ATTEST:

_____
Helen M. Harman, Clerk-Treausrer

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

It is hereby certified that this bond is one of the bonds described in the Ordinance.

_____
As Registrar

By:_____
Authorized Representative

(to be printed on reverse side)

This bond is one of an authorized issue of bonds of the City of Lebanon, of like tenor and effect, except as to numbering, interest rate, and date of maturity, in the total amount of Three Million Seven Hundred Ten Thousand Dollars ($3,710,000), numbered from 1 up, issued for the purpose of providing funds to be applied on the cost of improvements, extensions and additions to the City's sewage works (the Project), as defined in the hereinafter defined Ordinance, [to refund notes issued in anticipation of bonds] and to pay incidental expenses, as authorized by an Ordinance adopted by the Common Council of the City of Lebanon on the _____ day of _____, 1991, entitled "An Ordinance concerning the construction of improvements, addistions and extensions to the sewage works of the City of Lebanon, the issuance of revenue bonds to provide the cost thereof, the collection, segregation and distribution of the revenues of said works, the safeguarding of the interests of the owners of said revenue bonds, other matters connected therewith, including the issuance of notes in anticipation of nonds, and repealing ordinances inconsistent herewith" (the "Ordinance") and in strict compliance with the provisions of I.C. 36-9-23 (the"Act").

Pursuant to the provisions of said Act and said Ordinance, the principal and interest of this bond and all other bonds of said issue and any bonds hereafter issued on a parity therewith, are payable solely from the Sewage Works Sinking Fund (created by the Orcinance) to be provided from the Net Revenues (defined as the gross revenues of the sewage works of the City remaining after payment of the reasonable expenses of operation, repair and maintenance) of the sewage works of the City including the works constructed or acquired by the use of the proceeds of this bond and the issue of which it is a part, and all additions and improvements thereto and replacements thereof subsequently constructed or acquired.

The City of Lebanon irrevocabley pledges the entire Net Revenues of said sewage works to the prompt payment of the principal of and interest on the bonds authorized by said Ordinance, of which this is one, and any bonds ranking on a parity therewith, to the extent necessary for that purpose, and covenants that it well cause to be fixed, maintained and collected such rates and charges for service rendered by said works as are sufficient in each year for the payment of the proper and reasonable expenses of operation, repair and maintenance of said works, for the payment of the sums required to be paid into said Sinking Fund under the provisions of said Act and Ordinance. In the event the City or the proper officers thereof shall fail or refuse to so fix, maintain, and collect such rates or charges, or if there be a default in the payment of the interest on or principal of this bond, the owner of this bond shall have all of the rights and remedies provided for in said Act, including the right to have a receiver appointed to administer the works and to charge and collect rates suffidient to provide for the payment of this bond and the interest heron.

The City of Lebanon has designated the bonds as qualified tax-exempt obligations to qualify the bonds for the $10,000,000exception 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 City of Lebanon further covenants that it will set aside and pay into its Sewage Works Sinking Fund a sufficient amount of the Net Revenues of said works to meet (a) the interest onall bonds authorized by said Ordinance, as such interest shall fall due, (b) the necessary fiscal agency charges for paying the bonds annd interest, (c) the principal of all bonds authorized by said Ordinance, as such principal shall fall due, and (d) an additional amount to maintain the reserve required by the Ordinance. Such required payments shall constitute a first charge upon all the Net Revenues of said works.

The bonds of this issue maturing on July 1, 2001, and thereafter are redeemable at the option of the City on January 1, 2001, or any date thereafter, on thirty (30) days' notice, in whole or in part, in inverse order of maturity and by lot within a maturity, at face value together with the following premiums:

2% if redeemed on January 1, 2001, or thereafter on or before December 31, 2001;

1% if redeemed on January 1, 2002, or thereafter on or before December 31,2002;