunding Bonds only to or upon the order of the Depository Trust Company, and all such payments shall be valid and effective fully to satisfy and discharge the City's and the Paying Agent's obligations with respect to principal of and premium, if any, and interest on the Refunding Bonds to the extent of the sum or sums so paid. Upon delivery by the Depository Trust Company to the City of written notice to the effect that the Depository Trust Company has determined to substitute a new nominee in place of CEDE & CO., and subject to the provisions herein with respect to consents, the words "CEDE & CO." in this ordinance shall refer to such new nominee of the Depository Trust Company. Notwithstanding any other provision hereof to the contrary, so long as any Refunding Bond is registered in the name of CEDE & CO., as nominee of the Depository Trust Company, all payments with respect to the principal of and premium, if any, and interest on such Refunding Bonds and all notices with respect to such Refunding Bonds shall be made and given, respectively, to the Depository Trust Company as provided in a representation letter from the City to the Depository Trust Company.

Upon receipt by the City of written notice from the Depository Trust Company to the effect that the Depository Trust Company is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of the Depository Trust Company hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, then the Refunding Bonds shall no longer be restricted to being registered in the register of the City kept by the Registrar in the name of CEDE & CO., as nominee of the Depository Trust Company, but may be registered in whatever name or names the bondholders transferring or exchanging the Refunding Bonds shall designate, in accordance with the provisions of this ordinance.

If the City determines that it is in the best interest of the bondholders that they be able to obtain certificates for the fully registered Refunding Bonds, the City may notify the Depository Trust Company and the Registrar, whereupon the Depository Trust Company will notify the Beneficial Owners of the availability through the Depository Trust Company of certificates for the Refunding Bonds. In such event, the Registrar shall prepare, authenticate, transfer and exchange certificates for the Refunding Bonds as requested by the Depository Trust Company and any Beneficial Owners in appropriate amounts, and whenever the Depository Trust Company requests the City and the Registrar to do so, the Registrar and the City will cooperate with the Depository Trust Company by taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the fully registered Refunding Bonds of any Beneficial Owner's Depository Trust Company account or (ii) to arrange for another securities depository to maintain custody of certificates for and evidencing the Refunding Bonds.

If the Refunding Bonds shall no longer be restricted to being registered in the name of a Depository Trust Company, the Registrar shall cause said Refunding Bonds to be printed in blank in such number as the Registrar shall determine to be necessary or customary; provided, however, that the Registrar shall not be required to have such Refunding Bonds printed until it shall have received from the City indemnification for all costs and expenses associated with such printing.

In connection with any notice or other communication to be provided to bondholders by the City or the Registrar with respect to any consent or other action to be taken by bondholders, the City or the Registrar, as the case may be, shall establish a record date for such consent or other action and give the Depository Trust Company notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

So long as said Refunding Bonds are registered in the name of the Depository Trust Company or CEDE & CO. or any substitute nominee, the City and the Registrar and Paying Agent shall be entitled to request and to rely upon a certificate or other written representation from the Beneficial Owners of the Refunding Bonds or from the Depository Trust Company on behalf of such Beneficial Owners stating the amount of their respective beneficial ownership interests in the Refunding Bonds and setting forth the consent, advice, direction, demand or vote of the Beneficial Owners as of a record date selected by the Registrar and the Depository Trust Company, to the same extent as if such consent, advice, direction, demand or vote were made by the bondholders for purposes of this ordinance and the City and the Registrar and Paying Agent shall for such purposes treat the Beneficial Owners as the bondholders. Along with any such certificate or representation, the Registrar may request the Depository Trust Company to deliver, or cause to be delivered, to the Registrar a list of all Beneficial Owners of the Refunding Bonds, together with the dollar amount of each Beneficial Owner's interest in the Refunding Bonds and the current addresses of such Beneficial Owners.

Sec 3. Redemption of Refunding Bonds. The Refunding Bonds are redeemable at the option of the City no earlier than January 1, 2013, and on any date thereafter, on thirty (30) days notice, in whole or in part, in the order of maturity as determined by the City and by lot within a maturity, at face value, together with a premium no greater than 2%, plus in each case accrued interest to the date of

redemption. The exact redemption features shall be negotiated with the Underwriter and shall be set forth in the hereinafter defined Purchase Contract.

If any Refunding Bond is issued as a term bond, the Paying Agent shall credit against the mandatory sinking fund requirement for the Refunding Bonds maturing as term bonds, and corresponding mandatory redemption obligation, in the order determined by the City, any Refunding Bonds maturing as term bonds which have previously been redeemed (otherwise than as a result of a previous mandatory redemption requirement) or delivered to the Registrar for cancellation or purchased for cancellation by the Paying Agent and not theretofore applied as a credit against any redemption obligation. Each Refunding Bond maturing as a term bond so delivered or cancelled shall be credited by the Paying Agent at 100% of the principal amount thereof against the mandatory sinking fund obligation on such mandatory sinking fund date, and any excess of such amount shall be credited on future redemption obligations, and the principal amount of the Refunding Bonds to be redeemed by operation of the mandatory sinking fund requirement shall be accordingly reduced; provided, however, the Paying Agent shall credit only such Refunding Bonds maturing as term bonds to the extent received on or before forty-five (45) days preceding the applicable mandatory redemption date.

Each $5,000 of principal amount shall be considered a separate bond for purposes of optional and mandatory redemption. If less than an entire maturity is called for redemption, the Refunding Bonds to be called shall be selected by lot by the Registrar. If some Refunding Bonds are to be redeemed by optional redemption and mandatory sinking fund redemption on the same date, the Registrar shall select by lot the Refunding Bonds for optional redemption before selecting the Refunding Bonds by lot for the mandatory sinking fund redemption.

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

Sec 4. Execution and Negotiability. Each of the Refunding Bonds shall be executed in the name of the City by the manual or facsimile signature of the Mayor, countersigned by the manual or facsimile signature of its Controller and attested by the manual or facsimile signature of its Clerk, and the seal of the City shall be affixed, imprinted or impressed to or on each of the Refunding Bonds manually, by facsimile or any other means; and these officials, by the execution of a Signature and No Litigation Certificate, shall adopt as and for their own proper signatures the facsimile signatures appearing on the Refunding Bonds. In case any officer whose signature or facsimile signature appears on the Refunding Bonds shall cease to be such officer before the delivery of the Refunding Bonds, the signature of such officer shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

The Refunding Bonds shall have all of the qualities and incidents of negotiable instruments under the laws of the State of Indiana, subject to the provisions for registration herein.

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

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

Sec 6. [Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City of Bloomington or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]

UNITED STATES OF AMERICA

STATE OF INDIANA COUNTY OF MONROE

CITY OF BLOOMINGTON
SEWAGE WORKS REFUNDING REVENUE
BOND OF 2003

Interest Rate	Maturity Date	Original Date	Authentication Date	CUSIP

REGISTERED OWNER:

PRINCIPAL SUM:

The City of Bloomington, in Monroe County, State of Indiana, for value received, hereby promises to pay to the Registered Owner named above or registered assigns, solely out of the special revenue fund hereinafter referred to, the Principal Sum set forth above on the Maturity Date set forth above (unless this bond be subject to and be called for redemption prior to maturity as hereinafter provided), and to pay interest hereon at the Interest Rate per annum stated above from the interest payment date to which interest has been paid next preceding the Authentication Date of this bond unless this bond is authenticated after the fifteenth day of the month preceding an interest payment date and on or before such interest payment date in which case it shall bear interest from such interest payment date or unless this bond is authenticated on or before _____ 15, 200__, in which case it shall bear interest from the Original Date, until the principal is paid, which interest is payable semiannually on the first days of January and July in each year, beginning on _____ 1, 200__. Interest on the bonds shall be calculated according to a 360-day calendar year containing twelve 30-day months.

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

[The bonds shall be initially issued in a Book-Entry System (as defined in the Ordinance). The provisions of this bond and of the Ordinance are subject in all respects to the provisions of the Letter of Representations between the City and DTC, or any substitute agreement, effecting such Book Entry System.]

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

INDEBTEDNESS OF THE CITY WITHIN THE PROVISIONS AND LIMITATIONS OF THE CONSTITUTION OF THE STATE OF INDIANA.

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

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

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

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

CITY OF BLOOMINGTON, INDIANA

_____
JOHN FERNANDEZ, Mayor
City of Bloomington

[SEAL]

Countersigned:

_____
THOMAS GUEVARA, Controller
City of Bloomington

ATTEST:

_____
REGINA MOORE, Clerk
City of Bloomington

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

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

_____,
as Registrar

By_____
Authorized Representative

(To be printed on Reverse Side)

This bond is one of an authorized issue of bonds of the City of Bloomington of like date, tenor and effect, except as to rates of interest and dates of maturity; aggregating _____ Dollars ($_____); numbered consecutively from 1 up; issued for the purpose of refunding certain Refunded Bonds (as defined in the hereinafter defined Ordinance) and to pay incidental expenses[, including a municipal bond insurance premium, and a debt service surety bond]. This bond is issued pursuant to an Ordinance adopted by the Common Council of said City on the _____ day of _____, 200__, entitled "An Ordinance concerning the refunding by the City of Bloomington of its Sewage Works Refunding Revenue Bonds of 1989 and its Sewage Works Revenue Bonds of 1995; authorizing the issuance of sewage works refunding revenue bonds for such purpose; providing for the collection, segregation and distribution of the revenues of the sewage works and the safeguarding of the interests of the owners of the sewage works refunding revenue bonds authorized herein; other matters connected therewith; and repealing ordinances inconsistent herewith" ("Ordinance"), and in accordance with the provisions of Indiana law, including without limitation Indiana Code 5-1-5 and Indiana Code 36-9-23, each as in effect on the date of delivery of the bonds (hereinafter collectively, "Act"), the proceeds of which bonds are to be applied solely to said refunding of the Refunded Bonds, including the incidental expenses incurred in connection therewith[, and a premium for municipal bond insurance and a debt service reserve surety premium].

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

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

The City of Bloomington irrevocably pledges the entire Net Revenues of the sewage works to the prompt payment of the principal of and interest on the bonds authorized by the Ordinance, of which this is one, and any bonds ranking on a parity therewith, including the Outstanding Bonds, to the extent necessary for that purpose, and covenants that it will cause to be fixed, maintained and collected such rates and charges for services rendered by the utility as are sufficient in each year for the payment of the proper and reasonable expenses of Operation and Maintenance (as defined in the Ordinance) of the sewage works and for the payment of the sums required to be paid into the Sinking Fund under the provisions of the Act and the Ordinance. The rates and charges shall be established, to the extent permitted by law, to produce Net Revenues sufficient to pay at least 1.20 times the annual debt service on the Outstanding Bonds, the bonds of this issue and all amounts owed to the insurer of the 1999 Bonds (as defined in the Ordinance) under the terms of the Financial Guaranty Agreement pertaining to the 1999 Bonds. If the City or the proper officers thereof shall fail or refuse to so fix, maintain and collect such rates or charges, or if there be a default in the payment of the interest on or principal of this bond, the owner of this bond shall have all of the rights and remedies provided for in the Act, including the right to have a receiver appointed to administer the works and to charge and collect rates sufficient to provide for the payment of this bond and the interest hereon.

Pursuant to the ordinance authorizing the issuance of the 1989 Bonds (as defined in the Ordinance) ("1989 Ordinance") and the Escrow Agreement defined therein ("1989 Escrow Agreement"), the City has set aside obligations of the United States of America (purchased from proceeds of the 1989 Bonds and funds on hand of the sewage works) and certain cash in a trust account to provide payment of the principal of and interest on the Prior Refunded Bonds (as defined in the Ordinance). If

there are insufficient funds held under the 1989 Escrow Agreement to pay the Prior Refunded Bonds, the Prior Refunded Bonds shall, to that extent, be paid from Net Revenues prior and superior to the claim of the bonds and the Outstanding Bonds.

The City of Bloomington further covenants that it will set aside and pay into its Sinking Fund monthly, as available, or more often if necessary, a sufficient amount of the Net Revenues of the works for payment of (a) the interest on all bonds which by their terms are payable from the revenues of the sewage works, as such interest shall fall due, (b) the necessary fiscal agency charges for paying bonds and interest, (c) the principal of all bonds which by their terms are payable from the revenues of the sewage works, as such principal shall fall due, and (d) an additional amount as a margin of safety to maintain the debt service reserve required by the Ordinance. Such required payments shall constitute a first charge upon all the Net Revenues of the sewage works, on a parity with the aforementioned Outstanding Bonds, subject to section 15 of the Ordinance.

The bonds of this issue maturing on or after January 1, 20___, are redeemable at the option of the City on _____, 20___, or any date thereafter, on thirty (30) days notice, in whole or in part, in the order of maturity as determined by the City and by lot within a maturity, at face value, together with the following premiums:

____% if redeemed on _____ 1, 20___,
or thereafter on or before _____, 20___;
____% if redeemed on _____ 1, 20___,
or thereafter on or before _____, 20___;
0% if redeemed on _____ 1, 20___,
or thereafter prior to maturity.

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

Year	Amount
*	

*Final Maturity]

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

[In either case,] Notice of such redemption shall be mailed to the address of the registered owner as shown on the registration records of the City as of the date which is forty-five (45) days prior to such redemption date not less than thirty (30) days prior to the date fixed for redemption unless the notice is waived by the registered owner of this bond. The notice shall specify the date and place of redemption and sufficient identification of the bonds called for redemption. The place of redemption may be determined by the City. Interest on the bonds so called for redemption shall cease on the redemption date fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price on the date so named.

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

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

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

The bonds do not qualify for the $10,000,000 exception from the provisions of Section 265(b) of the Internal Revenue Code of 1986 relating to the disallowance of 100% of the deduction for interest expense allocable to tax-exempt obligations.

The bonds maturing in any one year are issuable only in fully registered form in the denomination of $5,000 or any integral multiple thereof.

[STATEMENT OF INSURANCE]

ASSIGNMENT

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

Dated: _____

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

Sec 7. Authorization for Preparation and Sale of the Refunding Bonds; Municipal Bond Insurance and Qualified Surety Bond. (a) The Controller is hereby authorized and directed to have the Refunding Bonds prepared, and the Mayor, the Controller and the Clerk are hereby authorized and directed to execute and attest the Refunding Bonds in the form and manner provided herein. The Controller is hereby authorized and directed to deliver the Refunding Bonds to City Securities Corporation ("Underwriter") in accordance with the Purchase Contract ("Purchase Contract"), between the City and the Underwriter. The substantially final form of Purchase Contract between the City and the Underwriter is attached hereto and is hereby approved by the Common Council. The Mayor, the Controller and the Clerk are authorized to execute the Purchase Contract and deliver the Refunding Bonds to the Underwriter so long as their terms are consistent with this ordinance. Such Purchase Contract shall establish a final principal amount, interest rates, maturity schedule, optional redemption features, and term bond mandatory redemptions, if any.

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

(c) The Refunding Bonds, when fully paid for and delivered to the Underwriter , shall be the binding special revenue obligations of the City, payable out of the Net Revenues (herein defined as gross revenues of the sewage works of the City after deduction only for the payment of the reasonable expenses of operation, repair and maintenance) of the sewage works, on a parity with the Outstanding Bonds, but subject to Section 15 hereof, to be set aside into the Sewage Works Sinking Fund continued in Section 13. The proper officers of the City are hereby directed to sell the Refunding Bonds to the Underwriter, to draw all proper and necessary warrants and to do whatever acts and things which may be necessary to carry out the provisions of this ordinance.

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

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

(f) In the event the financial advisor to the City certifies to the City that it would be economically advantageous for the City to obtain a municipal bond insurance policy for the Refunding Bonds herein authorized, the City hereby authorizes the purchase of such an insurance policy. The acquisition of a municipal bond insurance policy is hereby deemed economically advantageous in the event the difference between the present value cost of (a) the total debt service on the Refunding Bonds if issued without municipal bond insurance and (b) the total debt service on the Refunding Bonds if issued with municipal bond insurance, is greater than the cost of the premium on the municipal bond insurance policy. If such an insurance policy is purchased, the Mayor, the Controller and the Clerk are hereby authorized to execute and deliver all agreements with the provider of the policy to the extent necessary to comply with the terms of such insurance policy and the commitment to issue such policy.

(g) A Qualified Surety Bond may be purchased by the City to satisfy, in whole or in part, the Reserve Account for the Refunding Bonds issued under this ordinance. The City is authorized to execute and deliver the necessary agreements with the bond insurer providing for, among other things, the reimbursement to the bond insurer of amounts drawn under the Qualified Surety Bond. The Mayor, the Controller, the Clerk or the Assistant Director-Finance of the utility are hereby authorized and directed to complete, execute and attest the agreement pertaining to the Qualified Surety Bond on behalf of the City so long as its provisions are consistent with this ordinance. The cost of obtaining a Qualified Surety Bond shall be considered as a part of the cost of issuance of the Refunding Bonds and shall be paid out of the proceeds of the Refunding Bonds or out of other funds of the sewage works system.

Sec 8. Refunding of the Refunded Bonds and Costs of Issuance. Concurrently with the delivery of the Refunding Bonds, the Controller shall acquire, with the proceeds of the Refunding Bonds and cash on hand, direct obligations of, or obligations the principal and interest on which are unconditionally guaranteed by, the United States of America ("Government Obligations") to be used, together with certain cash from the proceeds of the Refunding Bonds and cash on hand as set forth in the Escrow Agreement, to refund and legally defease the Refunded Bonds all as set forth in the Escrow Agreement. In order to refund the Refunded Bonds, the Controller shall deposit Government Obligations and certain cash with the Escrow Trustee under the Escrow Agreement in an amount sufficient to provide money for payment of the principal of and interest and redemption premium on the Refunded Bonds from the date of delivery of the Refunding Bonds until the earliest dates upon which the Refunded Bonds may each be called for redemption.

Costs of issuance of the Refunding Bonds not otherwise paid shall be paid from the remaining proceeds by the Controller. When all the costs of issuance of the Refunding Bonds have been paid, the Controller shall then transfer any amount then remaining from the proceeds of the Refunding Bonds to the Sewage Works Sinking Fund.

The Controller shall obtain a verification of an accountant as to the sufficiency of the funds deposited in the Trust Account under the Escrow Agreement to accomplish said refunding and legal defeasance of the Refunded Bonds.

Sec 9. Accrued Interest. The accrued interest received at the time of delivery of the Refunding Bonds, if any, shall be deposited in the Sewage Works Sinking Fund continued in Section 13.

Sec 10. Financial Records and Accounts; Continuing Disclosure. The City shall keep proper records and books of account, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues received on account of the operation of the sewage works and all disbursements made therefrom and all transactions relating to the utility. Copies of all such statements and reports shall be kept on file in the office of the Assistant Director-Finance. The substantially final form of Continuing Disclosure Undertaking Agreement ("Agreement") attached hereto is hereby approved by the Common Council, and the Mayor or the Controller are hereby authorized and directed to complete, execute and attest the same on behalf of the City. Notwithstanding any other provisions of this ordinance, failure of the City to comply with the Agreement shall not be considered an event of default under the Refunding Bonds or this ordinance.

Sec 11. Pledge of Net Revenues. The interest on and the principal of the Refunding Bonds issued pursuant to the provisions of this ordinance, and any bonds hereafter issued on a parity therewith, shall constitute a first charge on all the Net Revenues, on a parity with the Outstanding Bonds, subject to Section 15 herein, and such Net Revenues are hereby irrevocably pledged to the payment of the interest on and principal of such Refunding Bonds, to the extent necessary for that purpose.

Sec 12. Revenues. All revenues derived from the operation of the sewage works and from the collection of wastewater and storm water rates and charges shall be segregated and deposited as set forth in this ordinance. Of these revenues the proper and reasonable expenses of operation, repair and maintenance of the works shall be paid, the requirements of the Sinking Fund shall be met, and the costs of replacements, extensions, additions and improvements shall be paid.

Sec 13. General Account. (a) There is hereby continued an account known as the "General Account." All revenues of the sewage works shall be deposited in the General Account. The balance maintained in this Account shall be sufficient to pay the expenses of operation, repair and maintenance for the then next succeeding two calendar months. The moneys credited to this Account shall be used for the payment of the reasonable and proper operation, repair and maintenance expenses of the sewage works on a day-to-day basis, including the reasonable legal and professional expenses not taken into account in the definition of Net Revenues, but none of the monies in such Account shall be used for depreciation, payments in lieu of taxes, replacements, improvements, extensions or additions. Any moneys in said Account may be transferred to the Sewage Works Sinking Fund if necessary to prevent a default in the payment of principal of or interest on the outstanding bonds of the sewage works.

Sec 14. (b) Moneys in the General Account shall be transferred from time to time to meet the requirements of the Sewage Work Sinking Fund. Moneys in excess of those transferred to the Sewage Works Sinking Fund may be transferred to the Sewage Works Improvement Fund or may be retained in the General Account, in the discretion of the Utility Service Board, and in a manner consistent with the requirements of this ordinance, provided that any excess Net Revenues must be used first to pay interest to MBIA, if any, on amounts advanced under the 1999 Surety Bond before such excess Net Revenues may be transferred to the Sewage Works Improvement Fund. Moneys in excess of those (i) required to be in the General Account and the Sewage Works Sinking Fund, and (ii) any amounts payable to MBIA under the 1999 Financial Guaranty Agreement may also be used, in the discretion of the Utility Service Board, for any other lawful purpose related to the sewage works.

Sec 15. Sewage Works Sinking Fund. (a) The special fund designated "Sewage Works Sinking Fund," is hereby continued for the payment of the principal of and interest on all outstanding revenue bonds which by their terms are payable from the Net Revenues of the sewage works, the payment of any fiscal agency charges in connection with the payment of bonds and for payment of any amounts owed to MBIA under the 1999 Financial Guaranty Agreement, if any (herein, "Sewage Works Sinking Fund" or "Sinking Fund"). There shall be set aside and deposited in the Sinking Fund, as available, and as hereinafter provided, a sufficient amount of the Net Revenues of the sewage works to meet the requirements of the Bond and Interest Account and Reserve Account hereby continued in the

Sinking Fund. Such payments shall continue until the balances in the Bond and Interest Account and the Reserve Account equal the principal of and interest on all of the then outstanding bonds of the sewage works to their final maturity and provide for payment of all fiscal agency charges and any amounts owed to MBIA under the 1999 Financial Guaranty Agreement. Any payments owed to MBIA shall be junior and subordinate to the payment of the Refunding Bonds and the Outstanding Bonds.

(b) Bond and Interest Account. Any moneys heretofore accumulated to pay principal and interest for the Refunded Bonds shall be credited to and become a part of the Trust Account under the Escrow Agreement and shall be applied on the first payments made from the Trust Account. There shall be credited on the last day of each calendar month to the Bond and Interest Account, hereby continued, an amount of the Net Revenues equal to at least one-sixth (1/6) of the interest on all then outstanding bonds payable on the then next succeeding interest payment date and at least one-twelfth (1/12) of the principal on all then outstanding bonds payable on the then next succeeding principal payment date, until the amount of interest and principal payable on the then next succeeding respective interest and principal payment dates shall have been so credited. There shall similarly be credited to the Account any amount necessary to pay the bank fiscal agency charges for paying principal and interest on outstanding bonds as the same become payable. There shall similarly be credited an amount at least equal to one-twelfth (1/12) of the amounts owed to MBIA under the 1999 Financial Guaranty Agreement. The City shall, from the sums deposited in the Sinking Fund and credited to the Bond and Interest Account, remit promptly to the registered owner or to the bank fiscal agency sufficient moneys to pay the interest one business day prior to the interest payment date and principal on the due date thereof together with the amount of bank fiscal agency charges. The City shall repay all amounts owned to MBIA under the 1999 Financial Guaranty Agreement in accordance with the terms thereof. Draws under the 1999 Surety Bond shall bear interest at the respective rates specified in the 1999 Financial Guaranty Agreement.

(c) Reserve Account. There is hereby continued, within the Sinking Fund, the Reserve Account. The City purchased the 1999 Surety Bond as a reserve for the 1999 Bonds and the 2000 Surety Bond as a reserve for the 2000A Bonds and the 2000B Bonds and each is held in the Reserve Account (collectively, "Outstanding Suretys"). The City has deposited cash in the Reserve Account in the amount of the Reserve Requirement (as defined in the ordinance authorizing the 2000C Bonds) as a reserve for the 2000C Bonds. For the Refunding Bonds issued under this ordinance, the City shall purchase a Qualified Surety Bond, use Refunding Bond proceeds, funds on hand, or a combination thereof, to fund the Reserve Account. Upon the issuance of the Refunding Bonds, the Reserve Account shall contain an amount equal to the least of (i) the maximum annual debt service on the Refunding Bonds, (ii) 125% of average annual debt service on the Refunding Bonds or (iii) 10% of the proceeds of the Refunding Bonds ("2003 Reserve Requirement"). For purposes of this subsection, proceeds means the face amount of the Refunding Bonds minus original issue discount, if any, plus any premium received on the Refunding Bonds.

The Reserve Account shall constitute the margin for safety and protection against default in the payment of principal of and interest on the Refunding Bonds and the Outstanding Bonds, and the moneys in the Reserve Account shall be used to pay current principal and interest on the Refunding Bonds and the Outstanding Bonds to the extent that moneys in the Bond and Interest Account are insufficient for that purpose. Any deficiency in the balance maintained in the Reserve Account shall be made up from the next available Net Revenues remaining after credits into the Bond and Interest Account. To the extent that cash is held in the Reserve Account, the cash shall be completely drawn down completely before any demand is made on the 1999 Surety Bond or the 2000 Surety Bond or any other Qualified Surety Bond. In the event moneys in the Reserve Account (whether cash or funds provided under the 1999 Surety Bond, the 2000 Surety Bond or any other Qualified Surety Bond) are transferred to the Bond and Interest Account to pay principal and interest on the Refunding Bonds or Outstanding Bonds, 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, provided that funds shall be used first to reinstate the 1999 Surety Bond, the 2000 Surety Bond and any other Qualified Surety Bond on a parity basis and second, to replenish any cash held in the Reserve Account. Any moneys in the Reserve Account in excess of its requirements may, in the discretion of the Utility Service Board, be transferred to the General Account or be used for the purchase of the Outstanding Bonds, the Refunding Bonds or installments of principal of fully registered Outstanding Bonds or Refunding Bonds at a price not exceeding par and accrued interest.

Sec 16. Sewage Works Improvement Fund. As set forth in Section 12(b), revenues may be transferred or credited from the General Account to a fund designated the "Sewage Works Improvement Fund," which is hereby continued. The Sewage Works Improvement Fund shall be used for improvements, replacements, additions and extensions of the sewage works, and for payments in

lieu of taxes. Moneys in the Sewage Works Improvement Fund shall be transferred to the Sewage Works Sinking Fund if necessary to prevent a default in the payment of principal and interest on the Outstanding Bonds or Refunding Bonds or, if necessary, to eliminate any deficiencies in credits to or minimum balance in the Reserve Account of the Sewage Works Sinking Fund or may be transferred to the General Account to meet unforeseen contingencies in the operation, repair and maintenance of the sewage works.

Sec 17. Reversion of Flow of Funds. Simultaneously with the issuance of the 1989 Bonds, the Prior Refunded Bonds were refunded and economically defeased with proceeds of the 1989 Bonds and cash on hand of the sewage works. If the cash and Government Obligations, together with any increment thereto and interest earned thereon, will not be sufficient to pay when due all principal of and interest on the Prior Refunded Bonds to and including their final maturity date, the City covenants and agrees that (i) the revenues of the sewage works shall be applied in accordance with the terms of the ordinance authorizing the Prior Refunded Bonds ("Prior Ordinance"), and (ii) the claim of the owners of the Refunding Bonds and the Outstanding Bonds is in all respects junior and subordinate to the rights of the holders of the Prior Refunded Bonds under the Prior Ordinance.

Sec 18. Maintenance of Funds; Investments. The Sinking Fund shall be deposited in and maintained as a separate account or accounts from all other accounts of the City. The General Account and the Sewage Works Improvement Fund may be maintained in a single account, or accounts, but such account, or accounts, shall likewise be maintained separate and apart from all other accounts of the City and apart from the Sinking Fund account or accounts. All moneys deposited in the accounts shall be deposited, held and secured as public funds in accordance with the public depository laws of the State of Indiana; provided that moneys therein may be invested in obligations in accordance with the applicable laws, including particularly Indiana Code, Title 5, Article 13, as amended or supplemented, and in the event of such investment the income therefrom shall become a part of the funds invested and shall be used only as provided in this ordinance.

As long as the 1999 Municipal Bond Insurance Policy is in effect, the moneys held in the Funds and Accounts continued under this ordinance, may be invested, to the extent permitted by Indiana law, in the following obligations ("Permitted Investments"):

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

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

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

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

1. Federal Home Loan Bank System

Senior debt obligations

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

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

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

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

(g) Investment Agreements, including GIC's, acceptable to MBIA.
Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's Investors Corporation or "A-1" or better by Standard & Poor's Corporation.

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

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

(j) Repurchase agreements provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.
Repurchase Agreements must satisfy the following criteria or be approved by MBIA.

1. Repurchases must be between the municipal entity and a dealer bank or securities firm
   A. Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's Corporation and Moody's Investor Services, or
   B. Banks rated "A" or above by Standard & Poor's Corporation and Moody's Investor Services.
2. The written repo contract must include the following:
   A. Securities which are acceptable for transfer are:
      (i) Direct U.S. governments, or
      (ii) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA and FHLMC)
   B. The term of the repo may be up to 30 days
   C. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).
   D. Valuation of Collateral
      (i) The securities must be valued weekly, marked-to-market at current market price plus accrued interest
      (ii) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by

municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

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

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

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

Sec 19. Defeasance of the Refunding Bonds. If, when the Refunding Bonds or a portion thereof shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the Refunding Bonds or a portion thereof for redemption shall have been given, and the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the Refunding Bonds or a portion thereof then outstanding shall be paid; or (i) sufficient moneys or (ii) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury, the principal of and the interest on which when due will provide sufficient moneys for such purpose, shall be held in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case the Refunding Bonds or any designated portion thereof issued hereunder shall no longer be deemed outstanding or entitled to the pledge of the Net Revenues of the City's sewage works. Amounts paid by MBIA under the 1999 Surety Bond shall not be deemed paid pursuant to this Section 17 and shall continue to be due and owing hereunder until paid by the City in accordance with this ordinance.

Sec 20. Rate Covenant. The City covenants and agrees that it will establish and maintain just and equitable rates or charges for the use of and the service rendered by the works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses said sewage works by or through any part of the sewage system of the City, or that in any way uses or is served by such works; at a level adequate to produce and maintain sufficient revenue (including user and other charges, fees, income or revenues available to the City) to provide for the proper and reasonable expenses of Operation and Maintenance (as defined in Ordinance No. 00-35) of the works, to comply with and satisfy all covenants contained in this ordinance and any Financial Assistance Agreement and to pay all obligations of the sewage works and of the City with respect to the sewage works. The rates and charges shall be established, to the extent permitted by law, to produce Net Revenues sufficient to pay at least 1.20 times the annual debt service on the Outstanding Bonds, the Refunding Bonds and all amounts owed to MBIA under the terms of the 1999 Financial Guaranty Agreement. Such rates or charges shall, if necessary, be changed and readjusted from time to time so that the revenues therefrom shall always be sufficient to meet the expenses of operation, repair and maintenance of the sewage works and the requirements of the Sinking Fund. The rates or charges so established shall apply to any and all use of such works by and service rendered to the City and all departments thereof, and shall be paid by the City or the various departments thereof as the charges accrue.

Sec 21. Additional Bond Provisions. The City reserves the right to authorize and issue additional bonds payable out of the revenues of its sewage works ranking on a parity with the Refunding Bonds for the purpose of financing the cost of future additions, extensions and improvements to its sewage works, or to refund obligations, subject to the following conditions:

(a) All required payments into the Sinking Fund shall have been made in accordance with the provisions of this ordinance, and the interest on and principal of all bonds payable from the revenues of the sewage works shall have been paid in accordance with their terms. A debt service reserve for the additional parity bonds commensurate with and proportional to the debt service reserve continued for the Refunding Bonds under Section 13(c) shall be created, upon the delivery of the additional parity bonds, and maintained. Such reserve may either be funded with bond proceeds, funds of the sewage works or a combination thereof, or the City may obtain a Qualified Surety Bond for said additional parity bonds.

(b) The Net Revenues of the sewage works in the fiscal year immediately preceding the issuance of any such bonds ranking on a parity with the Refunding Bonds shall be not less than one hundred twenty-five percent (125%) of the maximum annual interest and principal requirements of the then outstanding bonds and the additional parity bonds proposed to be issued; or, prior to the issuance of the parity bonds the sewage rates and charges shall be increased sufficiently so that the increased

rates and charges applied to the previous year's operations would have produced net operating revenues for said year equal to not less than one hundred twenty-five percent (125%) of the maximum annual interest and principal requirements of all bonds payable from the revenues of the sewage works, including the additional parity bonds proposed to be issued. For purposes of this subsection, the records of the sewage works shall be analyzed and all showings prepared by a certified public accountant or nationally recognized financial consultant or consulting engineer employed by the City for that purpose.

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

(d) So long as the 1999 Municipal Bond Insurance Policy is in effect, in connection with the issuance of additional parity bonds, the City shall deliver to MBIA a copy of the disclosure document, if any, circulated with respect to such additional parity bonds.

(e) So long as any of the Outstanding Bonds sold to the SRF Program (as defined in Ordinance No. 00-35) are outstanding, (i) the City obtains the consent of the State of Indiana, (ii) the City has faithfully performed and is in compliance with each of its obligations, agreements and covenants contained in the Financial Assistance Agreement and this ordinance, and (iii) the City is in compliance with its National Pollutant Discharge Elimination System permits, except for non-compliance for which purpose the bonds are issued, including refunding bonds issued prior to, but part of the overall plan to eliminate such non-compliance.

Sec 22. Further Covenants of the City; Maintenance, Insurance, Pledge Not To Encumber, Subordinate Indebtedness, and Contract with Bondholders. For the purpose of further safeguarding the interests of the owners of the Refunding Bonds, it is hereby specifically provided as follows:

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

(b) So long as any of the Refunding Bonds are outstanding, the City shall maintain insurance on the insurable parts of the system, of a kind and in an amount such as is usually carried by private corporations engaged in a similar type of business. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the state of Indiana.

As an alternative to maintaining such insurance, the City may maintain a self-insurance program with catastrophic or similar coverage so long as such program meets the requirements of any applicable laws or regulations and is maintained in a manner consistent with programs maintained by similarly situated municipalities.

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

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

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

(e) Except as otherwise specifically provided in Section 19 of this ordinance, so long as any of the Refunding Bonds are outstanding, no additional bonds or other obligations pledging any portion of the revenues of the system shall be authorized, issued or executed by the City, except such as shall be made junior and subordinate in all respects to the Refunding Bonds, unless all of the Refunding Bonds are redeemed or defeased coincidentally with the delivery of such additional bonds or other obligations.

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

(g) The provisions of this ordinance shall constitute a contract by and between the City and the owners of the Refunding Bonds herein authorized, all the terms of which shall be enforceable by any bondholder by any and all appropriate proceedings in law or in equity. After the issuance of the Refunding Bonds, this ordinance shall not be repealed, amended or modified in any respect which will

adversely affect the rights or interests of the owners of the Refunding Bonds, nor shall the Common Council or any other body of the City adopt any law, ordinance or resolution in any way adversely affecting the rights of the bondholders so long as any of the Refunding Bonds, or the interest thereon, remain outstanding or unpaid. Except in the case of changes described in Section 21(a)-(f), this ordinance may be amended, however, without the consent of bondowners, if the Common Council determines, in its sole discretion, that such amendment would not adversely affect the owners of the Refunding Bonds.

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

(i) If the City shall fail to repay any amounts owing to MBIA under the 1999 Financial Guaranty Agreement in accordance with the requirements of Section 13(c) hereof, MBIA shall be entitled to exercise any and all remedies available at law other than (i) acceleration of the maturity of the Outstanding Bonds or Refunding Bonds or (ii) remedies which would adversely affect the holders of the Outstanding Bonds or Refunding Bonds.

(j) This ordinance shall not be discharged until all amounts owing under the 1999 Financial Guaranty Agreement or any other Qualified Surety Bond shall have been paid in full.

(k) None of the provisions of this ordinance shall be construed as requiring the expenditure of any funds of the City derived from any sources other than the proceeds of the Refunding Bonds and the operation of the sewage works system.

Sec 23. Amendments with Consent of Bondholders. Subject to the terms and provisions contained in this section, and not otherwise, the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Refunding Bonds issued pursuant to this ordinance and then outstanding shall have the right from time to time, to consent to and approve the adoption by the Common Council of the City of such ordinance or ordinances supplemental hereto or amendatory hereof, as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this ordinance, or in any supplemental ordinance; provided, however, that nothing herein contained shall permit or be construed as permitting:

(a) An extension of the maturity of the principal of or interest on, or any mandatory sinking fund redemption date for, any Refunding Bond issued pursuant to this ordinance; or

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

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

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

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

(f) A reduction in the 2003 Reserve Requirement.

If the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Refunding Bonds outstanding at the time of adoption of such supplemental ordinance shall have consented to and approved the adoption thereof by written instrument to be maintained on file in the office of the Clerk of the City, no owner of any Refunding Bond issued pursuant to this ordinance shall have any right to object to the adoption of such supplemental ordinance or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Common Council of the City from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental ordinance pursuant to the provisions of this section, this ordinance shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and

obligations under this ordinance of the City and all owners of Refunding Bonds then outstanding, shall thereafter be determined, exercised and enforced in accordance with this ordinance, subject in all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this ordinance, the rights and obligations of the City and of the owners of the Refunding Bonds authorized by this ordinance, and the terms and provisions of the Refunding Bonds and this ordinance, or any supplemental or amendatory ordinance, may be modified or altered in any respect with the consent of the City and the consent of the owners of all the Refunding Bonds then outstanding.

Sec 24. Tax Covenants. In order to preserve the exclusion of interest on the Refunding Bonds from gross income for federal tax purposes under Section 103 of the Internal Revenue Code of 1986 as existing on the date of issuance of the Refunding Bonds ("Code") and as an inducement to purchasers of the Refunding Bonds, the City represents, covenants and agrees that:

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

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

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

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

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

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

(g) It shall be not an event of default under this ordinance if the interest on any Refunding Bond is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not currently in effect and in existence on the date of issuance of the Refunding Bonds.

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

(i) The City represents that it will rebate all arbitrage to the United States of America in accordance with the Code.

Sec 25. Noncompliance with Tax Covenants. Notwithstanding any other provisions of this ordinance, the covenants and authorizations contained in this ordinance ("Tax Sections") which are designed to preserve the exclusion of interest on the Refunding Bonds from gross income under federal law ("Tax Exemption") need not be complied with if the City receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption.

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

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

Sec 28. Effective Date. This ordinance shall be in full force and effect from and after its passage by the Common Council of the City of Bloomington, Monroe County, and signing by the Mayor.

Passed and adopted by the Common Council of the City of Bloomington this 11th day of December, 2002.

COMMON COUNCIL

Presiding Officer
Bloomington Common Council

Attest:

REGINA MOORE, Clerk
City of Bloomington

Presented by me to the Mayor of the City of Bloomington this 12th day of December, 2002 at 09:02 a.m.

Clerk

Signed and approved by me, the Mayor of the City of Bloomington, this 12th day of December, 2002, at 9:07 .m.

JOHN FERNANDEZ, Mayor
City of Bloomington

Synopsis

This ordinance authorizes the City to refund the series 1989 and 1995 sewer bonds by issuing new bonds at a lower overall cost to the City.

Signed copies to:
legal (5) utilities
controller file CA/CA/(2)

CITY OF BLOOMINGTON

Bloomington, Indiana

Sewage Works Refunding Revenue Bonds of 2003

PURCHASE CONTRACT

The Members of the Common Council
City of Bloomington, City Hall
Bloomington, IN 47402

Dear Members of the Common Council:

The undersigned, City Securities Corporation ("Underwriter"), hereby offers to enter into the following agreement with the City of Bloomington, Indiana ("City") which, upon acceptance of this offer, will be binding upon the City and the Underwriter. This offer is made subject to acceptance on or before _____ __.m., Eastern Standard Time, _____, 2003.

1. Upon the terms and conditions and upon the basis of the respective representations and covenants hereafter set forth, the Underwriter hereby agrees to purchase from the City, and the City hereby agrees to sell to the Underwriter all, but not less than all, of the City of Bloomington, Indiana, Sewage Works Refunding Revenue Bonds of 2003 ("Bonds"). The Bonds shall accrue interest from their date of delivery, and shall mature annually on January 1 in the years and in such amounts, bear interest at such rates and be subject to redemption prior to their stated maturities as set forth in Schedule A attached hereto and made a part hereof.

2. The purchase price of the Bonds shall be $_____ (which is $_____, the original principal amount of the Bonds less $_____ in underwriter's discount [and less $_____ in original issue discount]).

3. The Bonds shall be authorized and secured by, and issued under, a Bond Ordinance drafted by Ice Miller, Indianapolis, Indiana, Bond Counsel, and approved by the Underwriter.

4. The City hereby authorizes a Preliminary Official Statement and a final Official Statement (collectively,"Official Statement") prepared for and on behalf of the City and other documents to be used in connection with the public offering and sale of the Bonds.

5. The City, at its expense, shall furnish the Underwriter with a sufficient number of copies, as agreed upon between the City and the Underwriter, of an Official Statement, within seven (7) business days, as required in connection with the sale by the Underwriter of the Bonds. Copies in addition to the number agreed upon will be provided at the Underwriter's expense.

6. The Bonds, registered in the name of Cede & Co. shall be delivered to the Underwriter at the offices of The Depository Trust Company in New York, New York, on _____, 2003, at which time the Underwriter agrees to pay the purchase price in full. Such delivery and payment is referred to as the "Closing." The Bonds will be made available to _____, in _____, Indiana, the registrar and paying agent bank, for checking and packaging at least two (2) business days prior to the Closing.

7. The Underwriter shall have the right to cancel its obligation to purchase the Bonds if between the date hereof and the date of Closing, (i) (a) legislation shall be introduced in Congress, or enacted or actively considered for enactment by the Congress, or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of the Congress by any committee of such House, or (b) a decision by a Federal Court of the United States or the United States Tax Court shall be rendered, or a ruling or regulation by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed with respect to Federal taxation upon revenues or other income to be derived by the City or upon interest on obligations of the general character of the Bonds, or (c) other action or events shall have occurred or transpired, any of which has the purpose or effect, directly or indirectly, of materially adversely affecting the Federal or Indiana income tax or other Indiana tax consequences of any of the transactions contemplated in connection herewith, and in the reasonable judgment of the Underwriter materially adversely affects the market for the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds at the contemplated offering price, or (ii) there shall exist in the reasonable judgment of the Underwriter any fact or any event shall have occurred which either (a) makes untrue or incorrect any statement of a material fact or material information contained in the Official Statement, or (b) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect, or (iii) there shall have occurred any outbreak of hostilities or any national or international calamity or crisis, including a financial crisis, the effect of which on the financial markets of the United States being such as would in the reasonable judgment of the Underwriter materially adversely affect the market for the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds at the contemplated offering price, or (iv) there shall be in force a general suspension of trading on the New York Stock Exchange or a general banking moratorium shall have been declared by Federal, Indiana or New York authorities, the effect of which would, in the reasonable judgment of the Underwriter, materially adversely affect the market for the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds at the contemplated offering prices, or (v) there shall have occurred, since the date hereof, any material adverse change in the affairs of the City from that reflected in the financial statements of the City contained in the Official Statement.

8. The City hereby represents and warrants to the Underwriter that:

(a) It is authorized by law to enter into this Purchase Contract and the documents herein referred to and to perform all of its obligations to consummate the transactions contemplated hereby and thereby;

(b) The information contained in the Official Statement as of the Closing will be complete and correct in all material respects and does not and will not contain any untrue statement of a material fact and does not and will not omit a material fact required or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(c) The City has not been in default as to principal and interest payments on any securities at any time after December 31, 1975.

The City agrees that it shall take all necessary action to authorize the execution and delivery of, and shall execute and deliver the Bonds, the Bond Ordinance and any and all other agreements, certificates, and documents as may be required to consummate the transactions contemplated hereby and by the Official Statement.

Any certificate signed by an authorized officer of the City and delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to statements made therein.

9. The obligations of the Underwriter hereunder shall be subject to:

(a) The performance by the City of its obligations to be performed hereunder at and prior to the Closing;

(b) The accuracy of the warranties and representations of the City; and

(c) Delivery to the Underwriter of executed counterparts of the following documents in such number as shall be reasonably required and in form and substance satisfactory to the Underwriter:

(i) The Bond Ordinance;

(ii) A Continuing Disclosure Undertaking Agreement;

(iii) The unqualified approving opinion of Bond Counsel in the form set forth in the Official Statement, dated the date of Closing;

(iv) [A municipal bond insurance policy insuring the Bonds and debt service reserve surety bond issued by _____;] and

(v) Such additional legal opinions, bonds, proceedings, and such other documents, including references to the provisions of the Internal Revenue Code of 1986, as amended, as Bond Counsel or the Underwriter may reasonably request to evidence compliance by the City with legal requirements, the truth and accuracy of their representations herein, the accuracy and completeness of the Official Statement as of the Closing and the due performance or satisfaction by the City at

or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the City.

10. The City shall pay, or cause to be paid, from the proceeds of the sale of the Bonds, or other sources, the fees and disbursements of Bond Counsel, the fees and disbursements of the City's legal counsel, the cost of the preparing and printing of the Official Statement, the fees of any rating agency, any insurance premiums, the cost of printing and delivery of definitive Bonds and any other costs and expenses of the issuance and delivery of the Bonds. The Underwriter shall pay the cost of advertising the Bonds and all other expenses incurred by them in connection with their offering and distribution of the Bonds.

11. All representations, warranties, and agreements of the City shall remain in full force and effect regardless of any investigations made by or on behalf of the Underwriter and shall survive the Closing.

12. Any notice or other communication to be given to the City shall be given by delivering the same in writing at the address set forth above, and any notice or other communication to be given to the Underwriter shall be given in writing to City Securities Corporation, Attn: Mr. Randy Ruhl, 30 South Meridian Street, Suite 600, Indianapolis, Indiana 46204.

This Purchase Contract is made solely for the benefit of the parties hereto, and no other person, including any holders of the Bonds, shall acquire or have any right hereunder or by virtue hereof.

The approval and acceptance of this offer by the City, as evidenced by the execution of the acceptance clause below, shall cause this document to constitute a contract for the sale by the City and the purchase by the Underwriter of the herein described Bonds, subject to and in accordance with the terms and conditions herein outlined and established.

Respectfully submitted,

CITY SECURITIES CORPORATION

By: _____

Printed: _____

Title: _____

Accepted this _____ day of _____, 2003, as authorized by action of the Common Council of the City of Bloomington, Indiana.

CITY OF BLOOMINGTON, INDIANA

By: _____
JOHN FERNANDEZ, Mayor
City of Bloomington

By: _____
THOMAS GUEVARA, Controller
City of Bloomington

ATTEST:

_____
REGINA MOORE, Clerk
City of Bloomington, Indiana

SCHEDULE A

Amounts, Maturities and Interest Rates

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate

[Mandatory Redemption Provisions

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

Year	Amount
*	

*Final Maturity]

Optional Redemption Provisions

Bonds due on and after January 1, 20__, shall be subject to optional redemption prior to their stated maturities, in whole or in part in the order of maturity as determined by the City, and by lot within a maturity, on any date on or after _____ 1, 20__, at the following percentages of the principal amount thereof plus accrued interest to the date of redemption.

10__% if redeemed on _____, 20__,
or thereafter on or before _____, 20__;
10__% if redeemed on _____, 20__,
or thereafter on or before _____, 20__;
100% if redeemed on _____, 20__,
or thereafter prior to maturity.

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This CONTINUING DISCLOSURE UNDERTAKING AGREEMENT ("Agreement") is made as of _____, 2003 between the City of Bloomington, Indiana ("Obligor") and _____ ("Counterparty"), for the purpose of permitting City Securities Corporation, as underwriter ("Underwriter") of the Bonds to purchase the Bonds in compliance with the Securities and Exchange Commission ("SEC") Rule 15c2-12 ("SEC Rule") as published in the Federal Register on November 17, 1994.

Section 1. Definitions. The words and terms defined in this Agreement shall have the meanings herein specified unless the context or use clearly indicates another or different meaning or intent. Those words and terms not expressly defined herein and used herein with initial capitalization where rules of grammar do not otherwise require capitalization, shall have the meanings assigned to them in the SEC Rule.

(1) "Bondholder" or "holder" or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any outstanding Bond, including the holders of beneficial interests in the Bonds.

(2) "Final Official Statement" means the Official Statement, dated as of _____, 2003, relating to the Bonds, including any document or set of documents included by specific reference to such document or documents previously provided to each NRMSIR and to the SID, or filed with the Municipal Securities Rulemaking Board ("MSRB").

(3) "NRMSIR" means, at any point in time, a nationally recognized municipal securities information repository which is then recognized as such by the SEC, initially including but not limited to each of those entities listed on the attached Exhibit A.

(4) "Obligated Person" means any person, including an issuer of municipal securities, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), for which Annual Information (as defined in Section 5 hereof) is presented in the Official Statement. All Obligated Persons with respect to the Bonds are identified in Section 4 below.

(5) "SID" means the Indiana state information depository, if any, in existence from time to time.

Section 2. Bonds. This Agreement applies to the Sewage Works Refunding Revenue Bonds of 2003 in the principal amount of $_____ ("Bonds").

Section 3. Term. The term of this Agreement is from the date of delivery of the Bonds by the Obligor to the earlier of (i) the date of the last payment of principal or redemption price, if any, of, and interest to accrue on, all the Bonds, (ii) the date the Bonds are defeased under Section 17 of the Ordinance adopted by the Obligor on _____, 200__ ("Ordinance"), or (iii) the date of rescission as described in Section 14.

Section 4. Obligated Persons. The Obligor hereby represents and warrants as of the date hereof that it is the only Obligated Person with respect to the Bonds. If the Obligor, at its sole discretion, determines that it is no longer an Obligated Person, this Agreement shall no longer apply to the Obligor.

Section 5. Provision of Annual Information. (a) The Obligor hereby undertakes to provide the following financial information:

(1) To each NRMSIR and to the SID, when and if available, the audited financial statements of the Obligor as prepared and examined by the State Board of Accounts for each twelve-month period ending December 31, beginning with the twelve month period ending December 31, 2003, together with the opinion of such accountants and all notes thereto, within sixty (60) days of receipt from the State Board of Accounts; and

(2) To each NRMSIR and to the SID, within 180 days of each December 31, beginning with the calendar year ending December 31, 2003, unaudited annual financial information for the Obligor for such calendar year including (i) unaudited financial statements of the Obligor if audited financial statements are not available, and (ii) operating data of the type included under the following headings in Appendix A to the Final Official Statement (collectively,"Annual Information"):

[INSERT HEADINGS]

(b) If any Annual Information or audited financial statements relating to the Obligor referred to in paragraph (a) of this Section 5 no longer can be generated because the operations to which they related have been materially changed or discontinued, a statement to that effect, provided by the Obligor to each NRMSIR and to the SID, along with any other Annual Information or audited financial statements required to be provided under this Agreement, shall satisfy the undertaking to provide such Annual Information or audited financial statements. To

the extent available, the Obligor shall cause to be filed along with the other Annual Information or audited financial statements operating data similar to that which can no longer be provided.

(c) The disclosure may be accompanied by a certificate of an authorized representative of the Obligor in the form of Exhibit B attached hereto.

(d) The Obligor agrees to make a good faith effort to obtain Annual Information. However, failure to provide audited financial statements or Annual Information because it is not available to the Obligor shall not be deemed to be a breach of this Agreement. The Obligor further agrees to supplement the Annual Information filing when such data is available.

(e) Annual Information or audited financial statements required to be provided pursuant to this Section 5 may be provided by a specific reference to such Annual Information or audited financial statements already prepared and previously provided to each NRMSIR and the SID, or filed with the SEC; however, if such document is a final official statement, it must also be available from the MSRB.

Section 6. Accounting Principles. The financial information will be prepared on a cash basis as prescribed by the State Board of Accounts, as in effect from time to time, as described in the auditors' report and notes accompanying the audited financial statements of the Obligor or those principles mandated by state law from time to time. The audited financial statements of the Obligor, as described in Section 5(a)(1) hereof, will be prepared in accordance with generally accepted accounting standards and Government Auditing Standards issued by the Comptroller General of the United States.

Section 7. Material Events. The Obligor undertakes to disclose in a timely manner the occurrence of only the following events, if material (which determination of materiality shall be made by the Obligor in accordance with the standards established by federal securities laws), to each NRMSIR or to the MSRB, and to the SID:

(1) principal and interest payment delinquencies;
(2) non-payment related defaults;
(3) unscheduled draws on debt service reserves reflecting financial difficulties;
(4) unscheduled draws on credit enhancements reflecting financial difficulties;
(5) substitution of credit or liquidity providers, or their failure to perform;
(6) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
(7) modifications to the rights of Bondholders;
(8) Bond calls (other than scheduled mandatory sinking fund redemptions for which notice is given in accordance with the Ordinance);
(9) defeasances;

(10) release, substitution or sale of property securing repayment of the Bonds; and
(11) rating changes.

The Obligor may from time to time choose to provide notice of the occurrence of any other event, in addition to those listed above, if, in the judgment of the Obligor, such other event is material with respect to the Bonds and should be disclosed, but the Obligor does not commit to provide any such notice of the occurrence of any material event except those events set forth above. The disclosure may be accompanied by a certificate of an authorized representative of the Obligor in the form of Exhibit C attached hereto.

Section 8. Notice to Counterparty and [_____]. The Obligor hereby agrees to provide to the Counterparty a copy of any Annual Information, audited financial statements, material event notice, or notice of failure to disclose Annual Information which it files or causes to be filed pursuant to Sections 5, 7 and 10 hereof, respectively, concurrently with or prior to such filing. [So long as the financial guaranty insurance policy or surety bond issued by _____ ("_____") is in effect, any notices under this Agreement shall also be provided to _____.]

Section 9. Use of Agent. The Obligor may, at its sole discretion, utilize an agent ("Dissemination Agent") in connection with the dissemination of any information required to be provided by the Obligor pursuant to the terms of the SEC Rule and this Agreement. If a Dissemination Agent is selected for these purposes, the Obligor shall provide prior written notice thereof (as well as notice of replacement or dismissal of such agent) to the Counterparty and to each NRMSIR, the SID, and the MSRB.

Further, the Obligor may, at its sole discretion, retain counsel or others with expertise in securities matters for the purpose of assisting the Obligor in making judgments with respect to the scope of its obligations hereunder and compliance therewith, all in order to further the purposes of this Agreement as set forth in the preamble and Section 11 hereof.

Section 10. Failure to Disclose. If, for any reason, the Obligor fails to provide the audited financial statements or Annual Information as required by this Agreement, the Obligor shall provide notice of such failure in a timely manner to each NRMSIR or to the MSRB, and to the SID.

Section 11. Remedies.

(a) The purpose of this Agreement is to enable the Underwriter to purchase the Bonds by providing for an undertaking by the Obligated Persons in satisfaction of the SEC Rule. This Agreement is solely for the benefit of the Bondholders and creates no new contractual or other rights for, nor can it be relied upon by, the SEC, underwriters, brokers, dealers, municipal securities dealers, potential customers, other Obligated Persons or any other third party. The sole remedy against the Obligor for any failure to carry out any provision of this Agreement shall be for specific performance of the Obligor's disclosure obligations hereunder and not for money

damages of any kind or in any amount or for any other remedy. The Obligor's failure to honor its covenants hereunder shall not constitute a breach or default of the Bonds, the Ordinance or any other agreement to which the Obligor is a party.

(b) Subject to paragraph (e) of this Section 11, in the event the Obligor fails to provide any information required of it by the terms of this Agreement, any Bondholder may pursue the remedy set forth in the preceding paragraph in any court of competent jurisdiction in the county in which the Obligor is located. An affidavit to the effect that such person is a Bondholder supported by reasonable documentation of such claim shall be sufficient to evidence standing to pursue this remedy.

(c) Subject to paragraph (e) of this Section 11, any challenge to the adequacy of the information provided by the Obligor by the terms of this Agreement may be pursued only by holders of not less than 25% in principal amount of Bonds then outstanding in any court of competent jurisdiction in the county in which the Obligor is located. An affidavit to the effect that such persons are Bondholders supported by reasonable documentation of such claim shall be sufficient to evidence standing to pursue the remedy set forth in the preceding paragraph.

(d) The Counterparty, upon satisfactory indemnification and demand by those persons it reasonably believes to be Bondholders, may also pursue the remedy set forth above in any court of competent jurisdiction in the county in which the Obligor is located. The Counterparty shall have no obligation to pursue any remedial action in the absence of a valid demand from Bondholders and satisfactory indemnification.

(e) Prior to pursuing any remedy under this Agreement, a Bondholder shall give notice to the Obligor, via registered or certified mail, of such breach and its intent to pursue such remedy. Fifteen (15) days after the mailing of such notice, and not before, a Bondholder may pursue such remedy under this Agreement. The Obligor's failure to honor its covenants hereunder shall not constitute a breach or default of the Bonds, the Ordinance or any other agreement to which the Obligor is a party.

Section 12. Counterparty's Obligations. The Counterparty hereto shall have no obligation to take any action whatsoever with respect to information provided by the Obligor under this Agreement (or by any Obligated Persons covered hereby), except (i) as set forth in this Section 12 and (ii) any obligations arising from the Counterparty serving as a Dissemination Agent, and no implied covenants or obligations shall be read into this Agreement against the Counterparty. Further, except as set forth in this Section 12, the Counterparty hereto shall have no responsibility to ascertain the truth, completeness, accuracy, or timeliness of the information provided as required hereunder by the Obligor or any Obligated Person, nor as to its sufficiency for purposes of compliance with the SEC Rule or the requirements of this Agreement.

The Counterparty may, at its sole discretion, retain counsel or others with expertise in continuing disclosure matters for the purpose of assisting the Counterparty in making judgments with respect to the scope of its obligations hereunder and compliance therewith.

If the Counterparty has not received the Annual Information by the date which is ten (10) days before the date set forth in Section 5(a)(2) of this Agreement, the Counterparty shall notify the Obligor, via registered or certified mail, that it has not received such Annual Information. However, a failure by the Counterparty to provide (or any delay in providing) any notice required by this paragraph shall not: (i) operate to relieve the Obligor of its obligation to provide the Annual Information in the manner and within the time specified in this Agreement; or (ii) constitute a defense for the Obligor, or the basis for any claim, counterclaim, cross-claim or third-party claim by the Obligor, in any action brought pursuant to Section 11 of this Agreement or otherwise. Nothing contained in this paragraph shall operate to grant any additional rights or remedies to any holder of Bonds.

The Counterparty hereto shall be obligated to, and hereby agrees that it will, on the fifth business day after the date required by Section 5(a)(2) of this Agreement, forward to those persons or entities scheduled to receive Annual Information a notice substantially in the form of Exhibit D attached hereto in the event that the Counterparty has not received a copy of such Annual Information; provided, however, that the Counterparty shall not give such notices as described in this paragraph and the immediately preceding paragraph if the Obligor has provided the Counterparty with notice that the Obligor has issued notice pursuant to Section 10 hereof.

Section 13. Resignation and Removal of Counterparty. The Counterparty may resign in its capacity under this Agreement at any time by giving written notice thereof to the Obligor. So long as the Obligor has not failed to honor its obligations as set forth in Sections 5, 7 and 10 hereof, the Obligor may remove the Counterparty in its capacity under this Agreement at any time by giving written notice thereof to the Counterparty. Upon such resignation or removal, the Obligor shall promptly appoint a successor Counterparty.

Section 14. Modification of Agreement. The Obligor and the Counterparty may, from time to time, amend or modify this Agreement without the consent of or notice to the Bondholders if either (a)(i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Obligor, or type of business conducted, (ii) this Agreement, as so amended or modified, would have complied with the requirements of the SEC Rule on the date hereof, after taking into account any amendments or interpretations of the SEC Rule, as well as any change in circumstances, and (iii) such amendment or modification does not materially impair the interests of the Bondholders, as determined either by (A) the Counterparty or nationally recognized bond counsel or (B) an approving vote of the holders of the requisite percentage of outstanding Bonds as required under Section 21 of the Ordinance at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds this Agreement) is permitted by the SEC Rule, as then in effect.

Section 15. Interpretation Under Indiana Law. It is the intention of the parties hereto that this Agreement and the rights and obligations of the parties hereunder shall be governed by and construed and enforced in accordance with, the law of the State of Indiana.

Section 16. Severability Clause. In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 17. Successors and Assigns. All covenants and agreements in this Agreement made by the Obligor and the Counterparty shall bind their successors, whether so expressed or not.

Section 18. Notices. All notices required to be given under this Agreement shall be made at the following addresses:

If to the Obligor: City of Bloomington, Indiana
c/o Clerk
401 North Morton Street
Bloomington, Indiana 47402

If to the Counterparty:

IN WITNESS WHEREOF, the Obligor and the Counterparty have caused this Agreement to be executed as of the _____ day of _____, 2003.

CITY OF BLOOMINGTON, INDIANA, as Obligor

_____

_____,
as Counterparty

_____

EXHIBIT A

NATIONALLY RECOGNIZED MUNICIPAL
SECURITIES INFORMATION REPOSITORIES

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
E-Mail: Munis@Bloomberg.com

Standard & Poor's J. J. Kenny Repository
55 Water Street, 45th Floor
New York, New York 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
Email: nrmsir_repository@sandp.com

FT Interactive Data
Attn: NRMSIR
100 Williams Street
New York, New York 10038
Phone: (212) 771-6999
Fax: (212) 771-7390 (Secondary Market Information
(212) 771-7391 (Primary Market Information)
Email: NRMSIR@FTID.com

DPC Data, Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
E-Mail: nrmsir@dpcdata.com

EXHIBIT B

CERTIFICATE RE: ANNUAL FINANCIAL INFORMATION DISCLOSURE

The undersigned, on behalf of the City of Bloomington, Indiana, as the Obligor under the Continuing Disclosure Undertaking Agreement, dated _____, 2003 ("Agreement"), between the Obligor and _____, as Counterparty, hereby certifies that the information enclosed herewith constitutes the Annual Information (as defined in the Agreement) which is required to be provided pursuant to Section 5(a)(2) of the Agreement.

Dated: _____.

CITY OF BLOOMINGTON, INDIANA

By: _____

Printed: _____

Title: _____

EXHIBIT C

CERTIFICATE RE: MATERIAL EVENT DISCLOSURE

The undersigned, on behalf of the City of Bloomington, Indiana, as the Obligor under the Continuing Disclosure Undertaking Agreement, dated _____, 2003 ("Agreement"), between the Obligor and _____, as Counterparty, hereby certifies that the information enclosed herewith constitutes notice of the occurrence of a material event which is required to be provided pursuant to Section 7 of the Agreement.

Dated: _____.

CITY OF BLOOMINGTON, INDIANA

By: _____

Printed: _____

Title: _____

EXHIBIT D

NOTICE TO REPOSITORIES OF FAILURE TO FILE INFORMATION

Notice is hereby given that the City of Bloomington, Indiana ("Obligor") has not provided to _____, as Counterparty to the Continuing Disclosure Undertaking Agreement, dated _____, 2003 ("Agreement"), between the Obligor and the Counterparty, the Annual Information as required by Section 5(a)(2) of the Agreement.

Dated: _____

_____

By: _____

Printed: _____

Title: _____

INDY 1078785v1

ESCROW AGREEMENT

BETWEEN

THE

CITY OF BLOOMINGTON, INDIANA

AND

_____

As Escrow Trustee

SEWAGE WORKS REFUNDING REVENUE BONDS OF 2003
$_____

Dated _____, 2003

ESCROW AGREEMENT

This agreement ("Escrow Agreement") made and entered into on _____, 2003, by and between the City of Bloomington, Indiana ("Issuer"), a municipal corporation existing under the laws of the State of Indiana and _____ ("Escrow Trustee"), a banking and financial institution incorporated under the laws of the United States of America, having its principal corporate trust office in the City of _____, Indiana, as Escrow Trustee under this Escrow Agreement with the Issuer.

WITNESSETH

WHEREAS, the Indiana Code, Title 5, Article 1, Chapter 5 ("Act"), has been enacted by the legislature of Indiana; and

WHEREAS, the Act declares that the refunding of bonds to effect a savings for the Issuer or to relieve the Issuer of restrictive covenants which impede additional financings and the issuance of refunding bonds to accomplish the refunding constitute a public purpose; and

WHEREAS, the Act provides that the proceeds of the refunding bonds may be secured by a trust agreement between the Issuer and a corporate trustee; and

WHEREAS, the execution and delivery of this Escrow Agreement has been in all respects duly and validly authorized by an ordinance ("Ordinance") duly passed and approved by the Common Council of the Issuer; and

WHEREAS, the Issuer heretofore issued its Sewage Works Refunding Revenue Bonds of 1989, dated as of November 1, 1989 ("1989 Bonds"), in the total amount of $6,740,000, of which $1,300,000 in principal amount is now outstanding; and its Sewage Works Revenue Bonds of 1995, dated as of May 1, 1995 ("1995 Bonds"), in the total amount of $18,500,000, of which $16,505,000 in principal amount is now outstanding; and

WHEREAS, the Issuer has concurrently with the execution and delivery of this Escrow Agreement, executed, issued and delivered pursuant to the Ordinance, its Sewage Works Refunding Revenue Bonds of 2003 ("2003 Bonds") in the amount of $_____, and the Issuer has deposited with the Escrow Trustee (a) certain hereinafter described securities or evidences thereof in the amount of $_____ ("Government Obligations") purchased from $_____ of the proceeds of the 2003 Bonds and $_____ of funds on hand and (b) cash in the amount of $_____ funded from funds on hand ("Cash Requirement") in a total amount sufficient to (i) pay the principal of and interest on the 1989 Bonds through _____ 1, 2003, and to redeem the 1989 Bonds, with accrued interest, on _____ 1, 2003, the earliest date on which the 1989 Bonds may be redeemed; and (ii) pay the principal of and interest on the 1995 Bonds through January 1, 2005, and to redeem the 1995 Bonds, with redemption premium and accrued interest, on January 1, 2005, the earliest date on which the 1995 Bonds may be redeemed.

NOW THEREFORE, THIS AGREEMENT WITNESSETH: That in order to secure the payment of the principal of and interest and redemption premium, if any, on the 1989 Bonds and the 1995 Bonds (collectively, "Refunded Bonds") according to their tenor, purport and effect, and in order to secure the performance and observance of all of the covenants and conditions herein and in the Refunded Bonds and the 2003 Bonds, and for and in consideration of the mutual covenants herein contained, and of the acceptance by the Escrow Trustee of the trust hereby created, the Issuer has executed and delivered this Escrow Agreement.

TO HAVE AND TO HOLD the same unto the Escrow Trustee, and its successor or successors and its or their assigns forever;

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, to secure the payment of the Refunded Bonds and the interest and redemption premium, if any, payable thereon, and to secure also the observance and performance of all the terms, provisions, covenants and conditions of this Escrow Agreement, and for the equal and ratable benefit and security of all and singular the owners of all Refunded Bonds without preference, priority or distinction as to lien or otherwise of any one Refunded Bond or as between principal and interest; and it is hereby mutually covenanted and agreed that the terms and conditions upon which the Refunded Bonds are to be paid, and a portion of the proceeds of the 2003 Bonds invested, and the trusts and conditions upon which the pledged Government Obligations and the Cash Requirement are to be held and disbursed, are as follows:

1. The Escrow Trustee acknowledges receipt, from the Issuer, of the Government Obligations, as set forth in Exhibit A attached hereto, together with the Cash Requirement, to be applied on the principal of and interest and redemption premium, if any, on the Refunded Bonds in accordance with the schedule set forth in Exhibit B attached hereto. The Government Obligations have been deposited with the Escrow Trustee and will bear interest at such rates and will mature at such times and in such amounts so that, when paid according to their respective terms, together with the Cash Requirement, sufficient moneys will be available for (i) the payment of principal of and interest on the 1989 Bonds until _____ 1, 2003, the earliest date upon which the 1989 Bonds may be called for redemption, and the cost of redeeming the 1989 Bonds at a redemption price of 100% of the principal amount; and (ii) the payment of principal of and interest on the 1995 Bonds until January 1, 2005, the earliest date upon which the 1995 Bonds may be called for redemption, and the cost of redeeming the 1995 Bonds at a redemption price of 102% of the principal amount.

2. (a) A Trust Account is created hereby for the Refunded Bonds ("Trust Account"). For purposes of securing payment for the Refunded Bonds, the Government Obligations and the Cash Requirement set forth on Exhibit A will be held in trust by the Escrow Trustee in the Trust Account and such Government Obligations on deposit with the Escrow Trustee, including interest to be earned thereon, together with the Cash Requirement, are pledged solely and irrevocably for the benefit of the owners of the Refunded Bonds. Pursuant to this Section, the Issuer irrevocably instructs the Escrow Trustee to duly call the 1989 Bonds for redemption on _____ 1, 2003 and to duly call the 1995 Bonds for redemption on January 1, 2005, and the Escrow Trustee hereby agrees to follow this instruction.

(b) The Escrow Trustee and the Issuer agree to redeem on _____ 1, 2003, all outstanding 1989 Bonds due on January 1, 2004 and thereafter. The Escrow Trustee and the Issuer shall complete the notice attached as Exhibit C-1 and mail the notice to all registered owners of the 1989 Bonds at least thirty (30) days prior to _____ 1, 2003, substantially in the form attached to this Escrow Agreement as Exhibit C-1. The Escrow Trustee and the Issuer agree to redeem on January 1, 2005, all outstanding 1995 Bonds due on January 1, 2006 and thereafter. The Escrow Trustee and the Issuer shall complete the notice attached as Exhibit C-2 and mail the notice to all registered owners of the 1995 Bonds at least thirty (30) days prior to January 1, 2005, substantially in the form attached to this Escrow Agreement as Exhibit C-2. The Escrow Trustee shall [transfer funds to][serve as] the paying agent for the Refunded Bonds and shall make timely payments under this Escrow Agreement.

(c) Any balance remaining in the Trust Account after payment of all the Refunded Bonds shall be deposited with the Issuer and used by the Issuer to pay debt service on the 2003 Bonds.

(d) The mathematical calculations of the adequacy of the Trust Account to fully provide for all payments enumerated in this Escrow Agreement will be computed at the time of delivery of the 2003 Bonds by O.W. Krohn & Associates ("Verification Report").

3. The Issuer covenants that the proceeds from the sale of the 2003 Bonds, any moneys attributable to the proceeds of the 2003 Bonds or the Refunded Bonds, amounts received from the investment of the proceeds of the 2003 Bonds and any other amounts treated as proceeds of the 2003 Bonds under the applicable provisions of the Internal Revenue Code of 1986 as existing on the date of the issuance of the 2003 Bonds ("Code"), to the extent applicable to the 2003 Bonds or held in funds or accounts under the ordinances authorizing the Refunded Bonds or the Ordinance, shall not be invested or otherwise used in a manner which would cause the 2003 Bonds to be "arbitrage bonds" within the meaning of the Code and the regulations and rulings promulgated thereunder.

4. The Escrow Trustee hereby accepts the trusts imposed upon it by this Escrow Agreement and agrees to perform these trusts as a corporate trustee ordinarily would perform such trusts under a corporate indenture. The Escrow Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, certified public accountants, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Escrow Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Issuer). The Escrow Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

The Escrow Trustee shall be entitled to payment and/or reimbursement from the Issuer in accordance with the schedule attached hereto as Exhibit D in connection with its services under this Escrow Agreement and costs incurred under the preceding paragraph. Such fees shall not constitute a lien against the Trust Account. If, after the Refunded Bonds are completely paid, there are insufficient funds to pay such fees, the Issuer is responsible for the payment of such Escrow Trustee fees.

5. The Escrow Trustee shall have the power to sell, transfer, request the redemption or otherwise dispose of some or all of the Government Obligations in the Trust Account and to substitute other Government Obligations of equal or greater security identified in the Verification Report therefor provided that the Escrow Trustee shall receive (i) the unqualified opinion of nationally recognized municipal bond attorneys prior to any such actions to the effect that such disposition and substitution would not cause any of the Refunded Bonds or the 2003 Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code, or any other regulations and rulings to the extent applicable to the Refunded Bonds or the 2003 Bonds; (ii) the unqualified opinion of a certified public accountant or a firm of certified public accountants to the effect that such disposition and substitution shall not reduce the sufficiency and adequacy of the Trust Account to fully provide for all payments enumerated in this Escrow Agreement; [and (iii) the written consent of _____ ("_____"), so long as the municipal bond insurance policy of _____ is in effect for the 2003 Bonds.

6. This Escrow Agreement is made for the benefit of the Issuer and the holders from time to time of the Refunded Bonds, and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Trustee and the Issuer, provided, however, that the Issuer and the Escrow Trustee may, without the consent of, or notice to, such holders, amend this Escrow Agreement or enter into such agreements supplemental to this Escrow Agreement, in their sole judgment and discretion, as shall not materially adversely affect the rights of such holders, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Escrow Agreement; (ii) to grant to, or confer upon, the Escrow Trustee for the benefit of the holders of the Refunded Bonds, any additional rights, remedies, powers, security or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Trustee; and (iii) to include under this Escrow Agreement additional funds, securities or properties.

7. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the Issuer or the Escrow Trustee to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

8. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

9. This Escrow Agreement shall be construed and enforced under the laws of the State of Indiana, without regard to conflict of law principles.

10. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Escrow Agreement, shall be a legal holiday or a day on which banking institutions in the city in which is located the principal corporate trust office or corporate trust operations office of the Escrow Trustee are authorized by law to remain 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 authorized to remain closed, with the same force and effect as if done on the nominal date provided in this Escrow Agreement, and no interest shall accrue for the period after such nominal date.

11. This Escrow Agreement shall not be assigned by the Escrow Trustee or any successor thereto without the prior written consent of the Issuer.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed for and on their behalf the day and year first hereinabove written.

CITY OF BLOOMINGTON, INDIANA

By: _____
JOHN FERNANDEZ, Mayor
City of Bloomington

By: _____
THOMAS GUEVARA, Controller
City of Bloomington

Attest:

_____
REGINA MOORE, Clerk
City of Bloomington

(SEAL)

_____

By: _____

Printed: _____

Title: _____

Attest:

By:_____

EXHIBIT A

Attached to and made a part of the
Escrow Agreement executed by the
City of Bloomington, Indiana and

_____
as Escrow Trustee
Dated _____, 2003

SCHEDULE OF GOVERNMENT OBLIGATIONS

Type	Maturity Date	Amount	Coupon Rate

Cash in the amount of $_____

EXHIBIT B

PAYMENT OF PRINCIPAL AND INTEREST
ON 1989 BONDS

Date	Principal	Interest
__/__/03	$1,300,000	$

PAYMENT OF PRINCIPAL, INTEREST AND REDEMPTION PREMIUM
ON 1995 BONDS

Date	Principal	Interest	Redemption Premium
07/01/03		$	
01/01/04	$ 360,000		
07/01/04			
01/01/05	16,145,000		$315,200

EXHIBIT C-1

NOTICE OF REDEMPTION

Owners of the One Million Three Hundred Thousand Dollars ($1,300,000) in aggregate principal amount of Sewage Works Refunding Revenue Bonds of 1989 of the City of Bloomington, Indiana, dated November 1, 1989, and maturing annually on January 1, 2004 through January 1, 2005, inclusive ("Bonds"), are hereby notified that such Bonds will be redeemed upon presentation, at the paying agent for said Bonds, at the principal corporate trust office of Bank One Trust Company, NA, 111 Monument Circle, Indianapolis, Indiana 46277, on _____ 1, 2003, at face value, plus accrued interest to _____ 1, 2003. All of such Bonds shall cease to bear interest on _____ 1, 2003.

Dated this ____ day of _____, 2003.

CITY OF BLOOMINGTON, INDIANA

_____

Mail to registered owners at least thirty (30) days prior to _____ 1, 2003.

EXHIBIT C-2

NOTICE OF REDEMPTION

Owners of the Fifteen Million Seven Hundred Sixty Thousand Dollars ($15,760,000) in aggregate principal amount of Sewage Works Revenue Bonds of 1995 of the City of Bloomington, Indiana, dated May 1, 1995, and maturing annually on January 1, 2006 through January 1, 2025, inclusive ("Bonds"), are hereby notified that such Bonds will be redeemed upon presentation, at the paying agent for said Bonds, at the principal corporate trust office of Bank One Trust Company, NA, 111 Monument Circle, Indianapolis, Indiana 46277, on January 1, 2005, at face value, plus a premium of two percent (2%) of the face value, plus accrued interest to January 1, 2005. All of such Bonds shall cease to bear interest on January 1, 2005.

Dated this ____ day of _____, 2004.

CITY OF BLOOMINGTON, INDIANA

_____

Mail to registered owners at least thirty (30) days prior to January 1, 2005.

EXHIBIT D

ESCROW TRUSTEE FEES