

RESOLUTION NO. 04-08

**RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF
LEBANON, INDIANA AUTHORIZING THE ISSUANCE OF PUBLIC
WORK NOTE**

WHEREAS, the Common Council (the "Council") of the City of Lebanon, Indiana (the "City") has considered undertaking the renovation of a portion of the Lebanon Municipal Building for use as the Lebanon Police Station, and the construction of a garage addition thereto (collectively, the "Project"); and

WHEREAS, it would be of public utility and benefit and in the best interests of the City and its citizens to pay the costs of all or a portion of the Project through the issuance of a Public Work Note of the City; and

WHEREAS, the Council deems it advisable to issue, pursuant to Indiana Code § 36-9-41 and other applicable provisions of the Indiana Code (collectively, the "Act"), the "City of Lebanon, Indiana, Public Work Note, Series 2004" (the "Note") in an original principal amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000) for the purpose of providing for the payment of or reimbursement (i) all or a portion of the costs of the Project, (ii) preliminary expenses related thereto and all incidental expenses incurred in connection therewith, (all of which are deemed to be a part of the Project), and (iii) the costs of selling and issuing the Note; and

WHEREAS, the original principal amount of the Note, together with the outstanding principal amount of previously issued bonds or other obligations which constitute a debt of the City, is no more than two percent (2%) of one-third of the total net assessed valuation of the City; and

WHEREAS, the amount of proceeds of the Note allocated to pay costs of the Project, together with estimated investment earnings thereon, does not exceed the cost of the Project as estimated by the Council; and

WHEREAS, the Council did not include the proceeds of the Note in the regular budget for the year 2004; and

WHEREAS, there are insufficient funds available or provided for in the existing budget and tax levy which may be applied to the cost of the Project, and the issuance of the Note has been authorized to procure the necessary funds and a necessity exists for the making of the additional appropriation set out herein; and

WHEREAS, notice of a hearing on said appropriation has been published as required by law; and

WHEREAS, such public hearing was held on November 22, 2004, at 7:00 p.m. (local time) in the Council Chambers at the Lebanon Municipal Building, on said appropriation at which all taxpayers and interested persons had an opportunity to appear and express their views regarding such additional appropriation.

WHEREAS, the Council now finds that all conditions precedent to the adoption of an Resolution authorizing the issuance of the Note have been complied with in accordance with the Act.

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

SECTION 1. Authorization for Note; Appropriation of Note Proceeds. In order to provide financing for the Project and incidental expenses incurred in connection therewith and on account of the issuance of the Note, the City shall borrow money and issue the Note as herein authorized. The Council hereby appropriates a sum not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000), out of the proceeds of the Note, together with all investment earnings thereon, for the use of the City in paying the costs of the Project. Such appropriation shall be in addition to all appropriations provided for in the existing budget and levy, and shall continue in effect until the completion of the Project. Any surplus of such proceeds shall be credited to the proper fund as provided by law. All actions previously taken in connection with such appropriation, including publication of the notice of the public hearing, be, and hereby are, ratified and approved. A certified copy of this resolution, together with such other proceedings and actions as may be necessary, shall be filed by the Clerk-Treasurer, along with a report of the appropriation, with the Indiana Department of Local Government Finance.

SECTION 2. General Terms of Note. In order to procure said loan for such purposes, the Clerk-Treasurer is hereby authorized and directed to have prepared and to issue and sell negotiable Public Work Note of the City in an amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000), to be designated "City of Lebanon, Indiana, Public Work Note, Series 2004" for the purpose of providing financing for the Project and incidental expenses, such expenses to include without limitation all expenses of every kind incurred preliminarily to the funding of the Project and the costs of selling and issuing the Note. Such Note shall be signed in the name of the City by the manual or facsimile signature of the Mayor of the City and attested by the manual or facsimile signature of the Clerk-Treasurer of the City, who shall affix the seal of the City, if any, to each of the Note manually or shall have the seal imprinted or impressed thereon by facsimile or other means. In case any officer whose signature or facsimile signature appears on the Note shall cease to be such officer before the delivery of the Note, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until delivery thereof. The Note shall also be authenticated by the manual signature of the Registrar (as hereafter defined). Subject to the provisions of this Resolution regarding the registration of the Note, the Note shall be a fully negotiable instrument under the laws of the State of Indiana.

The Note is, as to all the principal thereof and interest due thereon, payable from any revenues legally available to the City and a back-up pledge of unlimited *ad valorem* property taxes on all taxable property within the City.

The Note shall be issued in fully registered form and shall be originally dated as of the date of issuance. The Note shall bear interest payable semi-annually on January 1 and July 1 of

each year, beginning on the January 1 or July 1 determined by the Clerk-Treasurer at the time of sale, at a rate or rates not exceeding seven percent (7.00%) per annum (the exact rate or rates to be determined by negotiation pursuant to Section 6 of this Resolution). Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months. The principal on the Note shall mature on January 1 and July 1 as finally determined by the Clerk-Treasurer as evidenced by delivery of the executed initial issue of the Note to the Registrar for authentication, provided that the original aggregate principal amount does not exceed the amount authorized above, that the first maturity shall be no earlier than July 1, 2005, and that the final maturity shall be no later than six years after the first maturity date.

The Note shall be transferable or exchangeable only upon the books of the Registrar kept for that purpose by the registered owner thereof in person, or by his attorney duly authorized in writing, upon surrender of such Note 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 Note or Note in the same aggregate principal amount, and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. The costs of such transfer or exchange shall be borne by the City, except for any tax or governmental charge required to be paid in connection therewith, which shall be payable by the person requesting such transfer or exchange. The City, the Registrar and the Paying Agent may treat and consider the persons in whose names such Note are registered as the absolute owners thereof for all purposes including for the purpose of receiving payment of, or on account of, the principal thereof and interest due thereon.

SECTION 3. Terms of Prepayment. The Mayor and the Clerk-Treasurer, upon consultation with the City's financial advisor, may determine that the Note shall be subject to optional prepayment. Except as otherwise set forth in this Resolution, the Mayor and the Clerk-Treasurer, upon consultation with the City's financial advisor, are hereby authorized and directed to determine the terms governing any such prepayment, including any prepayment penalty and required notice to the holder of the Note.

SECTION 4. Appointment of Registrar and Paying Agent. The Clerk-Treasurer is hereby authorized to serve as registrar and paying agent for the Note (the "Registrar" or "Paying Agent"). The Registrar is hereby charged with the responsibility of authenticating the Note, and shall keep and maintain at its office books for the registration and transfer of the Note.

SECTION 5. Form of Note. The form and tenor of the Note shall be substantially as follows, all blanks to be filled in properly and all necessary additions and deletions to be made prior to delivery thereof:

R-
UNITED STATES OF AMERICA

STATE OF INDIANA

COUNTY OF BOONE

CITY OF LEBANON, INDIANA, PUBLIC WORK NOTE, SERIES 2004

<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Original Date</u>	<u>Authentication Date</u>	<u>[CUSIP]</u>
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As set forth in
Exhibit A

REGISTERED OWNER:

PRINCIPAL SUM: DOLLARS (\$ _____)

The City of Lebanon, Boone County, Indiana (the "City") for value received, hereby promises to pay to the Registered Owner set forth above, the Principal Sum set forth above on the Maturity Dates set forth in Exhibit A, and to pay interest thereon until the Principal Sum shall be fully paid, at the Interest Rate per annum specified above which interest is payable semi-annually on each January 1 and July 1 of each year, beginning on July 1, 2005. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

The principal and interest of this Note are payable at the office of the Clerk-Treasurer of the City (the "Registrar" or "Paying Agent"), in Lebanon, Indiana.

This Note is issued for the purpose of providing funds to pay for all or any portion of the cost of renovating and expanding the Lebanon Municipal Building, and the costs of the issuance of Note therefor, as authorized by Resolution No. _____ adopted by the Common Council on the 22nd day of November, 2004 (the "Resolution"), and in accordance with Indiana Code § 36-9-41 and other applicable provisions of the Indiana Code, as amended (collectively, the "Act"). The owner of this Note, by the acceptance hereof, agrees to all the terms and provisions contained in the Resolution and the Act.

PURSUANT TO THE PROVISIONS OF THE ACT AND THE RESOLUTION, THE PRINCIPAL OF THIS NOTE AND THE INTEREST DUE THEREON ARE PAYABLE FROM ANY REVENUES LEGALLY AVAILABLE TO THE CITY AND A BACK-UP PLEDGE OF AN UNLIMITED *AD VALOREM* PROPERTY TAX TO BE LEVIED ON ALL TAXABLE PROPERTY WITHIN THE CITY.

[INSERT PREPAYMENT TERMS]

This Note is subject to defeasance prior to payment as provided in the Resolution.

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

This Note is transferable or exchangeable only upon the books of the City kept for that purpose at the office of the Registrar by the Registered Owner in person, or by his attorney duly authorized in writing, upon surrender of this Note 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 Note or Note in the same aggregate principal amount, and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or the Registered Owner, as the case may be, in exchange therefor. The City, any registrar and any paying agent for this Note may treat and consider the person in whose name this Note 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 Note has been designated as a qualified tax-exempt obligation for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

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 Note have been done and performed in regular and due form as provided by law.

This Note 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 Lebanon, Indiana, has caused this Note to be executed in its corporate name by the manual or facsimile signatures of its duly elected, qualified and acting Mayor, its corporate seal, if any, to be hereunto affixed, imprinted or impressed by any means and attested manually or by facsimile by the Clerk-Treasurer of the City.

CITY OF LEBANON, INDIANA

By: _____
Mayor

(SEAL)

ATTEST:

Clerk-Treasurer

It is hereby certified that this Note is one of the Note described in the within-mentioned Resolution duly authenticated by the Registrar.

CLERK-TREASURER OF THE CITY OF LEBANON,
INDIANA, as Registrar

By: _____
Authorized Representative

The following abbreviations, when used in the inscription on the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN. COM. as tenants in common

TEN. ENT. as tenants by the entireties

JT. TEN. as joint tenants with right of survivorship and
not as tenants in common

UNIF. TRANS.
MIN. ACT

_____ Custodian _____
(Cust.) (Minor)

under Uniform Transfers to Minors Act of

(State)

Additional abbreviations may also be used, although not contained in the above list.

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto
_____ (Please Print or Typewrite Name and Address)
\$ _____ principal amount (must be a multiple of \$5,000) of the within Note and all
rights thereunder, and hereby irrevocably constitutes and appoints _____,
attorney to transfer the within Note on the books kept for the registration thereof with full power
of substitution in the premises.

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

Signature Guaranteed:

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

Exhibit A

[INSERT MATURITY SCHEDULE]

(End of Form of Note)

SECTION 6. Sale of Note. The Note shall be sold by negotiated sale to a financial institution pursuant to Sections 3 and 4 of the Act. The Mayor and Clerk-Treasurer, upon advice of the City's financial advisor, are authorized to select the purchaser of the Note and negotiate the final terms of the Note within the parameters set forth in this Resolution. After the Note has been properly sold and executed, the City Treasurer shall receive from the purchaser payment for the Note and shall provide for delivery of the Note to the purchaser. The Clerk-Treasurer is hereby authorized and directed to obtain legal opinion as to the validity of the Note from Barnes & Thornburg LLP, and to furnish such opinion to the purchaser of the Note. The cost of such opinion shall be paid out of the proceeds of the Note.

SECTION 7. Use of Note Proceeds. The proceeds received from the sale of the Note shall be deposited in the City of Lebanon, Indiana, 2004 Project Fund (the "Project Fund"). The proceeds deposited in the Project Fund shall be expended only for the purpose of paying expenses incurred in connection with the Project together with the expenses incidental thereto and on account of the issuance of the Note. Any balance remaining in the Project Fund after the completion of the Project which is not required to meet unpaid obligations incurred in connection therewith and on account of the issuance of the Note may be used to pay debt service on the Note or otherwise used as permitted by law.

SECTION 8. Defeasance. If, when the Note shall have become due and payable in accordance with its terms or shall have been duly called for prepayment, and the whole amount of the principal and the interest so due and payable upon such Note shall be paid, or (i) cash, or (ii) direct non-callable obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America, and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, the principal of and the interest on which when due without reinvestment will provide sufficient money, or (iii) any combination of the foregoing, shall be held irrevocably in trust for such purpose, and provision shall also be made for paying all fees and expenses for the payment, then and in that case the Note shall no longer be deemed outstanding or secured by this Resolution.

SECTION 9. Tax Covenants. In order to preserve the exclusion of interest on the Note from gross income for federal income tax purposes and as an inducement to purchaser of the Note, the City represents, covenants and agrees that:

(a) The City will not take any action or fail to take any action with respect to the Note that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Note pursuant to Section 103 of the Internal Revenue Code of 1986 as in effect on the date of issuance of the Note (the "Code"), including, without limitation, the taking of such action as is necessary to rebate or cause to be rebated arbitrage profits on Note proceeds or other monies treated as Note proceeds to the federal government as provided in Section 148 of the Code, and will set aside such monies, which may be paid from investment income on funds and accounts notwithstanding anything else to the contrary herein, in trust for such purposes.

(b) The City will file an information report Form 8038-G with the Internal Revenue Service as required by Section 149 of the Code.

(c) The City will not make any investment or do any other act or thing during the period that the Note is outstanding hereunder which would cause the Note to be an "arbitrage bond" within the meaning of Section 148 of the Code and the regulations applicable thereto as in effect on the date of delivery of the Note.

(d) The Note qualifies for the exception in Section 265 of the Code from the disallowance of 100% of the deduction by financial institutions of interest expense allocable to tax-exempt obligations because the Note is not a

private activity bond within the meaning of Section 141 of the Code; the Note is hereby designated as a “qualified tax-exempt obligation” for purposes of Section 265(b)(3) of the Code; the reasonably anticipated amount of qualified tax-exempt obligations (including qualified 501(c)(3) bonds but excluding other private activity bonds) which will be issued by or on behalf of the City, all entities which issue obligations on behalf of the City, and all subordinate entities during the current calendar year of issuance of the Note will not exceed \$10,000,000; and the City, all entities which issue obligations on behalf of the City, and all subordinate entities have not designated more than \$10,000,000 of qualified tax-exempt obligations during the year of issuance.

Notwithstanding any other provisions of this Resolution, the foregoing covenants and authorizations (the “Tax Sections”) which are designed to preserve the exclusion of interest on the Note from gross income under federal income tax law (the “Tax Exemption”) need not be complied with to the extent the City receives an opinion of nationally recognized bond counsel that compliance with such Tax Section is unnecessary to preserve the Tax Exemption.

SECTION 10. Amendments. Without notice to or consent of the owner of the Note, the City may, from time to time and at any time, adopt such Resolutions supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental Resolutions shall thereafter form a part hereof),

(a) To cure any ambiguity or formal defect or omission in this Resolution or in any supplemental Resolution; or

(b) To grant to or confer upon the owners of the Note any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the owners of the Note; or

(c) To procure a rating on the Note from a nationally recognized securities rating agency designated in such supplemental Resolution, if such supplemental Resolution will not adversely affect the owners of the Note; or

(d) To obtain or maintain bond insurance with respect to the Note; or

(e) To provide for the refunding or advance refunding of the Note; or

(f) To make any other change which, in the determination of the Council in its sole discretion, is not to the prejudice of the owners of the Note.

All other amendments to this Resolution require the written consent of the owner of the Note.

SECTION 11. Disclosure. The Mayor and/or Clerk-Treasurer are hereby authorized to obtain from the purchaser of the Note an investment letter in form and substance satisfactory to the City’s bond counsel.

SECTION 12. No Conflict. All Resolutions, resolutions, and orders or parts thereof in conflict with the provisions of this Resolution are to the extent of such conflict hereby repealed.

After the issuance of the Note and so long as any principal of the Note or interest thereon remains unpaid, except as expressly provided herein, this Resolution shall not be repealed or amended in any respect which will adversely affect the rights of the holders of the Note, nor shall the City adopt any law, Resolution or resolution which in any way adversely affects the rights of such holders.

SECTION 13. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

SECTION 14. Holidays, Etc. If the date of making any payment or the last date for performance of any act or the exercising of any right, as provided in this Resolution, shall be a legal holiday or a day on which banking institutions in the City are typically closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are typically closed, with the same force and effect as if done on the nominal date provided in this Resolution, and no interest shall accrue for the period after such nominal date.

SECTION 15. Effectiveness. This Resolution shall be in full force and effect from and after its passage.

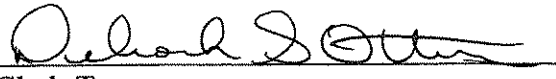
DULY PASSED on this 22 day of Nov, 2004, by the Common Council of the City of Lebanon, Indiana.

COMMON COUNCIL
CITY OF LEBANON, INDIANA



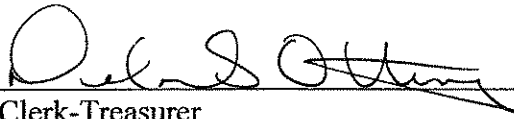
Presiding Officer

ATTEST:



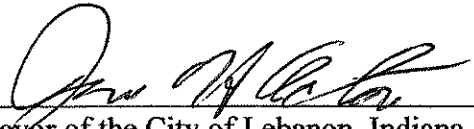
Clerk-Treasurer

Presented by me to the Mayor of the City of Lebanon for his approval or veto pursuant to Indiana Code § 36-4-6-15 and 16, this 22 day of NOV, 2004 at 8 o'clock a.m. p.m.



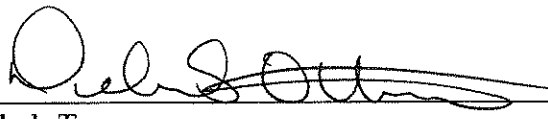
Clerk-Treasurer

This Resolution having been passed by the legislative body and presented to me is approved by me and duly adopted, pursuant to Indiana Code § 36-4-6-16 (a)(1), this 22 day of NOV, 2004 at 8 o'clock a.m. p.m.



Mayor of the City of Lebanon, Indiana

Attest:



Clerk-Treasurer