

ORDINANCE NO. 2013-07

AN ORDINANCE AUTHORIZING THE CURRENT REFUNDING OF THE CITY OF LEBANON, INDIANA SEWAGE WORKS REVENUE BONDS OF 2002, AUTHORIZING THE ISSUANCE OF THE CITY OF LEBANON, INDIANA SEWAGE WORKS REFUNDING REVENUE BONDS OF 2013 TO PROVIDE FUNDS FOR THE PAYMENT OF THE COSTS THEREOF; ADDRESSING OTHER MATTERS CONNECTED THEREWITH; AND REPEALING ORDINANCES INCONSISTENT HEREWITH

WHEREAS, the City of Lebanon, Indiana (the "City"), has heretofore established, acquired, constructed and financed its sewage works and currently owns and operates such sewage works (the "Sewage Works"), pursuant to the provisions of Indiana Code 36-9-23, as amended; and

WHEREAS, the Common Council of the City (the "Common Council") hereby 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 those 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 City has issued its Sewage Works Revenue Bonds of 2002, dated December 27, 2002 (the "2002 Bonds"), originally issued in the principal amount of \$3,520,000, now outstanding in the amount of \$3,035,000, pursuant to Ordinance No. 02-10, adopted by the Common Council on November 25, 2002 (the "2002 Ordinance"), which 2002 Bonds constitute a first charge on the Net Revenues (as hereinafter defined) of the Sewage Works; and

WHEREAS, the City has issued its Sewage Works Revenue Bonds of 2005, dated September 8, 2005 (the "2005 Bonds"), in the original aggregate principal amount of \$4,460,000, pursuant to Ordinance No. 05-10, adopted by the Common Council on July 25, 2005 (the "2005 Ordinance"), which 2005 Bonds constitute a first charge on the Net Revenues (as hereinafter defined) of the Sewage Works; and

WHEREAS, the 2005 Ordinance allows for the issuance of additional bonds payable from revenues of the City's Sewage Works and ranking on parity with the 2005 Bonds; and

WHEREAS, the Common Council has found that it is beneficial to refund all of the outstanding 2002 Bonds (the "Refunded Bonds") 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 hereby authorizes the same by issuance of refunding revenue bonds (the "Refunding Bonds"); and

WHEREAS, the Refunding Bonds will constitute a first charge against the Net Revenues (as hereinafter defined) of the Sewage Works on a parity with the 2005 Bonds and are to be issued subject to the provisions of the laws of the Act (as hereinafter defined), and the terms and restrictions of this Ordinance; and

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

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

Section 1. Issuance of the Refunding Bonds. 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 treatment and distribution services, now finds it necessary to provide funds for refunding the Refunded Bonds thereby reducing its interest payments and effecting a savings, as will be reported after the sale of the bonds issued hereunder by the City's financial advisor, H.J. Umbaugh & Associates (the "Financial Advisor"). Where used in this Ordinance, the term "City" shall be construed also to include any department, board, commission or officer or officers of the City or of any City department, board or commission. The terms "Sewage Works", "sewage works", "works", "system" and similar terms used in this Ordinance shall be construed to mean the City's existing sewage works system together with all the real estate, equipment and appurtenances thereto used in connection therewith, and all improvements, extensions and additions thereto, and replacements thereof, now or subsequently constructed or acquired as well as the drainage of storm and surface water to relieve the sewage works system of such water.

Section 2. The Refunding Bonds. In accordance with the Act and for the purpose of providing funds for the refunding of the Refunded Bonds, together with authorized expenses relating thereto including the costs of issuance of the Refunding Bonds, and all other costs related to the refunding, the City shall issue in one or more series, its sewage works refunding revenue bonds designated "City of Lebanon, Indiana Sewage Works Refunding Revenue Bonds of 2013" in the aggregate principal amount of not to exceed Three Million Three Hundred Thousand Dollars (\$3,300,000) (the "Refunding Bonds"). The principal of, redemption premium, if any, and interest on the Refunding Bonds shall be payable solely out of the Sewage Works Sinking Fund as referred to below. The Refunding Bonds shall rank on parity with the 2005 Bonds.

The Refunding Bonds shall be issued in one or more series as fully registered bonds in denominations of Five Thousand Dollars (\$5,000) or any integral multiple thereof not exceeding the aggregate principal amount of the Refunding Bonds maturing in any one year, shall be numbered consecutively from R-1 upward, and shall bear interest at a rate not to exceed three percent (3.0%) per annum (the exact rate or rates to be determined by bidding or through negotiations). Interest on the Refunding Bonds shall be payable semiannually on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing not later than January 1, 2014. The principal of the Refunding Bonds shall mature semiannually on January 1 and July 1

of each year, commencing not later than January 1, 2014 and ending no later than July 1, 2020, until the principal is fully paid. Interest on the Refunding Bonds shall be calculated according to a 360-day calendar year containing twelve 30-day months.

The Refunding Bonds shall bear an original issue date which shall be the date of delivery and each Refunding Bond shall also bear the date of its authentication. Any Refunding Bond authenticated on or before December 15, 2013, shall pay interest from its original issue date. Any Refunding Bond authenticated thereafter shall pay interest from the Interest Payment Date next preceding the date of authentication of such Refunding Bond to which interest thereon has been paid or duly provided for, unless such Refunding Bond is authenticated after the fifteenth (15th) day of the month immediately preceding an Interest Payment Date and on or before such Interest Payment Date, in which case interest thereon shall be paid from such Interest Payment Date.

The Mayor of the City (the "Mayor") and Clerk-Treasurer of the City (the "Clerk-Treasurer") are authorized to serve as or to appoint a qualified financial institution to serve as the Registrar and Paying Agent for the Refunding Bonds (the "Registrar and Paying Agent") as will enable and facilitate the performance of its duties and responsibilities, and are authorized and directed to pay such fees as the Registrar and Paying Agent may reasonably charge for its services in such capacity, with such fees to be paid from the Sewage Works Sinking Fund as described in this Ordinance. The Registrar and Paying Agent is hereby charged with the performance of all of the duties and responsibilities customarily associated with each such position, including without limitation the authentication of the Refunding Bonds.

If wire transfer payment for the Refunding Bonds is not required, the principal of and any redemption premium on the Refunding Bonds shall be payable at the principal corporate trust office of the Paying Agent. Interest on the Refunding Bonds shall be paid by check or draft mailed or delivered by the Paying Agent to the registered owner thereof at the address as it appears on the registration books kept by the Registrar as of the fifteenth (15th) day of the month immediately preceding the Interest Payment Date or at such other address as may be provided to the Paying Agent in writing by such registered owner. All payments on the Refunding Bonds shall be made in any coin or currency of the United States of America which, on the dates of such payments, shall be legal tender for the payment of public or private debt.

Each Refunding Bond shall be transferable or exchangeable only on the books of the City maintained for such purpose at the principal corporate trust office of the Registrar, by the registered owner thereof in person, or by his or her attorney duly authorized in writing, upon surrender of such Refunding Bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner or his or her attorney duly authorized in writing, and thereupon a new fully registered Refunding Bond or Refunding Bonds in the same aggregate principal amount and of the same maturity shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. Each Refunding Bond may be transferred or exchanged without cost to the registered owner or his or her attorney duly authorized in writing, except for any tax or other governmental charge which may be required to be paid with respect to such transfer or exchange. The Registrar shall not be obligated to make any transfer or exchange of any Refunding Bond (i) during the fifteen (15) days immediately preceding an Interest Payment Date or (ii) after the

mailing of notice calling such Refunding Bond for redemption. The City, the Registrar and the Paying Agent may treat and consider the person in whose name any Refunding Bond is registered as the absolute owner thereof for all purposes including the purpose of receiving payment of, or on account of, the principal thereof and redemption premium, if any, and interest thereon.

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

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

Section 3. Redemption of the Refunding Bonds. The Refunding Bonds shall not be subject to optional redemption prior to maturity.

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 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 Refunding Bonds to be called shall be selected by lot by the Registrar.

Notice of such redemption shall be mailed by certified or registered mail at least thirty (30) days prior to the scheduled redemption date to each of the registered owners of the Refunding Bonds called for redemption (unless waived by such registered owner), at the address shown on the books of the Registrar. The notice shall specify date and place of redemption, and the registration numbers of the Refunding Bonds called for redemption. The place of redemption may be at the principal corporate trust office of the Paying Agent or as otherwise determined by the City. Interest on the Refunding Bonds so called for redemption shall cease to accrue on the redemption date fixed in such notice, if sufficient funds are available at the place of redemption to pay the redemption price on the redemption date and when such Refunding Bonds are presented for payment.

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

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

(b) If so directed by the City, each further notice of redemption shall be sent at least thirty (30) days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Refunding Bonds (such depositories as the Depository Trust Company of New York, New York) and to one or more national information services that disseminate notices of redemption of obligations such as the Refunding Bonds.

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

Section 4. Authorization for Book-Entry System. The Refunding Bonds may, in compliance with all applicable laws, initially be issued and held in book-entry form on the books of the central depository system, The Depository Trust Company, its successors, or any successor central depository system appointed by the City from time to time (the "Clearing Agency"), without physical distribution of bonds to the purchasers. The following provisions of this Section apply in such event.

One definitive Refunding Bond of each maturity shall be delivered to the Clearing Agency (or its agent) and held in its custody. The City and Registrar may, in connection herewith, do or perform or cause to be done or performed any acts or things not adverse to the rights of the holders of the Refunding Bonds as are necessary or appropriate to accomplish or recognize such book-entry form Refunding Bonds.

During any time that the Refunding Bonds are held in book-entry form on the books of a Clearing Agency, (1) any such Refunding Bond may be registered upon Registration Record in the name of such Clearing Agency, or any nominee thereof, including Cede & Co.; (2) the Clearing Agency in whose name such Refunding Bond is so registered shall be, and the City and the Registrar and Paying Agent may deem and treat such Clearing Agency as, the absolute owner and holder of such Refunding Bond for all purposes of this Ordinance, including, without limitation, the receiving of payment of the principal of and interest and premium, if any, on such Refunding Bond, the receiving of notice and the giving of consent; (3) neither the City nor the Registrar or Paying Agent shall have any responsibility or obligation hereunder to any direct or indirect participant, within the meaning of Section 17A of the Securities Exchange Act of 1934, as amended, of such Clearing Agency, or any person on behalf of which, or otherwise in respect of which, any such participant holds any interest in any Refunding Bond, including, without limitation, any responsibility or obligation hereunder to maintain accurate records of any interest in any Refunding Bond or any responsibility or obligation hereunder with respect to the receiving of payment of principal of or interest or premium, if any, on any Refunding Bond, the receiving of notice or the giving of consent; and (4) the Clearing Agency is not required to present any Refunding Bond called for partial redemption, if any, prior to receiving payment so long as the Registrar and Paying Agent and the Clearing Agency have agreed to the method for noting such partial redemption.

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

During any time that the Refunding Bonds are held in book-entry form on the books of a Clearing Agency, the Registrar shall be entitled to request and rely upon a certificate or other written representation from the Clearing Agency or any participant or indirect participant with respect to the identity of any beneficial owner of the Refunding Bonds as of a record date selected by the Registrar. For purposes of determining whether the consent, advice, direction or demand of a registered owner of a Refunding Bond has been obtained, the Registrar shall be entitled to treat the beneficial owners of the Refunding Bonds as the bondholders and any consent, request, direction, approval, objection or other instrument of such beneficial owner may be obtained in the fashion described in this Ordinance.

During any time that the Refunding Bonds are held in book-entry form on the books of a Clearing Agency, the Mayor, the Clerk-Treasurer and/or the Registrar are authorized to execute and deliver a Letter of Representations agreement with the Clearing Agency, or a Blanket Issuer Letter of Representations, and the provisions of any such Letter of Representations or any successor agreement shall control on the matters set forth therein. The Registrar, by accepting the duties of Registrar under this Ordinance, agrees that it will (i) undertake the duties of agent required thereby and that those duties to be undertaken by either the agent or the issuer shall be the responsibility of the Registrar, and (ii) comply with all requirements of the Clearing Agency, including without limitation same day funds settlement payment procedures. Further, during any time that the Refunding Bonds are held in book-entry form, the provisions of this Section 4 of this Ordinance shall control over conflicting provisions in any other section of this Ordinance.

Section 5. Execution and Authentication of the Refunding Bonds. The Refunding Bonds shall be executed in the name of the City by the manual or facsimile signature of the Mayor, and attested by the manual or facsimile signature of the Clerk-Treasurer, with the seal of the City, if any, or a facsimile thereof to be affixed to each of the Refunding Bonds. The Refunding Bonds shall 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. In case any official whose signature appears on any Refunding Bond shall cease to be such official before the delivery of such Refunding Bond, the signature of such official shall nevertheless be valid and sufficient for all purposes, the same as if such official had been in office at the time of such delivery. Subject to the provisions of this Ordinance regarding the registration of the Refunding Bonds, the Refunding Bonds shall be fully negotiable instruments under the laws of the State of Indiana.

Section 6. Security and Sources of Payment for the Refunding Bonds. The Refunding Bonds, together the 2005 Bonds, and any bonds hereafter issued on a parity therewith, as to both principal and interest, shall be payable from and secured by an irrevocable pledge of and shall constitute a first charge, upon all of the Net Revenues (herein defined as gross revenues after deduction only for the payment of the reasonable expenses of operation, repair and maintenance excluding transfers for payments in lieu of property taxes) derived from the Sewage Works, including the existing works and all additions and improvements thereto and replacements thereof subsequently constructed or acquired. The City shall not be obligated to pay the Refunding Bonds or the interest thereon except from the Net Revenues of the Sewage Works, and the Refunding Bonds shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana.

Section 7. Form of the Refunding Bonds. The form and tenor of the Refunding Bonds shall be substantially as set forth in Exhibit A, attached hereto and incorporated herein as if set forth at this place (with all blanks to be filled in properly and all necessary additions and deletions to be made prior to delivery thereof).

Section 8. Issuance, Sale and Delivery of the Refunding Bonds. The Clerk-Treasurer is hereby authorized and directed to have the Refunding Bonds prepared, and the Mayor and the Clerk-Treasurer are hereby authorized and directed to execute or to cause the execution of the Refunding Bonds in the form and manner herein provided. The Clerk-Treasurer is hereby authorized and directed to deliver the Refunding Bonds to the purchaser or purchasers thereof upon compliance with the requirements established hereunder and under the Act for the sale thereof, and to collect the full amount which the purchaser or respective purchasers have agreed to pay therefor, which shall not be less than 98.5% of the par amount of the Refunding Bonds if sold to the public or 99.5% if sold via private placement, plus accrued interest thereon to the date of delivery. The Refunding Bonds, when fully paid for and delivered to the purchaser or purchasers shall be the binding special revenue obligations of the City, payable out of the revenues of the Sewage Works to be set aside and paid into the Sewage Works Sinking Fund as herein provided, and the proceeds derived from the sale of the Refunding Bonds shall be and are hereby set aside for the application to the costs of current refunding the Refunded Bonds and the expenses necessarily incurred in connection therewith including the expenses incurred in the issuance of the Refunding Bonds on account of the financing thereof. The authorized officers of the City are hereby authorized and directed to draw all proper and necessary warrants and to do whatever other acts and things that may be necessary or appropriate to carry out the provisions of this Ordinance.

Prior to a public sale of the Refunding Bonds, the Clerk-Treasurer shall cause to be published either (i) a notice of such sale two (2) times, at least one (1) week apart, with the first publication made at least fifteen (15) days before the date of such sale and the second publication at least three (3) days before the date of the sale in accordance with Indiana Code 5-3-1-2 in one (1) newspaper, as defined in and in accordance with Indiana Code 5-3-1-4 or (ii) a notice of intent to sell bonds once each week for two (2) weeks in accordance with Indiana Code 5-1-11-2 and Indiana Code 5-3-1-4 and in a newspaper of general circulation published in the State capital, in which case bids may not be received more than ninety (90) days after the first publication. Such notice, or a summary thereof, may also be published in any other publications deemed appropriate in the discretion of the Clerk-Treasurer. The bond sale notice shall state the time and place of sale, the purpose for which the Refunding Bonds are being issued, the total amount and maturities thereof, the maximum rate of interest thereon and any limitations as to the number of interest rates and the setting of such rates, the terms and conditions upon which bids will be received and the sale made, and such other information as the Clerk-Treasurer and the attorneys employed by the City shall deem necessary or advisable. Such notice shall provide, among other things, that each bid shall be accompanied by a certified or cashier's check or wire transfer in the amount of one percent of the par amount of the Refunding Bonds to guarantee performance on the part of the bidder, and that in the event the successful bidder shall fail or refuse to accept delivery of and pay for the Refunding Bonds as soon as the Refunding Bonds are ready for delivery, or at the time fixed in the notice of sale, then such check and the proceeds thereof shall become the property of the City and shall be considered as the City's liquidated damages on account of such default.

All bids for the Refunding Bonds shall be sealed and shall be presented to the Clerk-Treasurer at the office. Bidders for the Refunding Bonds shall be required to name the rate or rates of interest which the Refunding Bonds are to bear, not exceeding three percent (3.0%) per annum. Such interest rate or rates shall be in multiples of one-eighth (1/8) or one-hundredth (1/100) of one percent. Bids specifying more than one interest rate shall also specify the amount and maturities of the Refunding Bonds bearing each rate, and all Refunding Bonds maturing on the same date shall bear the same rate. The rate on any maturity shall be equal to or greater than the rate on the immediately preceding maturity. The Refunding Bonds shall be awarded by the Clerk-Treasurer to the best bidder who has submitted a bid in accordance with the terms of this Ordinance and the notice of sale. The best bidder will be the bidder who offers the lowest net interest cost to the City, to be determined by computing the total interest on all of the Refunding Bonds from the date thereof to their respective maturities and deducting therefrom the premium bid, if any. No bid for less than all of the Refunding Bonds, plus accrued interest to the date of delivery, shall be considered. The City shall have the right to reject any and all bids. In the event an acceptable bid is not received on the date fixed in the notice, the Clerk-Treasurer shall be authorized to continue the sale from day to day for a period of not to exceed thirty (30) days without readvertising. During the continuation of the sale, no bid shall be accepted which offers an interest cost which is equal to or higher than the best bid received at the time originally fixed for the sale of the Refunding Bonds in the bond sale notice.

As an alternative to public sale, the Clerk-Treasurer may negotiate the sale of said Refunding Bonds at an interest rate or rates not exceeding three percent (3.0%) per annum. The Mayor and the Clerk-Treasurer are hereby authorized to (i) execute a purchase agreement with the purchaser, and (ii) sell such Refunding Bonds upon such terms as are acceptable to the Mayor and the Clerk-Treasurer consistent with the terms of this Ordinance. The final form of the purchase contract shall be determined by the Mayor and Clerk-Treasurer, upon advice of the City's bond counsel and Financial Advisor and the Mayor and Clerk-Treasurer 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 the Ordinance.

The Clerk-Treasurer is hereby authorized to appoint a financial institution to serve as escrow trustee (the "Escrow Trustee") for the Refunded Bonds in accordance with the terms of an Escrow Agreement between the City and the Escrow Trustee (the "Escrow Agreement"). The Mayor and the Clerk-Treasurer 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 and the purchase contract.

The execution, by either the Mayor, Clerk-Treasurer, or the purchaser, of a subscription for investments of proceeds of the Refunding Bonds to be held under the Escrow Agreement in a manner consistent with this Ordinance is hereby approved.

Prior to the delivery of the Refunding Bonds, the Clerk-Treasurer (i) shall be authorized, but not required, to investigate and to obtain insurance, surety bonds and/or credit ratings on the Refunding Bonds and (ii) shall obtain a legal opinion as to the validity of the Refunding Bonds from Barnes & Thornburg LLP, Indianapolis, Indiana, bond counsel for the City, and such opinion shall be furnished to the purchasers of the Refunding Bonds at the expense of the City. The costs of obtaining any such insurance, surety bonds and/or credit ratings, together with bond

counsel's fee in preparing and delivering such opinion and in the performance of related services in connection with the issuance, sale and delivery of the Refunding Bonds, 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 sale of the Refunding Bonds.

Section 9. Official Statement. Distribution of an Official Statement (preliminary and final), if any, prepared by the Financial Advisor, is hereby approved and the Mayor or Clerk-Treasurer are authorized and directed to execute the Official Statement on behalf of the City in a form consistent with this Ordinance. The Mayor or the Clerk-Treasurer 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.

Section 10. Continuing Disclosure. If required under applicable securities laws, the Common Council hereby approves, and authorizes and directs the Mayor and the Clerk-Treasurer, for and on behalf of the City, to execute and deliver, and to perform the obligations of the City under, a Continuing Disclosure Contract from the City to each registered owner or holder of any Refunding Bond (the "Continuing Disclosure Contract"). The Mayor and the Clerk-Treasurer are authorized to approve the form of the Continuing Disclosure Contract, such determination to be conclusively evidenced by such Mayor's and such Clerk-Treasurer's execution thereof.

Section 11. Refunding of the Refunded Bonds and Costs of Issuance. Concurrently with the delivery of the Refunding Bonds, the Clerk-Treasurer may acquire, with the proceeds of the Refunding Bonds and cash on hand, investments as permitted under the ordinances authorizing the 2002 Bonds (the "Obligations") to be used, together with certain cash from the proceeds of the Refunding Bonds and cash on hand, if any, as set forth in the Escrow Agreement, to refund and legally defease the 2002 Bonds all as set forth in the Escrow Agreement. In order to refund the 2002 Bonds, the Clerk-Treasurer shall deposit the Obligations and certain cash, if any, with the Escrow Trustee under the Escrow Agreement in an amount sufficient to provide moneys for the payment of the principal of and interest and redemption premium, if any, on the 2002 Bonds until at least July 1, 2013, the earliest date upon which the 2002 Bonds may be called for redemption.

If required for the legal defeasance of the Refunded Bonds, the Clerk-Treasurer 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 current refunding and legal defeasance of the Refunded Bonds.

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

Section 12. Disposition of Proceeds of the Refunding Bonds. The accrued interest and premium, if any, received at the time of the delivery of the Refunding Bonds, if any, shall be deposited in the Sewage Works Sinking Fund hereinafter defined and described. The remaining proceeds from the sale of the Refunding Bonds shall be deposited in a bank or banks which are legally designated depositories for the funds of the City, in a special account or accounts. All

funds deposited to the credit of the Sewage Works Sinking Fund shall be deposited, held, secured or invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds, including, particularly, applicable provisions of Indiana Code 5-13. Any interest or income derived from any such investments shall become a part of the monies in the fund or account so invested.

Section 13. Revenues. There is hereby continued from the 2005 Ordinance a fund known as the Sewage Works Revenue Fund (the "Revenue Fund") into which all income and revenues of the sewage works shall be deposited upon receipt. This fund shall be maintained separate and apart from all other accounts of the City. All monies deposited in the Revenue Fund may be invested in accordance with IC 5-13-9 and other applicable laws.

Section 14. Operation and Maintenance Fund. There is hereby continued from the 2005 Ordinance a fund known as the Operation and Maintenance Fund (the "Operation and Maintenance Fund"). There shall be transferred from the Revenue Fund and credited to the Operation and Maintenance Fund on the last day of each calendar month a sufficient amount of the revenues of the sewage works so that the balance maintained in the Operation and Maintenance Fund shall be sufficient to pay the expenses of operation, repair and maintenance for the then next succeeding two calendar months. The moneys credited to the Operation and Maintenance Fund 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, but none of the moneys in the Operation and Maintenance Fund shall be used for transfers for payments in lieu of property taxes, depreciation, replacements, extensions or additions. Any balance in the Operation and Maintenance Fund in excess of the expected expenses of operation, repair and maintenance for the next succeeding month 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.

Section 15. Sewage Works Sinking Fund. (a) There is continued from the 2005 Ordinance the special fund designated "Sewage Works Sinking Fund" which is designated the sinking fund for the payment of the principal of and interest on revenue bonds which by their terms are payable from the Net Revenues of the sewage works and the payment of any fiscal agency charges in connection with the payment of bonds (the "Sewage Works Sinking Fund" or "Sinking Fund"). There is hereby continued from the 2005 Ordinance within the Sinking Fund the "Bond and Interest Account" and the "Debt Service Reserve Account" (the "Debt Service Reserve Account"). 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 the Debt Service Reserve Account. Such payments shall continue until the balance in the Bond and Interest Account, plus the balance in the Debt Service Reserve Account, equals the amount needed to redeem all of the then outstanding bonds of the sewage works of the City.

(b) Bond and Interest Account. There shall be credited on the last day of each calendar month from the Revenue Fund to the Bond and Interest Account an amount of the Net Revenues equal to at least one-sixth of the principal of and at least one-sixth of the interest on all then outstanding bonds payable on the then next succeeding principal and interest payment date until the amount of interest and principal payable on the then next succeeding interest and principal

payment date 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 the bonds as the same become payable. The City shall, from the sums deposited in the Sinking Fund and credited to the Bond and Interest Account, remit promptly to the registered owner or to the bank fiscal agency sufficient moneys to pay the interest and principal on the due dates thereof together with the amount of bank fiscal agency charges.

In no event shall any part of the Sewage Works Sinking Fund be used in calling bonds for redemption prior to their respective maturities, except to the extent that the amount then in the Sewage Works Sinking Fund exceeds the amount required to pay the bonds which will mature within a period of twelve (12) calendar months next following the date of such redemption, together with all interest on bonds payable in such period. Any such excess of funds above such required level may also be used in purchasing outstanding bonds at a price less than the then-applicable redemption price, with the prior approval of the City. Monies in the Sewage Works Sinking Fund shall not be used for any other purpose whatsoever except as provided in this Ordinance.

(c) Reserve Account. The balance maintained in the Debt Service Reserve Account shall equal, but not exceed, the least of (i) the maximum annual principal and interest requirements on the 2005 Bonds, the Refunding Bonds and any additional bonds with any claim on the Debt Service Reserve Account, (ii) 125% of average annual principal and interest requirements on the 2005 Bonds, the Refunding Bonds and any additional bonds with any claim on the Debt Service Reserve Account or (iii) 10% of the stated principal amount (or, if issued with more than is de minimus amount of original issue discount or premium, the issue price) of the 2005 Bonds, the Refunding Bonds and any additional bonds with any claim on the Debt Service Reserve Account (the least of (i), (ii) or (iii), the "Reserve Requirement").

The Debt Service Reserve Account shall constitute the margin for safety and protection against default in the payment of principal of and interest on the 2005 Bonds, the Refunding Bonds and any additional bonds with any claim on the Debt Service Reserve Account, and the moneys in the Debt Service Reserve Account shall be used to pay current principal and interest on the 2005 Bonds, the Refunding Bonds and any additional bonds with any claim on the Debt Service Reserve Account to the extent that moneys in the Bond and Interest Account are insufficient for that purpose. Any deficiency in the balance maintained in the Debt Service Reserve Account shall be made up from the next available Net Revenues remaining after credits into the Bond and Interest Account. In the event moneys in the Debt Service Reserve Account are transferred to the Bond and Interest Account to pay principal and interest on the 2005 Bonds, the Refunding Bonds or any additional bonds with any claim on the Debt Service Reserve Account, then such depletion of the balance in the Debt Service Reserve Account shall be made up from the next available Net Revenues after the credits into the Bond and Interest Account. Any moneys in the Debt Service Reserve Account in excess of the Reserve Requirement may be used for the redemption of then outstanding 2005 Bonds, Refunding Bonds or any additional bonds with any claim on the Debt Service Reserve Account which are callable, or for the purchase of outstanding 2005 Bonds, Refunding Bonds or any additional bonds with any claim on the Debt Service Reserve Account, including accrued interest, or shall be transferred to the Sewage Works Improvement Fund.

The City may at any time and from time to time fund all or any part of the Debt Service Reserve Account by depositing in the Debt Service Reserve Account one or more debt service reserve surety bonds or insurance policies, letters of credit or other credit instruments (each, a "Reserve Account Credit Instrument"), each of which is issued by an insurance company or bank or trust company rated at the time of deposit (i) in the highest rating category by Standard & Poor's Corporation ("S&P") and Moody's Investors Service, Inc. ("Moody's") so long as any of the 2005 Bonds remain outstanding, and (ii) in one of the two highest rating categories by S&P or Moody's after no 2005 Bonds remain outstanding. As long as any Reserve Account Credit Instrument is in full force and effect, any valuation of the Debt Service Reserve Account shall treat the maximum amount available under such Reserve Account Credit Instrument as its value.

In the event a draw is made against the Reserve Account insurance policy(s) or surety bond policies (the "Reserve Policy"), the City shall repay the amount of the draw and related expenses incurred by the financial insurance company together with interest thereon at a rate set forth in the Reserve Policy from available Net Revenues on terms set forth in the Reserve Policy or related agreements.

Section 16. Sewage Works Improvement Fund. After meeting the requirements of the Operation and Maintenance Fund and the Sinking Fund, any excess revenues may be transferred or credited from the Revenue Fund to the Sewage Works Improvement Fund, continued by the 2005 Ordinance and hereby further continued, and the Sewage Works Improvement Fund shall be used for improvements, replacements, additions and extensions of the sewage works and to make payments in lieu of property taxes, if any. 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 then outstanding bonds or, if necessary, to eliminate any deficiencies in credits to or minimum balance in the Debt Service Reserve Account of the Sewage Works Sinking Fund (in that order), or may be transferred to the Operation and Maintenance Fund to meet unforeseen contingencies in the operation, repair and maintenance of the sewage works.

Section 17. 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 non-callable obligations of the United States of America (iii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by (including obligations issued or held in book entry form on the books of) the United States of America, the principal of and the interest on which when due will provide sufficient moneys, or (iv) time certificates of deposit fully secured as to both principal and interest by obligations of the kind described in (ii) above of a bank or banks the principal of and interest on which when due will provide sufficient moneys, or other deposits as approved by the Bond Insurer 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.

Section 18. Accounting. 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 Clerk-Treasurer.

Section 19. Covenant With Respect to Rates and Charges. 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; and that such rates or charges shall be sufficient in each year for the payment of the proper and reasonable expenses of operation, repair and maintenance of the works, and for the payment of 110% of the sum required to be paid into the Sinking Fund by the Act. 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 110% of 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.

Section 20. Additional Bonds. The City reserves the right to authorize and issue additional bonds payable out of the Net Revenues of its sewage works ranking on a parity with the 2005 Bonds and 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 Net Revenues of the sewage works shall have been paid in accordance with their terms.

(b) The Reserve Requirement for the outstanding 2005 Bonds, the outstanding Refunding Bonds and any outstanding parity bonds has been funded in accordance with this Ordinance and the Reserve Requirement shall be increased proportionately for any additional bonds ranking on parity with the outstanding Refunding Bonds.

(c) 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 Bonds shall be not less than 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 increased rates and charges applied to the previous fiscal year's operations would have produced Net Revenues for said year equal to not less than 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.

(d) The principal of, or mandatory sinking fund redemption amounts of, and interest on the additional parity bonds shall be payable semiannually on the first days of January and July.

For purposes of subsection (c) above, the records of the sewage works shall be analyzed and all showings prepared by a certified public accountant employed by the City for that purpose.

Any additional bonds payable out of the Net Revenues of the sewage works issued on a parity with the 2005 Bonds or the Refunding Bonds shall, unless otherwise provided in the ordinance authority the issuance of such additional bonds, have a claim on the Debt Service Reserve Account on a parity with the 2005 Bonds, the Refunding Bonds and any other such additional bonds.

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

(a) The City shall at all times maintain the Sewage Works in good condition and operate the Sewage Works 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 including fidelity bonds, on the insurable parts of the Sewage Works of a kind and in an amount such as is customarily carried by private companies engaged in a similar type of business. All insurance shall be placed with responsible insurance companies qualified to do business in 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. Insurance or self-insurance proceeds collected shall be used in replacing or repairing the property destroyed or damaged or, if not used for such purposes, shall be treated and applied as net revenues of the Sewage Works.

(c) So long as any of the Refunding Bonds are outstanding, the City shall not, either directly or indirectly, mortgage, pledge or otherwise encumber the Sewage Works, or any part thereof or any interest therein and it shall not sell, lease or otherwise dispose of any portion thereof except to replace equipment which may become worn out or otherwise obsolete.

(d) Except as otherwise provided in Section 20 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 Sewage Works shall be authorized, executed or issued by the City except such as shall be made subordinate and junior in all respects to the Refunding Bonds, unless all of the Refunding Bonds are redeemed or retired or defeased pursuant to Section 17 hereof coincidentally with the delivery of such additional bonds or other obligations.

(e) The City shall take all actions 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 the Sewage Works.

(f) The provisions of this Ordinance shall constitute a contract by and between the City and the owners of the Refunding Bonds, and after the issuance of the Refunding Bonds this Ordinance shall not be repealed or amended in any respect which would materially and adversely affect the rights of the owners of the Refunding Bonds, and this Common Council shall not adopt any law, ordinance or resolution which in any way would materially and adversely affect the rights of such owners so long as any of the principal of or interest on the Refunding Bonds remains unpaid; provided, that the City shall have the right to amend this Ordinance without notice to or approval by any owners of the Refunding Bonds so long as the City determines that such amendment, if enacted, would not materially and adversely affect the owners of the Refunding Bonds or any other bonds ranking on a parity therewith.

(g) The provisions of this Ordinance shall be construed to create a trust in the proceeds of the sale of the Refunding Bonds 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 the Act. The provisions of this Ordinance shall also be construed to create a trust in the portion of the net revenues herein directed to be set apart and paid into the Sewage Works Sinking Fund for the uses and purposes of such fund as set forth in this Ordinance. The owners of Refunding Bonds shall have all of the rights, remedies and privileges set forth in the provisions of the Act, and may either at law or in equity, by suit, action, mandamus or other proceeding, protect and enforce any and all rights granted pursuant to the Act and the provisions of this Ordinance, and may enforce and compel performance of all duties required by the Act and this Ordinance to be performed by the City and any board or officer thereof, including the making and collecting of lawful, reasonable and sufficient rates and charges for services rendered by the Sewage Works. In the event of any failure to pay the principal of or interest on any of the Refunding Bonds when due, any court having jurisdiction of the action may appoint a receiver to administer the Sewage Works on behalf of the City and the owners of the Refunding Bonds, with power to charge and collect rates sufficient to provide for the payment of the expenses of operation, repair and maintenance and also to pay the principal of and interest on the Refunding Bonds, and to apply the revenues of the Sewage Works in conformity with the Act and the provisions of this Ordinance.

Section 22. Tax Covenants. In order to preserve the exclusion from gross income of interest on the Refunding Bonds under Section 103 of the Internal Revenue Code of 1986, as in effect on the date of delivery of the Refunding Bonds (the "Code"), the City hereby represents, covenants and agrees as follows:

(a) No person or entity or any combination thereof, other than the City or any other governmental unit within the meaning of Section 141(b)(6) and Section 150(a)(2) of the Code (a "Governmental Unit") will use proceeds of the Refunding Bonds or property financed or refinanced by such proceeds other than as a member of the general public. No person or entity or any combination thereof other than a Governmental Unit shall own property financed or refinanced out of the proceeds of the Refunding Bonds or will have actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract or any other type

of arrangement that differentiates that person's or entity's use of such property from the use of such property by the public at large.

(b) No Refunding Bond proceeds will be lent to any entity or person other than a Governmental Unit. No Refunding Bond proceeds will be transferred directly or indirectly, or be deemed transferred, to a person or entity other than a Governmental Unit in a fashion that would in substance constitute a loan of such Refunding Bond proceeds.

(c) The City will not take, or cause or permit to be taken by it or by any party under its control, or fail to take or cause or permit to fail to be taken by it or by any party under its control, any action that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Refunding Bonds pursuant to Section 103 of the Code. The City further covenants that it will not make any investment or do any other act or thing during the period that any Refunding Bond is outstanding hereunder which would cause any Refunding Bond 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 Refunding Bonds. In furtherance of the foregoing, the Clerk-Treasurer of the City is hereby authorized to invest or to cause to be invested monies pursuant to the provisions of this Ordinance at a restricted yield, to the extent permitted by and consistent with the provisions for such investments under the Code and to the extent necessary or advisable to preserve the exclusion from gross income of interest on the Refunding Bonds for federal income tax purposes.

(d) With respect to the Refunding Bonds, the Clerk-Treasurer shall keep full, complete and accurate records of all investment income and other earnings on the amounts held in the funds and accounts created or referred to in this Ordinance. The City shall further take all actions necessary and appropriate to comply with the arbitrage rebate requirements under Section 148 of the Code to the extent applicable, including, without limitation, accounting for and making provision for the payment of any and all amounts that may be required to be paid to the United States of America from time to time pursuant to Section 148 of the Code.

(e) All officers, employees and agents of the City are hereby authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the City as of the date that the Refunding Bonds are issued, and to make covenants on behalf of the City evidencing the City's recognition of and compliance with the covenants and commitments made herein. In particular and without limiting the foregoing, any and all appropriate officers, employees and agents of the City are authorized to certify and/or enter into covenants on behalf of the City regarding (i) the facts and circumstances and reasonable expectations of the City as of the date that the Refunding Bonds are issued and (ii) the representations and covenants made herein by the City regarding the amount and use of the proceeds of the Refunding Bonds.

(f) The Clerk-Treasurer is hereby authorized and directed to employ consultants and attorneys from time to time to advise the City with respect to the requirements under federal law for the continuing preservation of the exclusion of interest on the Refunding Bonds from gross income for purposes of federal income taxation, as described in this Section 22.

(g) The City hereby covenants that it will rebate any arbitrage profits to the United States to the extent required by the Code and the regulations promulgated thereunder.

Section 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, anything contained in this ordinance to the contrary notwithstanding, to consent to and approve the adoption by the City of such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this ordinance, or in any supplemental ordinance; and provided, that nothing herein contained shall permit or be construed as permitting:

(a) An extension of the maturity of the principal of or interest on any 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 Bonds issued pursuant to this ordinance over any other Refunding Bond or 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 Reserve Requirement; or

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

If the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the 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-Treasurer, no owner of any bond issued pursuant to this ordinance shall have any right to object to the adoption of such supplemental ordinance or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City or its officers from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental ordinance pursuant to the provisions of this section, this ordinance shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this ordinance of the City and all owners of bonds issued pursuant to the provisions of this ordinance then outstanding, shall thereafter be determined exercised and enforced in accordance with this ordinance, subject in all respects to such modifications and amendments. Notwithstanding

anything contained in the foregoing provisions of this ordinance, the rights and obligations of the City and of the owners of the Refunding Bonds authorized by this ordinance, and the terms and provisions of the Refunding Bonds and this ordinance, or any supplemental ordinance, may be modified or altered in any respect with the consent of the City and the consent of the owners of all the Refunding Bonds then outstanding.

Without notice to or consent of the owners of the Refunding Bonds, the City may, from time to time and at any time, adopt such ordinances supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental ordinances shall thereafter form a part hereof),

(a) to cure any ambiguity or formal defect or omission in this ordinance or in any supplemental ordinance; or

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

(c) to make any other change which is not to the prejudice of the owners of the Refunding Bonds.

Section 24. Waiver of Tax Covenants. Notwithstanding any other provision of this Ordinance, any of the covenants and authorizations contained in Section 22 of this Ordinance (the "Tax Covenants") which are designed to preserve the exclusion of interest on the Refunding Bonds from gross income for purposes of federal income taxation need not be complied with if the City receives an opinion of nationally recognized bond counsel to the effect that compliance with such Tax Covenant is unnecessary to preserve such exclusion of interest.

Section 25. Rate Ordinance. The rates and charges of the Sewage Works are set forth in Ordinance No. 2002-10 adopted by the Common Council on November 25, 2002, as amended by Ordinance No. 2003-01 adopted by the Common Council on January 13, 2003, as amended by Ordinance No. 2005-05 adopted by the Common Council on July 25, 2005. Such ordinances are incorporated herein by reference.

Section 26. Non-Business Days. 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 ordinance, is a legal holiday or a day on which banking institutions in the area are typically closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are typically closed, with the same force and effect as if done on the nominal date provided in this ordinance, and no interest shall accrue for the period after such nominal day.

Section 27. Other Actions. Each of the Mayor and the Clerk-Treasurer is hereby authorized and directed, for an on behalf of the City, to execute and deliver any agreement, certificate or other instrument or take any other action which such officer determines to be necessary or desirable to carry out the transactions contemplated by this ordinance, which determination shall be conclusively evidenced by such officer's having executed such agreement, certificate or other instrument or having taken such other action, and any such agreement,

certificate or other instrument heretofore executed and delivered and any such other action heretofore taken are hereby ratified and approved.

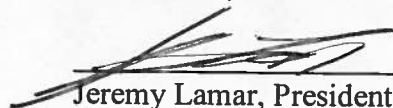
Section 28. Construction with Other Ordinances. All ordinances, except for the 2005 Ordinance, in conflict with this Ordinance are hereby repealed.

Section 29. Captions. The captions in this Ordinance are inserted only as a matter of convenience and reference, and such captions are not intended and shall not be construed to define, limit, establish, interpret or describe the scope, intent or effect of any provision of this Ordinance.

Section 30. Effective Date. This Ordinance shall be in full force and effect from and after its passage and approval by the Mayor.

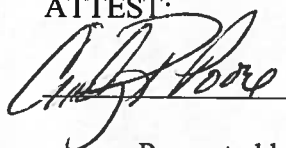
Passed and adopted by the Common Council of the City of Lebanon on the 10th day of June, 2013.

COMMON COUNCIL OF THE CITY OF
LEBANON, INDIANA

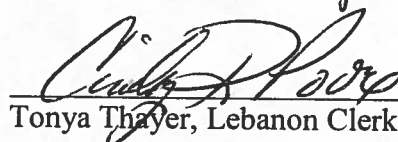


Jeremy Lamar, President

ATTEST:

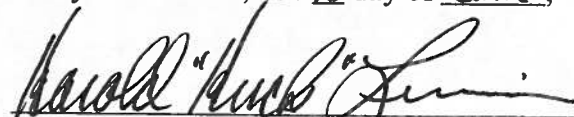

_____, Clerk-Treasurer

Presented by me to the Mayor of the City of Lebanon this 10 day of June, 2013 at
8:15 p.m.



Tonya Thayer, Lebanon Clerk-Treasurer

Signed and approved by me, the Mayor of the City of Lebanon, this 10 day of June,
2013 at 8:15 p.m.



Harold "Huck" Lewis, Mayor,
City of Lebanon

EXHIBIT A

R-__

[FORM OF REGISTERED BOND]

UNITED STATES OF AMERICA

STATE OF INDIANA

COUNTY OF BOONE

CITY OF LEBANON, INDIANA
SEWAGE WORKS REFUNDING REVENUE BOND OF 2013

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Date</u>	<u>Date of Authentication</u>	<u>CUSIP</u>
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Registered Owner:

Principal Amount:

The City of Lebanon, in Boone County, State of Indiana, (the "City") for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, upon surrender hereof, solely out of the special revenue fund hereinafter referred to, the Principal Amount stated above as evidenced by the records of the registered owner making payments for this bond, or its assigns, on the Maturity Date specified above (unless this bond be subject to and be called for redemption prior to maturity as hereinafter provided), and to pay interest thereon until the Principal Amount is paid upon redemption or at maturity, at the Interest Rate per annum specified above and from the interest payment date to which interest has been paid or duly provided for next preceding the Date of Authentication of this bond as shown above (unless this bond is authenticated after the fifteenth day of the month preceding an interest payment date (the "Record Date") and on or before the next 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 December 15, 2013, in which case it shall bear interest from the Original Date specified above), with such interest payable semiannually on January 1 and July 1 of each year, commencing January 1, 2014. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

The principal of and premium, if any, on this Refunding Bond are payable upon the surrender thereof at the principal office of _____ (the "Registrar" or the "Paying Agent") in the _____, _____. All payments of interest on this Refunding Bond shall be paid by check mailed one business day prior to the interest payment

date to the Registered Owner as of the Record Date at the address as it appears on the registrations books kept by the Registrar. Each Registered Owner of \$1,000,000 or more in principal amount of the Refunding Bonds shall be entitled to receive interest payments by wire transfer by providing written wire instructions to the Paying Agent before the Record Date for any payment. All payments of principal of, and premium, if any, on the Refunding Bonds (as hereinafter defined) 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 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.

This bond is one of an authorized series of bonds of like date, tenor and effect, except as to denomination, numbering, rates of interest, redemption terms and dates of maturity, aggregating _____ Dollars (\$ _____), numbered and lettered consecutively from R-1 upward (the "Refunding Bonds"), issued for the purpose of providing funds to the current refunding of the Refunded Bonds (as defined in the Ordinance) and to pay the costs of issuance of the Refunding Bonds. This Refunding Bond is issued pursuant to an ordinance adopted by the Common Council of the City on the ____ day of _____, 2013, entitled "An Ordinance authorizing the current refunding of the Sewage Works Revenue Bonds of 2002, authorizing the issuance of the Sewage Works Refunding Revenue Bonds of 2013 to provide funds for the payment of the costs thereof, addressing other matters connected therewith, and repealing ordinances inconsistent herewith" (the "Ordinance"), and in accordance with the provisions of Indiana law, including, without limitation, Indiana Code 36-9-23 and IC 5-1-5, as amended (the "Act").

Pursuant to the provisions of the Act and the Ordinance, the principal of and interest on this Refunding Bond, the 2005 Bonds (as defined in the Ordinance) and any bonds hereafter issued on a parity therewith are payable solely from the Sewage Works Sinking Fund (the "Sinking Fund") maintained under the Ordinance to be funded from the Net Revenues (herein defined as the gross revenues of the System, defined as the City's Sewage Works system, including all real estate, equipment and appurtenances thereto used in connection therewith, and all extensions, additions and improvements thereto and replacements thereof, now or at anytime hereafter constructed or acquired remaining after the payment of the reasonable expenses of operation, repair and maintenance of the System excluding transfers for payments in lieu of property taxes).

The City irrevocably pledges the entire Net Revenues of the System to the prompt payment of the principal of and interest on the Refunding Bonds, the 2005 Bonds and any bonds ranking on a parity therewith to the extent necessary for such purposes, and covenants that it will cause to be fixed, maintained and collected such rates and charges for services rendered by the System as are sufficient in each year for the payment of the proper and reasonable expenses of operation and maintenance of the System and for the payment of the sums required to be paid

into the Sinking Fund under the provisions of the Act and the Ordinance. 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 shall 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 System and to charge and collect rates sufficient to provide for the payment of this bond and the interest hereon.

The City further covenants that for so long as the Refunding Bonds, the 2005 Bonds and any bonds hereafter issued on a parity therewith (the "Parity Bonds") remain outstanding, it will set aside and pay into the Sinking Fund a sufficient amount of the Net Revenues of the System for the payment of (a) the principal of and interest on the Refunding Bonds, the 2005 Bonds and the Parity Bonds, as such principal and interest shall come due, (b) the necessary fiscal agency charges for paying such bonds and (c) an additional amount to accumulate and maintain the Reserve Requirement (as defined in the Ordinance), which is equal to the least of (i) the maximum annual debt service on such bonds, (ii) 125% of the average annual debt service on such bonds and (iii) 10% of the stated principal amount of such bonds. Such required payments shall constitute a first charge upon all the Net Revenues of the System. Reference is made to the Ordinance for a more complete statement of the revenues from which and conditions under which this bond is payable, a statement of the conditions on which obligations may hereafter be issued on a parity with this bond, the manner in which the Ordinance may be amended and the general covenants and provisions pursuant to which this bond has been issued.

The Refunding Bonds are not subject to optional redemption prior to maturity.

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

<u>Date</u>	<u>Amount</u>
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*

*Final Maturity]

[Each Five Thousand Dollars (\$5,000) principal amount shall be considered a separate bond for purposes of 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.]

Notice of such redemption shall be mailed to the address of the registered owners of the Refunding Bonds to be redeemed 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 the Refunding Bonds to be redeemed. The notice shall specify the date and place of redemption and sufficient identification of the Refunding Bonds called for redemption. The place of redemption may be determined by the City. Interest on the Refunding Bonds 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, and thereafter, such bonds shall no longer be protected by the Ordinance and shall not be deemed to be outstanding thereunder.

If this bond shall not be presented for payment or redemption on the date fixed therefor, the City may deposit in trust with the Paying Agent, an amount sufficient to pay such Refunding 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 for payment and the City shall have no further obligation or liability with 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 in person, or by his attorney duly authorized in writing, upon surrender of this Refunding 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 Refunding Bond or Refunding Bonds in the same aggregate principal amount and of the same maturity shall be executed and delivered in the name of the transferee or to the Registered Owner, as the case may be, in exchange therefor. This bond may be transferred without cost to the Registered Owner except for any tax or governmental charge required to be paid with respect to the transfer. The City, the Registrar and the Paying Agent 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 and premium, if any, 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 Refunding Bonds are issuable only in fully registered form in the denomination of \$5,000 or any integral multiple thereof.

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 Lebanon, in Boone County, Indiana, has caused this bond to be executed in its corporate name by the manual or facsimile signature of the Mayor of the City, its corporate seal to be hereunto affixed, imprinted or impressed by any means and attested manually or by facsimile by its Clerk-Treasurer.

CITY OF LEBANON

Mayor

(seal)

ATTEST:

Clerk-Treasurer

CERTIFICATE OF AUTHENTICATION

This bond is one of the City of Lebanon Sewage Works Refunding Revenue Bonds of 2013, issued and delivered pursuant to the provisions of the within-mentioned Ordinance.

By

Authorized Representative

STATEMENT OF INSURANCE

(If applicable)

ASSIGNMENT

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

Dated: _____

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

Signature Guarantee:

NOTICE: Signature(s) must be guaranteed by a broker-dealer or a commercial bank or trust company.