

ORDINANCE NUMBER 13-15 OF THE CITY OF FRANKLIN, INDIANA

AN ORDINANCE CONCERNING THE CURRENT REFUNDING BY THE CITY OF FRANKLIN, INDIANA, OF ITS SEWAGE WORKS REVENUE BONDS OF 1993, SERIES A, SEWAGE WORKS REVENUE BONDS OF 1994, SERIES A, SEWAGE WORKS REVENUE BONDS OF 1994, SERIES B AND SEWAGE WORKS REVENUE BONDS OF 2000; AUTHORIZING THE ISSUANCE OF SEWAGE WORKS REFUNDING REVENUE BONDS FOR SUCH PURPOSE; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF THE SEWAGE WORKS AND THE SAFEGUARDING OF THE INTERESTS OF THE OWNERS OF SAID SEWAGE WORKS REFUNDING REVENUE BONDS; OTHER MATTERS CONNECTED THEREWITH; AND REPEALING ORDINANCES INCONSISTENT HERewith

WHEREAS, the City of Franklin, Indiana (the "City") has heretofore established, constructed and financed its sewage works, and now owns and operates said sewage works pursuant to Indiana Code 36-9-23, as in effect on the issue date of the bonds authorized herein, and other applicable laws (the "Act") (all references herein to the Indiana Code are designated hereafter as "IC" followed by the applicable code section or sections); and

WHEREAS, the Common Council of the City (the "Council") finds that there are outstanding bonds of the sewage works payable out of the Net Revenues (as hereinafter defined) thereof designated as (i) the "Sewage Works Revenue Bonds of 1993, Series A", dated May 10, 1993 (the "1993 Bonds"), now outstanding in the principal amount of \$403,000 and maturing annually on March 1 over a period ending March 1, 2014, (ii) the "Sewage Works Revenue Bonds of 1994, Series A", dated September 15, 1994 (the "1994A Bonds"), now outstanding in the principal amount of \$455,123 and maturing annually on March 1 over a period ending March 1, 2015, (iii) the "Sewage Works Revenue Bonds of 1994, Series B", dated December 23, 1994 (the "1994B Bonds"), now outstanding in the principal amount of \$1,310,000 and maturing annually on March 1 over a period ending March 1, 2015, and (iv) the "Sewage Works Revenue Bonds of 2000", dated August 29, 2000 (the "2000 Bonds"), now outstanding in the principal amount of \$2,890,000 and maturing annually on March 1 over a period ending March 1, 2022, which 1993 Bonds, 1994A Bonds, 1994B Bonds and 2000 Bonds (collectively, the "Refunded Bonds") constitute a first charge on the Net Revenues of the sewage works; and

WHEREAS, the Council finds that the Refunded Bonds should be currently refunded pursuant to the provisions of IC 5-1-5, as amended, to enable the City to obtain a reduction in interest payments and effect a savings to the City; and

WHEREAS, the Council finds that it is necessary to issue its sewage works refunding revenue bonds in an aggregate principal amount not to exceed Five Million Three Hundred Thousand Dollars (\$5,300,000) and to use the proceeds thereof, together with funds on hand, to currently refund the Refunded Bonds and to pay for all costs related to said refunding; and

WHEREAS, the bonds to be issued pursuant to this ordinance will constitute a first charge against the Net Revenues of the sewage works and are to be issued subject to the provisions of the laws of the Act, IC 5-1-5, as amended, and the terms and restrictions of this ordinance; and

WHEREAS, the Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of said sewage works refunding revenue bonds have been complied with in accordance with the provisions of the Act; now, therefore,

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

Section 1. Authorization of Refunding of Refunded Bonds; Certain Defined Terms.

(a) The City proceed with the current refunding of the Refunded Bonds thereby reducing its interest payments and effecting a savings, as reported by the City's financial advisor, Peters Municipal Consultants, LTD. The City shall apply amounts held for the payment of debt service on the Refunded Bonds, if any, to the refunding as provided in Section 12(a).

(b) The terms "*sewage works*," "*sewage works system*," "*works*," "*system*," and words of like import where used in this ordinance shall be construed to mean and include the existing sewage works system of the City, including items defined in IC 36-9-1-8, and all real estate and equipment used in connection therewith and appurtenances thereto, and all extensions, additions and improvements thereto and replacements thereof now or at any time hereafter constructed or acquired. The bonds herein authorized shall be issued pursuant to and in accordance with the provisions of the Act and IC 5-1-5, as amended.

Section 2. Issuance of Bonds.

(a) The City shall issue its sewage works refunding revenue bonds in the aggregate principal amount not to exceed Five Million Three Hundred Thousand Dollars (\$5,300,000) to be designated "Sewage Works Refunding Revenue Bonds, Series 201__", to be completed with the year in which issued (the "Bonds"), for the purpose of procuring funds to apply on (i) the current refunding of the Refunded Bonds and (ii) issuance costs.

(b) The Bonds shall be issued and sold at a price not less than 98.0% of par value thereof. The Bonds shall be issued in fully registered form in denominations of (i) \$1,000 or integral multiples thereof or (ii) \$100,000 and any \$1,000 integral multiple in excess thereof, as determined by the Clerk-Treasurer, with the advice of the City's financial advisor. The Bonds shall be numbered consecutively from 1 up, originally dated as of the first day of the month in which they are sold or delivered, or the date of delivery, as determined by the Clerk-Treasurer, with the advice of the City's financial advisor. The Bonds shall bear interest at a rate not exceeding 4.0% per annum (the exact interest rate or rates to be determined by negotiation). Interest shall be payable semiannually on March 1 and September 1 in each year, commencing on the first March 1 or September 1 following the date of delivery of the Bonds. Principal shall be payable in lawful money of the United States of America at the principal office of the Paying

Agent (as hereinafter defined). The Bonds shall mature annually on March 1, or be subject to mandatory sinking fund redemption on March 1 of each year, over a period ending no later than March 1, 2022. The Bonds shall mature in such amounts as determined by the Clerk-Treasurer with the advice of the City's financial advisor prior to the sale of the Bonds.

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

(d) The Bonds will be payable solely out of and constitute a first charge against the Net Revenues (herein defined as gross revenues remaining after the payment of the reasonable expenses of operation, repair and maintenance excluding transfers for payment in lieu of taxes) of the sewage works of the City. Interest on the Bonds shall be calculated according to a 360-day financial year containing twelve 30-day months or a calendar year basis.

Section 3. Registrar and Paying Agent.

(a) The Clerk-Treasurer is hereby authorized to serve as, or select and appoint a qualified financial institution to serve as, Registrar and Paying Agent for the Bonds, which Registrar is hereby charged with the responsibility of authenticating the Bonds (the "Registrar" or "Paying Agent"). The Clerk-Treasurer is hereby authorized to enter into such agreements or understandings with such institution as will enable the institution to perform the services required of a Registrar and Paying Agent. The Clerk-Treasurer is further authorized to pay such fees as the institution may charge for the services it provides as Registrar and Paying Agent, and such fees may be paid from the Sewage Works Sinking Fund established to pay the principal of and interest on the Bonds and fiscal agency charges. If sold to a purchaser that does not object to such designation, the Clerk-Treasurer may serve as Registrar and Paying Agent for the Bonds and, in such case, is hereby charged with the duties of a Registrar and Paying Agent.

(b) The principal of the Bonds shall be payable at the principal office of the Paying Agent. All payments of interest on the Bonds shall be paid by check mailed one business day prior to the interest payment date to the registered owners thereof, as of the fifteenth day of the month preceding each payment (the "Record Date"), at the addresses as they appear on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by such registered owner on or before such Record Date. If payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall be instructed to wire transfer payments by 1:00 p.m. (New York City time) so such payments are received at the depository by 2:30 p.m. (New York City time).

(c) All payments on the Bonds shall be made in any coin or currency of the United States of America, which on the date of such payment, shall be legal tender for the payment of public and private debts.

(d) Each Bond shall be transferable or exchangeable only upon the books of the City kept for that purpose at the principal office of the Registrar, by the registered owner thereof in person, or by its attorney duly authorized in writing, upon surrender of such Bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount and of the same maturity shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. The costs of such transfer or exchange shall be borne by the City. The City and the Registrar and Paying Agent for the Bonds may treat and consider the person in whose name such Bonds are registered as the absolute owner thereof for all purposes including for the purpose of receiving payment of, or on account of, the principal thereof and interest due thereon.

(e) Interest on Bonds which are authenticated on or before the Record Date which precedes the first interest payment date shall be paid from their original date. Interest on Bonds authenticated subsequent to the Record Date which precedes the first interest payment date thereon shall be paid from the interest payment date to which interest has been paid as of the date on which such Bonds are authenticated, unless a Bond is authenticated between the Record Date and the interest payment date in which case the interest shall be paid from such interest payment date.

Section 4. Redemption of Bonds.

(a) The Bonds of this issue are not subject to optional redemption prior to maturity.

(b) If any Bond is issued as a term bond, the Paying Agent shall credit against the mandatory sinking fund requirement for the Bonds maturing as term bonds, and corresponding mandatory redemption obligation, in the order determined by the City, any 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 Bond maturing as a term bond so delivered or canceled 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 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 Bonds maturing as term bonds to the extent received on or before forty-five (45) days preceding the applicable mandatory redemption date.

(c) Each \$1,000 principal amount of the Bonds 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 called for redemption shall be selected by lot by the Registrar.

(d) Notice of redemption shall be given not less than thirty (30) days prior to the date fixed for redemption unless such redemption notice is waived by the owner of the Bond or Bonds redeemed. Such notice shall be mailed to the address of the registered owner as shown on the registration record of the City as of the date which is forty-five (45) days prior to such redemption date. The notice shall specify the date and place of redemption and sufficient identification of the Bonds called for redemption. The place of redemption may be determined by the City. Interest on the Bonds so called for redemption shall cease on the redemption date fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price on the date so named.

Section 5. Book-Entry Provisions.

(a) The City may, upon the advice of its financial advisor, have the Bonds held by a central depository system pursuant to an agreement between the City and The Depository Trust Company, New York, New York ("DTC") and have transfers of the Bonds effected by book-entry on the books of the central depository system. In such case, the Bonds shall be issued in the name of Cede & Co., as nominee for DTC, as registered owner of the Bonds, and held in the custody of DTC and the terms and conditions of this provision shall apply.

(b) If the Bonds are held by DTC, a single certificate will be issued and delivered to DTC for each maturity of the Bonds. The actual purchasers of the Bonds (the "Beneficial Owners") will not receive physical delivery of the Bond certificates except as provided herein. Beneficial Owners are expected to receive a written confirmation of their purchase providing details of each Bond acquired. For so long as DTC shall continue to serve as securities depository for the Bonds as provided herein, all transfers of beneficial ownership interests will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of the Bonds is to receive, hold, or deliver any Bond certificate.

(c) For every transfer and exchange of the Bonds, the Beneficial Owner may be charged a sum sufficient to cover such Beneficial Owner's allocable share of any tax, fee, or other governmental charge that may be imposed in relation thereto. Bond certificates are required to be delivered to and registered in the name of the Beneficial Owner, under the following circumstances:

(i) DTC determines to discontinue providing its service with respect to the Bonds (such a determination may be made at any time by giving 30 days' notice to the City and the Registrar and discharging its responsibilities with respect thereto under applicable law), or

(ii) the City determines that continuation of the system of book-entry transfers through DTC (or a successor securities depository) is not in the best interests of the Beneficial Owners.

(d) The City and the Registrar will recognize DTC or its nominee as the holder of the Bonds for all purposes, including notices and voting. The City and the Registrar covenant and agree, so long as DTC shall continue to serve as securities depository for the Bonds, to meet the requirements of DTC with respect to required notices and other provisions of a Letter of Representations between the City and DTC. If necessary to comply with the terms and provisions of the Letter of Representations, a supplemental ordinance shall be adopted to amend this ordinance as necessary.

(e) The Registrar is authorized to rely conclusively upon a certificate furnished by DTC and corresponding certificates from DTC participants and indirect participants as to the identity of, and the respective principal amount of Bonds beneficially owned by, the Beneficial Owner or Beneficial Owners.

Section 6. Execution of Bonds; Pledge of Net Revenues to Bonds.

(a) The Bonds shall be signed 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, who shall affix the seal of said City to each of said Bonds manually or shall have the seal imprinted or impressed thereon by facsimile. These officials, by the signing of a Signature and No Litigation Certificate, shall adopt as and for their own proper signatures their facsimile signatures appearing on said Bonds. In case any officer whose signature or facsimile signature appears on the Bonds shall cease to be such officer before the delivery of the Bonds, the signature of such officer shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. The Bonds shall also be authenticated by the manual signature of an authorized representative of the Registrar and no Bond shall be valid or become obligatory for any purpose until the certificate of authentication thereon has been so executed.

(b) The Bonds, and any bonds ranking on a parity therewith, as to both principal and interest, shall be payable from, secured by and shall constitute a first charge upon the Net Revenues of the sewage works of the City, hereby irrevocably pledged to the payment of the Bonds to the extent necessary for that purpose. The City shall not be obligated to pay said Bonds or the interest thereon except from the Net Revenues of said works and said 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. The Bonds shall have all of the qualities and incidents of negotiable instruments under the laws of the State of Indiana, subject to the provisions for registration herein.

Section 7. Form of Bonds.

The form and tenor of the Bonds shall be substantially as follows, with such additions, deletions and modifications as the Mayor and Clerk-Treasurer may authorize, as conclusively evidenced by their signatures thereon, all blanks to be filled in properly prior to delivery thereof:

Form of Bond

[Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Registrar or its agent for registration or transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.]

No. _____

UNITED STATES OF AMERICA

STATE OF INDIANA

COUNTY OF JOHNSON

CITY OF FRANKLIN, INDIANA

SEWAGE WORKS REFUNDING REVENUE BOND, SERIES 201__

[Maturity Date] [Interest Rate] [Original Date] [Authentication Date] [CUSIP]

Registered Owner:

Principal Sum:

The City of Franklin, Indiana (the "City"), in Johnson County, State of Indiana, for value received, hereby promises to pay to the Registered Owner (named above) or registered assigns, solely out of the special revenue fund hereinafter referred to, the Principal Sum set forth above on the Maturity Date set forth above [(unless this Bond be subject to and shall have been duly called for redemption and payment as provided for herein)], and to pay interest hereon until the Principal Sum shall be fully paid at the rate per annum specified above from the interest payment date to which interest has been paid next preceding the Authentication Date of this Bond unless this Bond is authenticated after the fifteenth day of the month preceding an interest payment date and on or before such interest payment date in which case it shall bear interest from such interest payment date, or unless this Bond is authenticated on or before _____ 15, 201__, in which case it shall bear interest from the Original Date, which interest is payable semiannually on the first days of March and September of each year, beginning on _____ 1, 201__. Interest shall be calculated according to a 360-day calendar year containing twelve 30-day months.

The principal of this Bond is payable at the principal office of _____ (the "Registrar" or "Paying Agent"), in the City of Indianapolis, Indiana. All payments of interest on this Bond shall be paid by check mailed one business day prior to the interest payment date to the registered owner hereof, as of the fifteenth day of the month preceding such payment, at the address as it appears on the registration books kept by the Registrar or at such other address as is

provided to the Paying Agent in writing by the registered owner. If payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall wire transfer payments by 1:00 p.m. (New York City time) so such payments are received at the depository by 2:30 p.m. (New York City time). All payments on the Bond shall be made in any coin or currency of the United States of America, which on the dates of such payment, shall be legal tender for the payment of public and private debts.

THIS BOND SHALL NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY OF FRANKLIN, INDIANA, WITHIN THE MEANING OF THE PROVISIONS AND LIMITATIONS OF THE CONSTITUTION OF THE STATE OF INDIANA, AND THE CITY SHALL NOT BE OBLIGATED TO PAY THIS BOND OR THE INTEREST HEREON EXCEPT FROM THE SPECIAL FUND PROVIDED FROM THE NET REVENUES (AS HEREINAFTER DEFINED).

This Bond is one of an authorized issue of Bonds of the City of Franklin, Indiana, of like tenor and effect, except as to numbering, interest rate, and dates of maturity, in the total amount of _____ Dollars (\$_____) (the "Bonds"), numbered from 1 up, issued for the purpose of providing funds to be applied on the cost of the current refunding of certain Refunded Bonds (as defined in the hereinafter defined Ordinance) and paying incidental expenses, as authorized by an Ordinance adopted by the Common Council of the City of Franklin, Indiana, on the ____ day of _____, 2013, entitled "AN ORDINANCE CONCERNING THE CURRENT REFUNDING BY THE CITY OF FRANKLIN, INDIANA, OF ITS SEWAGE WORKS REVENUE BONDS OF 1993, SERIES A, SEWAGE WORKS REVENUE BONDS OF 1994, SERIES A, SEWAGE WORKS REVENUE BONDS OF 1994, SERIES B AND SEWAGE WORKS REVENUE BONDS OF 2000; AUTHORIZING THE ISSUANCE OF SEWAGE WORKS REFUNDING REVENUE BONDS FOR SUCH PURPOSE; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF THE SEWAGE WORKS AND THE SAFEGUARDING OF THE INTERESTS OF THE OWNERS OF SAID SEWAGE WORKS REFUNDING REVENUE BONDS; OTHER MATTERS CONNECTED THEREWITH; AND REPEALING ORDINANCES INCONSISTENT HERewith" (the "Ordinance"), and in strict compliance with the provisions of Indiana Code 36-9-23 and 5-1-5, each as in effect on the issue date of the Bonds (collectively, the "Act").

[The Bonds shall be initially issued in a book entry system by The Depository Trust Company ("DTC"). The provisions of this Bond and of the Ordinance are subject in all respect to the provisions of the Letter of Representations between the City and DTC, or any substitute agreement effecting such book entry system under DTC.]

Pursuant to the Ordinance, and the Escrow Agreement as defined therein, the City has set aside [securities (obligations of the United States of America purchased from proceeds of the Bonds and funds on hand of the City) and] certain cash in a Trust Account to provide payment of principal of and interest on the Refunded Bonds.

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 Ordinance) to be provided from the Net Revenues (defined as the gross revenues remaining after the payment of the reasonable expenses of operation, repair and maintenance excluding transfers for payment in lieu of taxes) of the sewage works now owned or hereafter acquired by the City. The City reserves the right to issue additional bonds on a parity with the Bonds of this issue, as provided in the Ordinance.

The City of Franklin, Indiana irrevocably 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 will 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 and for the payment of the sums required to be paid into said Sewage Works Sinking Fund under the provisions of the Act and the Ordinance. If the City or the proper officers of the City shall fail or refuse to so fix, maintain and collect such rates or charges, or if there be a default in the payment of the interest on or principal of this Bond, the owner of this Bond shall have all of the rights and remedies provided for in the Act, including the right to have a receiver appointed to administer the works and to charge and collect rates sufficient to provide for the payment of this Bond and the interest hereon.

The City of Franklin, Indiana 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 on all bonds which by their terms are payable from the revenues of the sewage works, as such interest shall fall due, (b) the necessary fiscal agency charges for paying the bonds and interest, (c) the principal of all bonds which by their terms are payable from the revenues of the sewage works, as such principal shall fall due, and (d) an additional amount to [create and] 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 are not subject to optional redemption prior to maturity.

[The Bonds maturing on March 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 March 1 in the years and amounts set forth below:

<u>Year</u>	<u>Amount</u>
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*Final Maturity]

Each \$1,000 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 called for redemption shall be selected by lot by the Registrar.

Notice of redemption shall be mailed to the address of the registered owner as shown on the registration record 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. The notice shall specify the date and place of redemption and sufficient identification of the Bonds called for redemption. The place of redemption may be determined by the City. Interest on the Bonds so called for redemption shall cease on the redemption date fixed in such notice, if sufficient funds are available at the place of redemption to pay the redemption price on the date so named.

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

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

This Bond is subject to defeasance prior to redemption or payment as provided in the Ordinance referred to herein. THE OWNER OF THIS BOND, BY THE ACCEPTANCE HEREOF, HEREBY AGREES TO ALL THE TERMS AND PROVISIONS CONTAINED IN THE ORDINANCE. The Ordinance may be amended without the consent of the owners of the Bonds as provided in the Ordinance.

The Bonds maturing in any one year are issuable only in fully registered form in the denomination of [] or any integral multiple thereof not exceeding the aggregate principal amount of the Bonds maturing in such year.

The City of Franklin, Indiana has designated the Bonds as qualified tax-exempt obligations to qualify for the \$10,000,000 exception from the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, relating to the disallowance of 100% of the deduction for interest expense allocable to tax-exempt obligations.

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the preparation and complete 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 Franklin, Indiana, in Johnson County, Indiana, has caused this Bond to be executed in its corporate name by the manual or facsimile signature of its Mayor, 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 FRANKLIN, INDIANA

[SEAL]

By: _____
Mayor

Attest:

Clerk-Treasurer

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

ASSIGNMENT

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

Dated: _____

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

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

End of Bond Form

Section 8. Preparation and Sale of Bonds; Official Statement; Refunding Escrow.

(a) The Clerk-Treasurer is hereby authorized and directed to have said Bonds prepared, and the Mayor and Clerk-Treasurer are hereby authorized and directed to execute said Bonds in the form and manner herein provided. The Clerk-Treasurer is hereby authorized and directed to deliver said Bonds to the purchaser of the Bonds as selected by J.J.B. Hilliard, W.L. Lyons, LLC, the placement agent (the "Placement Agent"), and approved by the Clerk-Treasurer, in accordance with a bond purchase agreement between the City and the purchaser of the Bonds (the "Bond Purchase Agreement"). The substantially final form of Bond Purchase Agreement between the City and the purchaser of the Bonds is attached hereto as Exhibit A and is hereby approved by the City. The Mayor and the Clerk-Treasurer are hereby authorized to execute the Bond Purchase Agreement and deliver the Bonds to the purchaser thereof in accordance with the terms of the Bond Purchase Agreement so long as their terms are consistent with this ordinance. The Bond Purchase Agreement shall establish a final principal amount, purchase price, interest rates, maturity schedule, denominations and mandatory redemption features, if any. The Clerk-Treasurer may also deliver the Bonds to the Placement Agent as underwriter if, based upon the advice of the City's financial advisor, doing so would provide the most financially advantageous terms to the City.

(b) The Bonds, when fully paid for and delivered to the purchaser, shall be the binding special revenue obligations of the City, payable out of the Net Revenues of the City's sewage works to be set aside into the Sewage Works Sinking Fund as herein provided. The proceeds derived from the sale of the Bonds shall be and are hereby set aside for application on the cost of the current refunding of the Refunded Bonds and the expenses necessarily incurred in connection with the Bonds. The proper officers of the City are hereby directed to draw all proper and necessary warrants, and to do whatever acts and things which may be necessary to carry out the provisions of this ordinance.

(c) The preparation and distribution of an official statement or private placement memorandum for the Bonds (preliminary and final) prepared by Peters Municipal Consultants, LTD, on behalf of the City, is hereby authorized. The Mayor and Clerk-Treasurer are hereby authorized and directed to execute such official statement or private placement memorandum on behalf of the City in a form consistent with this ordinance and are further authorized to designate the preliminary official statement or private placement memorandum as "nearly final" for

purposes of Rule 15c2-12 of the Securities and Exchange Commission (the "SEC Rule"), if applicable.

(d) As an alternative to the preparation and distribution of an official statement or private placement memorandum for the Bonds, the City may receive from the purchaser of the Bonds a sophisticated investment letter which satisfies applicable state and federal securities laws.

(e) 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 the Escrow Agreement between the City and the Escrow Trustee (the "Escrow Agreement"). The substantially final form of Escrow Agreement attached hereto as Exhibit B is hereby approved by the Council and 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.

(f) The execution, by either the Mayor, the Clerk-Treasurer, the Placement Agent, the Escrow Trustee, the purchaser of the Bonds or the City's financial advisor, of a subscription for United States Treasury Obligations – State and Local Government Series for investment of proceeds of the Bonds allocable to the current refunding of the Refunded Bonds to be held under the Escrow Agreement in a manner consistent with this ordinance is hereby approved.

(g) The Clerk-Treasurer, with the advice of the City's financial advisor, is hereby authorized to obtain one or more ratings for the Bonds if such rating or ratings will facilitate the sale of the Bonds.

Section 9. Use of Proceeds.

Proceeds of the Bonds shall be applied as follows and in the following order:

(a) *First*, any accrued interest and any premium received at the time of the delivery of the Bonds shall be deposited in the Sewage Works Sinking Fund and used to pay interest on the Bonds on the first interest payment date for the Bonds.

(b) *Second*, concurrently with the delivery of the Bonds, the Clerk-Treasurer shall either:

(i) acquire, with proceeds of the Bonds and cash on hand, direct obligations of or obligations the principal and interest on which are unconditionally guaranteed by, the United States of America (the "Government Obligations") to be used, together with certain cash from the proceeds of the Bonds and cash on hand as set forth in the Escrow Agreement, to refund and legally defease the Refunded Bonds all as set forth in the Escrow Agreement. In order to refund the Refunded Bonds, the Clerk-Treasurer shall deposit Government Obligations and certain cash with the Escrow Trustee under the Escrow Agreement in an amount sufficient to provide money for payment of the principal of and interest on the Refunded Bonds until the earliest date upon which the Refunded

Bonds may be called for redemption. 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 refunding and legal defeasance of the Refunded Bonds; or

(ii) deliver cash to the Indiana Finance Authority (the "Authority"), the holder of the Refunded Bonds, from proceeds of the Bonds and cash on hand, in an amount sufficient to provide for the redemption in full of the then outstanding principal of and interest on the Refunded Bonds. The Clerk-Treasurer shall obtain a verification of an accountant as to the required dollar amount necessary to be delivered to the Authority to accomplish said refunding of the Refunded Bonds as of the date of delivery of the Bonds. In addition, the Clerk-Treasurer shall obtain the prior consent of the Authority to permit the redemption of the Refunded Bonds on the date of delivery of the Bonds. The Clerk-Treasurer is hereby authorized to contact the holder of the Refunded Bonds, deliver any necessary notices of redemption and take any such further actions as are necessary to permit the redemption of the Refunded Bonds on the date of delivery of the Bonds.

(c) *Third*, if proceeds of the Bonds will be used to fund all or a portion of the reserve for the Bonds, the Clerk-Treasurer shall transfer such proceeds to the Reserve Account of the Sinking Fund, as hereinafter described.

(d) *Fourth*, the remaining proceeds from the sale of the Bonds shall be applied by the Clerk-Treasurer to cost of issuance of the Bonds not otherwise paid. Prior to the delivery of the Bonds, the Clerk-Treasurer shall obtain the legal opinion of Bose McKinney & Evans LLP, bond counsel, of Indianapolis, Indiana, and shall furnish such opinion to the Placement Agent and the purchaser of the Bonds. The cost of the opinion shall be considered as part of the costs incidental to the issuance of the Bonds and shall be paid out of the proceeds thereof. When all costs of issuance of the Bonds have been paid, the Clerk-Treasurer shall then transfer any amount then remaining from the proceeds of the Bonds to the hereinafter described Sinking Fund.

Section 10. Revenue Fund.

There is hereby created the Sewage Works Revenue Fund (the "Revenue Fund") into which all income and revenues derived from the operation of the sewage works and from the collection of sewage rates and charges shall be deposited. Out of these revenues, the proper and reasonable expenses of operation, repair and maintenance of the works shall be paid, the principal of and interest on all bonds and fiscal agency charges of registrars or paying agents shall be paid, the Debt Service Reserve Account of the Sewage Works Sinking Fund shall be funded, and the costs of replacements, extensions, additions and improvements shall be paid.

Section 11. Operation and Maintenance Fund.

The Operation and Maintenance Fund (the "Operation and Maintenance Fund") is hereby created. Any funds held for operation, repair and maintenance of the sewage works under the ordinances authorizing the Refunded Bonds equal to the amount necessary to pay the expenses of

operation, repair and maintenance of the sewage works for a two month period as calculated by the Clerk-Treasurer, with the advice of the City's financial advisor, shall be transferred to the Operation and Maintenance Fund. On the last day of each calendar month, revenues of the sewage works shall be transferred from the Revenue Fund to the Operation and Maintenance Fund so that the balance maintained in this Fund shall be sufficient to pay the expenses of operation, repair and maintenance of the sewage works for the then next succeeding two (2) calendar months. The moneys credited to this 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 payment in lieu of property taxes, depreciation, replacements, improvements, extensions or additions. Any moneys in said Fund 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 12. Sewage Works Sinking Fund.

There is hereby created a 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 and interest, which fund is hereby designated as the Sewage Works Sinking Fund (the "Sinking Fund"). There shall be set aside and deposited in the Sinking Fund, as available, and as provided below, a sufficient amount of the Net Revenues of the sewage works to meet the requirements of the Bond and Interest Account and the Debt Service Reserve Account hereby created in the Sinking Fund. Such payments shall continue until the balances in the Bond and Interest Account and the Debt Service Reserve Account equal the principal of and interest on all of the then outstanding bonds of the sewage works to their final maturity.

(a) Bond and Interest Account. Any moneys heretofore accumulated to pay principal of and interest on the Refunded Bonds shall be credited to and become a part of the Trust Account under the Escrow Agreement and shall be applied on the first payments made from the Trust Account or otherwise be applied to the refunding of the Refunded Bonds. There is hereby created, within said Sinking Fund, the 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 (i) at least one-sixth ($1/6$) of the interest on all then outstanding bonds payable on the then next succeeding interest payment date and (ii) at least one-twelfth ($1/12$) of the principal of all then outstanding bonds payable on the then next succeeding principal payment date, until the amount of interest and principal payable on the then next succeeding interest and principal payment dates shall have been so credited. There shall similarly be credited to the account any amount necessary to pay the bank fiscal agency charges for paying principal of and interest on outstanding 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.

(b) Debt Service Reserve Account. There is hereby created, within the Sinking Fund, the Debt Service Reserve Account (the "Reserve Account"). On the date of delivery of the Bonds, funds on hand of the sewage works, Bond proceeds, or a combination thereof may be deposited in the Reserve Account. The initial deposit or the balance accumulated in the Reserve Account shall equal but not exceed the least of (i) the maximum annual debt service on the Bonds and any additional bonds issued in the future on a parity with the Bonds (the "Parity Bonds"), (ii) 125% of the average annual debt service on the Bonds and any Parity Bonds or (iii) 10% of the proceeds of the Bonds and any Parity Bonds (the "Reserve Requirement"). If the initial deposit into the Reserve Account does not cause the balance therein to equal the Reserve Requirement, or if no deposit is made, an amount of Net Revenues shall be credited to the Reserve Account on the last day of each calendar month until the balance therein equals the Reserve Requirement. The monthly deposits shall be equal in amount and sufficient to accumulate the Reserve Requirement within five (5) years of the date of delivery of the Bonds.

The Reserve Account shall constitute the margin for safety and a protection against default in the payment of principal of and interest on the Bonds and any Parity Bonds, and the moneys in the Reserve Account shall be used to pay current principal and interest on the Bonds and any Parity Bonds, to the extent that moneys in the Bond and Interest Account are insufficient for that purpose. Any deficiency in the balance maintained in the Reserve Account shall be made up from the next available Net Revenues remaining after the credits to the Bond and Interest Account. Any moneys in the Reserve Account in excess of the Reserve Requirement shall either be transferred to the hereinafter defined Improvement Fund or be used for the purchase of outstanding bonds or installments of principal of fully registered bonds.

Section 13. Sewage Works Improvement Fund.

There is hereby created the Sewage Works Improvement Fund (the "Improvement Fund"). As of the date of delivery of the Bonds, any other moneys of the sewage works not otherwise deposited pursuant to the terms of this ordinance shall be transferred to the Improvement Fund and used for capital improvements to the sewage works or for any other lawful purpose. After meeting the requirements of the Operation and Maintenance Fund and the Sinking Fund, any excess revenues may be transferred or credited to the Improvement Fund and shall be used for payment in lieu of taxes, improvements, replacement, additions and extensions of the sewage works. Moneys in the Improvement Fund shall be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal or interest on the then outstanding bonds payable from the Sinking Fund or, if necessary, to eliminate any deficiencies in credits to or minimum balances in the Reserve Account of the Sinking Fund. Moneys in the Improvement Fund may also be transferred to the Operation and Maintenance Fund to meet unforeseen contingencies in the operation, repair and maintenance of the sewage works.

Section 14. Maintenance of Accounts; Investments.

The Sinking Fund shall be deposited in and maintained as a separate account or accounts from all other accounts of the City. The Operation and Maintenance Fund and the Improvement Fund may be maintained in a single account, or accounts, but such account, or accounts, shall likewise be maintained separate and apart from all other accounts of the City and apart from the

Sinking Fund account or accounts. All moneys deposited in the accounts shall be deposited, held and secured as public funds in accordance with the public depository laws of the State of Indiana; provided that moneys therein may be invested in obligations in accordance with the applicable laws, including particularly IC 5-13, as amended or supplemented, and in the event of such investment the income therefrom shall become a part of the funds invested and shall be used only as provided in this ordinance.

Section 15. Maintenance of Books and Records.

The City shall keep proper books of records and accounts, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues collected from said works and all disbursements made on account of the works, also all transactions relating to said works. There shall be furnished, upon written request, to any owner of the Bonds, the most recent audit report of the sewage works prepared by the State Board of Accounts. Copies of all such statements and reports shall be kept on file in the office of the Clerk-Treasurer. Any owner of the Bonds then outstanding shall have the right at all reasonable times to inspect the works and all records, accounts, statements, audits, reports and data of the City relating to the sewage works. Such inspections may be made by representatives duly authorized by written instrument.

Section 16. Rate Covenant.

The City covenants and agrees that it will establish and maintain just and equitable rates or charges for the use of and the service rendered by the sewage works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses the sewage works by or through any part of the sewage system of the City, or that in any way uses or is served by the sewage works, at a level adequate to produce and maintain sufficient revenue to provide for the proper operation, repair and maintenance of the sewage works, to comply with and satisfy all covenants contained in this ordinance, and to pay all obligations of the sewage works and of the City with respect to the sewage works. Such rates and charges shall, if necessary, be changed and readjusted from time to time so that the revenues therefrom shall always be sufficient to meet the expenses of operation, repair and maintenance of the sewage works, and the requirements of the Sinking Fund. The rates and 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 17. Defeasance of Bonds.

If, when any of the Bonds issued hereunder shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the Bonds or any 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 Bonds or any portion thereof and coupons then outstanding shall be paid; or (i) sufficient moneys, or (ii) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America, the principal of and the interest on which when due will provide sufficient moneys, shall be held in

trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case the Bonds issued hereunder or any designated portion thereof shall no longer be deemed outstanding or entitled to the pledge of the Net Revenues of the City's sewage works.

Section 18. Additional Bond Provisions.

The City reserves the right to authorize and issue additional Parity Bonds payable out of the Net Revenues of its sewage works ranking on a parity with the Bonds for the purpose of financing the cost of future additions, extensions and improvements to the 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 to date in accordance with their terms. The Reserve Requirement shall be satisfied for the additional Parity Bonds either at the time of delivery of the additional Parity Bonds or over a five year or shorter period, in a manner which is commensurate with the requirements established in Section 12(b) of this ordinance.

(b) The Net Revenues of the sewage works in the fiscal year immediately preceding the issuance of any such additional Parity Bonds shall be not less than one hundred twenty-five percent (125%) of the maximum annual interest and principal requirements of the then outstanding bonds and the additional Parity Bonds proposed to be issued; or, prior to the issuance of said Parity Bonds, the sewage rates and charges shall be increased sufficiently so that said increased rates and charges applied to the previous year's operations would have produced Net Revenues for said period equal to not less than one hundred twenty-five percent (125%) of the maximum annual interest and principal requirements of the then outstanding bonds and the additional Parity Bonds proposed to be issued. For purposes of this subsection all showings shall be prepared by a certified public accountant employed by the City for that purpose.

(c) The interest on the additional Parity Bonds shall be payable semiannually on the first days of March and September and the principal of, or mandatory sinking fund redemption dates for, the additional Parity Bonds shall be payable annually on March 1.

Section 19. Further Covenants.

For the purpose of further safeguarding the interests of the holders of the Bonds, it is specifically provided as follows:

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

(b) So long as any of the Bonds are outstanding, the City shall acquire and maintain insurance coverage, including fidelity bonds, to protect the sewage works and its operations. All insurance shall be placed with responsible insurance companies qualified to do business under

the laws of the State of Indiana. Insurance proceeds and condemnation awards shall be used to replace or repair the sewage works.

(c) So long as any of the Bonds are outstanding, the City shall not mortgage, pledge or otherwise encumber such works or any part thereof, nor shall it sell, lease or otherwise dispose of any portion thereof except machinery, equipment or property which may become worn out, obsolete or no longer suitable for use in the sewage works.

(d) Except as hereinbefore provided in Section 18 hereof, so long as any of the Bonds are outstanding, no additional bonds or other obligations pledging any portion of the revenues of said 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 Bonds, unless all of the Bonds are redeemed, 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 said sewage works.

(f) The provisions of this ordinance shall constitute a contract by and between the City and the owners of the Bonds, and after the issuance of said Bonds, this ordinance shall not be repealed or amended in any respect which will adversely affect the rights of the owners of said Bonds nor shall the Council adopt any law, ordinance or resolution which in any way adversely affects the rights of such owners so long as any of said Bonds or the interest thereon remain unpaid. Except for the changes set forth in Section 22 (a)-(g), this ordinance may be amended, however, without the consent of Bond owners, if the Council determines, in its sole discretion, that such amendment would not adversely affect the owners of the Bonds.

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

Section 20. Investment of Funds.

The Clerk-Treasurer is hereby authorized to invest moneys pursuant to IC 5-1-14-3 and the provisions of this ordinance (subject to applicable requirements of federal law to insure such yield is the then current market rate) to the extent necessary or advisable to preserve the exclusion from gross income of interest on the Bonds under federal law. The Clerk-Treasurer shall keep full and accurate records of investment earnings and income from moneys held in the funds and accounts created or referenced herein. In order to comply with the provisions of the ordinance, the Clerk-Treasurer is hereby authorized and directed to employ consultants or attorneys from time to time to advise the City as to requirements of federal law to preserve the tax exclusion. The Clerk-Treasurer may pay any such fees as operating expenses of the sewage works.

Section 21. Tax Covenants.

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

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

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

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

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

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

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

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

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

(i) The City represents that it will rebate any arbitrage profits to the United States of America, to the extent required by the Code.

(j) The City represents that:

(1) The Bonds are not private activity bonds as defined in Section 141 of the Code;

(2) The City hereby designates the Bonds as qualified tax-exempt obligations for purposes of Section 265(b) of the Code;

(3) The reasonably anticipated amount of qualified tax-exempt obligations (including qualified 501(c)(3) obligations and tax-exempt leases but excluding other private activity bonds) which will be issued by the City, and all entities subordinate to the City during 2013 or 2014, does not exceed \$10,000,000 in such year; and

(4) The City will not designate more than \$10,000,000 of qualified tax-exempt obligations during 2013 or 2014.

Therefore, the Bonds qualify for the exception in the Code from the disallowance of 100% of the deduction by financial institutions of interest expense allocable to newly acquired tax-exempt obligations.

Section 22. Amendments with Consent of Bondholders.

Subject to the terms and provisions contained in this Section and Section 19(g), and not otherwise, the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds issued pursuant to this ordinance and then outstanding shall have the right, from time to time, anything contained in this ordinance to the contrary notwithstanding, to consent to and approve the adoption by the City of such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this ordinance, or in any supplemental ordinance; provided, however, that nothing herein contained shall permit or be construed as permitting:

- (a) An extension of the maturity of the principal of or interest on any Bond issued pursuant to this ordinance; or
- (b) A reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon; or
- (c) The creation of a lien upon or a pledge of the revenues of the sewage works ranking prior to the pledge thereof created by this ordinance; or
- (d) A preference or priority of any Bond or Bonds issued pursuant to this ordinance over any other Bond or Bonds issued pursuant to the provisions of this ordinance; or
- (e) A reduction in the aggregate principal amount of the Bonds required for consent to such supplemental ordinance; or
- (f) A reduction in the Reserve Requirement; or
- (g) The extension of mandatory sinking fund redemption dates, if any.

If the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds outstanding at the time of adoption of such supplemental ordinance shall have consented to and approved the adoption thereof by written instrument to be maintained on file in the office of the 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 Bonds authorized by this ordinance, and the terms and provisions of the Bonds and this ordinance, or any supplemental ordinance, may be modified or altered in any respect with the consent of the City and the consent of the owners of all the Bonds issued pursuant to this ordinance then outstanding.

Section 23. Tax Exemption.

Notwithstanding any other provisions of this ordinance, the covenants and authorizations contained in this ordinance (the "Tax Sections") which are designed to preserve the exclusion of interest on the Bonds from gross income under federal law (the "Tax Exemption") need not be complied with if the City receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption. At the time of delivery of the Bonds, the Mayor and Clerk-Treasurer will execute post-issuance compliance procedures with respect to the Bonds relating to continued compliance of the City with respect to the Tax Sections to preserve the Tax Exemption.

Section 24. Continuing Disclosure.

In order for the Placement Agent of the Bonds to comply with the SEC Rule, if applicable, the Mayor and the Clerk-Treasurer of the Council are hereby authorized to execute and deliver an agreement by the City to comply with the requirements of a continuing disclosure undertaking by the City pursuant to subsection (b)(5) of the SEC Rule, and any amendments thereto from time to time (the "Continuing Disclosure Agreement"). The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. The substantially final form of Continuing Disclosure Agreement attached hereto as Exhibit C and incorporated herein by reference is hereby approved and the Mayor and Clerk-Treasurer of the Council are authorized to execute the same and to approve such changes in form or substance thereto which are consistent with the terms of this ordinance, such changes to be conclusively evidenced by the execution thereof.

Section 25. Conflicting Ordinances.

All ordinances and parts of ordinances in conflict herewith are hereby repealed; provided, however, that this ordinance shall not be construed as adversely affecting the rights of the owners of the Refunded Bonds.

Section 26. Sewer Rates.

The estimates of the rates and charges of the sewage works are set forth in the Franklin City Code, Section 13.04.360, and such code section is incorporated herein by reference.

Section 27. Headings.

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

Section 28. Effective Date.

This ordinance shall be in full force and effect from and after its passage and execution by the Mayor.

Introduced and Filed on the 2nd day of December, 2013. A motion to consider same on the First Reading or day of introduction was [not offered] [sustained by a vote of 6 in Favor and 0 Opposed, pursuant to Indiana Code § 36-4-6-13].

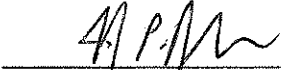
DULY PASSED on this 2nd day of December, 2013 by the Common Council of the City of Franklin, Johnson County, Indiana, having been passed by a vote 6 in Favor and 0 Opposed.

City of Franklin, Indiana, by its Common Council:

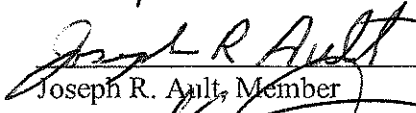
Voting Affirmative:



Steve Barnett, President



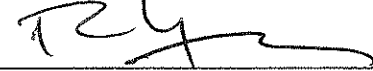
Joseph P. Abban, Vice President



Joseph R. Ault, Member



Kenneth Austin, Member



Robert Henderson, Member



Stephen Houghland, Member

Absent

Richard Wertz, Member

Voting Opposed:

Steve Barnett, President

Joseph P. Abban, Vice President

Joseph R. Ault, Member

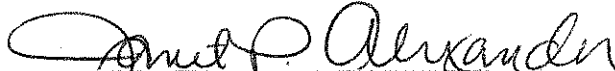
Kenneth Austin, Member

Robert Henderson, Member

Stephen Houghland, Member

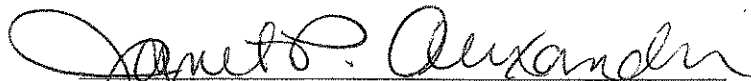
Richard Wertz, Member

Attest:



Janet P. Alexander,
City Clerk Treasurer

Presented by me to the Mayor of the City of Franklin for his approval or veto pursuant to Indiana § 36-4-6-15, 16 this 3 day of December, 2013 at 2:00 o'clock P.M.



Janet P. Alexander
City Clerk Treasurer

This Ordinance having been passed by the legislative body and presented to me was Approved by me and duly adopted, pursuant to Indiana Code § 36-4-6-16a)(1) Vetoed pursuant to Indiana code § 36-4-6-16(a)(2), this 3 day of December, 2013 at 2:00 o'clock P.M.



Joseph E. McGuinness, Mayor

Attest:



Janet P. Alexander,
City Clerk Treasurer

Prepared by:

Dennis H. Otten, Esq.
Bose McKinney & Evans LLP
111 Monument Circle, Suite 2700
Indianapolis, IN 46204

EXHIBIT A

Form of Bond Purchase Agreement

CITY OF FRANKLIN, INDIANA

\$ _____
SEWAGE WORKS REFUNDING REVENUE BONDS, SERIES 2013

BOND PURCHASE AGREEMENT

_____, 2013

Mayor Joe McGuinness
City Hall
70 East Monroe Street
Franklin, IN 46131

Dear Mayor:

The undersigned, _____ (the "Purchaser"), hereby offers to enter into the following agreement with the City of Franklin, Indiana (the "City"), which, upon acceptance of this offer, will be binding upon the City and the Purchaser. This offer is made subject to acceptance on or before 5:00 P.M. Eastern Standard Time, _____, 2013.

1. Upon the terms and conditions and upon the basis of the respective representations and covenants hereafter set forth, the Purchaser hereby agrees to purchase from the City, and the City hereby agrees to sell to the Purchaser all, but not less than all, of the \$ _____ in aggregate issued amount of the City of Franklin, Indiana Sewage Works Refunding Revenue Bonds, Series 2013 (the "Bonds"). The Bonds shall be dated as of the date of delivery, shall mature in such amounts, bear interest at such rates to their stated maturities, and be subject to redemption as set forth in **Schedule A** attached hereto and made a part hereof.

2. The initial purchase price of the Bonds shall be \$ _____. The City hereby agrees to pay the expenses of J.J.B. Hilliard, W.L. Lyons, LLC, as placement agent to the City, in the amount of \$ _____, in exchange for the purchase price. [Of the initial purchase price, the Purchaser shall retain \$ _____ for its counsel fees.]

3. The Bonds shall be authorized and secured by, and issued under, Ordinance No. _____, adopted by the City Council of the City on _____, 2013 (the "Bond Ordinance"), drafted by Bose McKinney & Evans LLP, Indianapolis, Indiana, Bond Counsel, and approved by the Purchaser.

4. The Purchaser agrees to provide a "sophisticated investor" letter to the Corporation at Closing (as hereinafter defined) in the form set forth in **Schedule B** attached hereto and made a part hereof.

5. The Bonds, registered in the name of the Purchaser, shall be delivered to the Purchaser at the offices of Bond Counsel, Bose McKinney & Evans LLP, Indianapolis, Indiana, or at such other location as the Purchaser shall direct, on _____, 2013, at which time the Purchaser shall pay the payment price in full to an account or accounts specified by the City. Such delivery and payment is referred to herein as the "Closing".

6. The Purchaser shall have the right to cancel its obligation to purchase the Bonds if between the date hereof and the date of Closing, (i)(A) legislation shall be introduced in Congress, or enacted or actively considered for enactment by the Congress, or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of the Congress by any committee of such House, or (B) a decision by a Federal court of the United States or the United States Tax Court shall be rendered, or a ruling or regulation by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed with respect to Federal taxation upon revenues or other income to be derived by the Corporation or upon interest on obligations of the general character of the Bonds, or (C) other actions or events shall have occurred or transpired, any of which has the purpose or effect, directly or indirectly, of materially adversely affecting the Federal or Indiana income tax or other Indiana tax consequences of any of the transactions contemplated in connection herewith, and in the reasonable judgment of the Purchaser materially adversely affects the market for the Bonds, or (ii) there shall have occurred any outbreak of hostilities or any national or international calamity or crises, including a financial crisis, the effect of which on the financial markets of the United States being such as would in the reasonable judgment of the Purchaser materially adversely affect the market for the Bonds, or (iii) there shall be in force a general suspension of trading on the New York Stock Exchange or a general banking moratorium shall have been declared by Federal, Indiana or New York authorities, the effect of which would, in the reasonable judgment of the Purchaser, materially adversely affect the market for the Bonds, or (iv) there shall have occurred, since the date hereof, any material adverse change in the affairs of City from that reflected in the financial statements of the City delivered in connection with the Bonds.

7. The City hereby represents and warrants to the Purchaser that it is authorized by law to enter into this Bond Purchase Agreement and the documents herein referred to and to perform all of its obligations to consummate the transactions contemplated hereby and thereby. The City agrees that it shall take all necessary action to authorize the execution and delivery of, and shall execute and deliver the Bonds, the Bond Ordinance and any and all other agreements, certificates, and documents as may be required to consummate the transactions contemplated hereby. Any certificate signed by an authorized officer of the City and delivered to the Purchaser shall be deemed a representation and warranty by the City to the Purchaser as to statements made therein. There is no action, suit, proceeding, inquiry or investigation of any nature at law or in equity, before or by any court, governmental agency, public board or body pending or, to the knowledge of the City, threatened, against the City affecting or seeking to prohibit, restrain or enjoin the issuance, sale, execution or delivery of the Bonds. The City is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State of Indiana or the United States or any applicable judgment or decree of

any loan agreement, indenture, bond, note, resolution, agreement or other instrument. The Bonds, when issued and delivered to the Purchaser, will constitute valid, legal and binding obligations of the City.

8. The Purchaser hereby represents and warrants to the City it has been duly authorized to execute this Bond Purchase Agreement, and to carry out the terms of this Bond Purchase Agreement.

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

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

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

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

(1) The Bond Ordinance.

(2) The unqualified approving opinion of Bond Counsel in customary market form, dated the date of Closing, relating to the due authorizations, execution, and delivery of the Bond Ordinance, the Bonds (and any documents relating to the issuance and security therefor), the tax-exempt status of interest on the Bonds for Federal income tax purposes, and such other matters as are customarily provided in such opinions.

(3) Such additional legal opinions, bonds, proceedings, and such other documents, including references to the provisions of the Internal Revenue Code of 1986, as amended, as Bond Counsel or the Purchaser may reasonably request to evidence compliance by the City with legal requirements, the truth and accuracy of their representations herein, the accuracy and completeness of the Official Statement as of the Closing and the due performance or satisfaction by the City at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the City.

10. Incident to the issuance of the Bonds, and whether the Bonds are delivered to the Purchaser or not, the Purchaser agrees to pay the expenses of forming and managing a national selling group, if such group is formed, any advertising in connection with selling or placing the Bonds, the costs of registering the Bonds or confirming exceptions from registration in any jurisdiction and the costs of preparing Blue Sky and Legal Investment Memoranda, MSRB fees, if any, and other out-of-pocket expenses. The City shall pay, or cause to be paid, from the

proceeds of the sale of the Bonds the fees and disbursements of Bond Counsel, counsel to the City, counsel to the Purchaser, financial advisor/verification agent to the City, the fees of the rating agencies, if any, the cost of printing and delivery of definitive Bonds, the cost of CUSIP numbers, if any, DTC/Midwest charges, if any, and the costs and expenses of the issuance and delivery of the Bonds.

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

12. No recourse under or upon any obligatory covenant or agreement contained in this Bond Purchase Agreement or to be implied therefrom shall be had against any officer, trustee, employees agent or representative of the City; and no personal liability whatsoever shall attach to or be incurred by the present or any future officers, directors, employees, agents or representatives of the City by reason of any of the obligations, covenants or agreements contained or this Bond Purchase Agreement, or to be implied therefrom.

13. Any notice or other communication to be given to the City shall be given by delivering the same in writing at the address set forth above and any notice or other communication to be given to the Purchaser shall be given in writing to _____.

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

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

Respectfully submitted,

_____, as Purchaser

By: _____

(Signature Page to Bond Purchase Agreement)

Accepted by the City of Franklin, Indiana, this _____ day of _____, 2013.

CITY OF FRANKLIN, INDIANA

By: _____
Joe McGuinness, Mayor

By: _____
Janet P. Alexander, Clerk-Treasurer

SCHEDULE A

Designation: City of Franklin, Indiana
Sewage Works Refunding Revenue Bonds, Series 2013
Principal Amount: \$ _____
Denominations: _____
Dated: _____, 2013
Maturities and Interest Rates: Maturing annually on March 1, with interest payable semiannually on March 1 and September 1 of each year, commencing March 1, 2014, in the years and amounts and with interest rates, as shown below

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
03/01/2022*	\$ _____	_____ %

* Term Bonds - Mandatory Sinking Fund Redemption

The Bonds maturing on March 1, 2022 are subject to mandatory sinking fund redemption prior to maturity on the dates and in the amounts set forth below at a price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption:

<u>Date</u>	<u>Principal Amount</u>
03/01/2014	\$ _____
03/01/2015	_____
03/01/2016	_____
03/01/2017	_____
03/01/2018	_____
03/01/2019	_____
03/01/2020	_____
03/01/2021	_____
03/01/2022*	_____

* Final Maturity

Optional Redemption: The Bonds are not subject to optional redemption prior to maturity.

SCHEDULE B

Form of Sophisticated Investor Letter

_____, 2013

City of Franklin
Franklin, Indiana

J.J.B. Hilliard, W.L. Lyons, LLC
Carmel, Indiana

Peters Municipal Consultants, LTD
Greenwood, Indiana

Bose McKinney & Evans LLP
Indianapolis, Indiana

Re: \$ _____ Sewage Works Refunding Revenue Bonds, Series 2013
(the "Refunding Bonds")

Ladies and Gentlemen:

The undersigned, _____ (the "Purchaser"), hereby represents and warrants to you as follows:

1. The Purchaser has purchased on the date hereof at the price of par, with no accrued interest, \$ _____ in par amount of the Refunding Bonds issued pursuant to Ordinance No. _____, adopted on _____, 2013 (the "Bond Ordinance"), by the Common Council of the City of Franklin, Indiana (the "Issuer").

2. The Purchaser has sufficient knowledge and experience in business and financial matters in general, and investments such as the Refunding Bonds in particular, to enable the Purchaser to evaluate the Refunding Bonds, the credit of the Issuer, and the security and other terms of the Refunding Bonds. The Purchaser will make its own independent credit analysis and decision to purchase the Refunding Bond based on independent examination and evaluation of the transaction and the information deemed appropriate, without reliance on Peters Municipal Consultants, LTD, Bose McKinney & Evans LLP or J.J.B. Hilliard, W.L. Lyons, LLC, or their respective affiliates, directors, officers, employees, attorneys or agents.

3. The Purchaser acknowledges that no credit rating has been sought or obtained with respect to the Refunding Bonds.

4. The Purchaser acknowledges that no official statement has been prepared for the Refunding Bonds. The Purchaser has been offered copies of or full access to all documents relating to the Refunding Bonds, including the tax matters disclosure attached hereto, and all records, reports, financial statements and other information concerning the Issuer and pertinent to the source of payment for the Refunding Bonds as deemed material by the Purchaser, which the Purchaser as a reasonable investor, has requested and to which the Purchaser, as a reasonable investor, would attach significance in making an investment decision.

5. The Purchaser confirms that its investment in the Refunding Bonds constitutes an investment that is suitable for and consistent with its investment program and that the Purchaser is able to bear the economic risk of an investment in the Refunding Bonds, including a complete loss of such investment.

6. The Purchaser is a qualified institutional buyer within the meaning of Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") purchasing for its own account or for the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, and not with a view to, or in connection with, any distribution, resale, pledging, fractionalization, subdivision or other disposition thereof (subject to the understanding that disposition of Purchaser's property will remain at all times within its control).

7. The Purchaser understands that the Refunding Bonds (i) have not been registered under the Securities Act and (ii) have not been registered or qualified under any state securities or "Blue Sky" laws.

8. The Purchaser has been furnished with and has examined the Refunding Bonds, the Bond Ordinance, the tax matters disclosure attached hereto and other documents, certificates and the legal opinions delivered in connection with the issuance of the Refunding Bonds as it has deemed necessary. Purchaser has investigated the security for the Refunding Bonds and understands that the Refunding Bonds are payable from solely from the Net Revenues (as defined in the Bond Ordinance) of the sewage works of the Issuer. The Purchaser further understands that the Issuer has no taxing authority which extends to the raising of revenue for the purpose of paying the Refunding Bonds.

9. The Purchaser understands that the Issuer, J.J.B. Hilliard, W.L. Lyons, LLC, their respective counsel, Peters Municipal Consultants, LTD and Bose McKinney & Evans LLP will rely upon the accuracy and truthfulness of the representations and warranties contained herein and hereby consents to such reliance.

10. The Purchaser recognizes that the legal and accounting opinions it has received express the professional judgment of the attorneys and accountants participating in the transaction as to the legal issues addressed therein. It also recognizes that by rendering such opinions, the attorneys do not become insurers or guarantors of that expression of professional judgment of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of the opinions guarantee the outcome of any legal dispute that may arise out of the transaction.

11. The signatory of this letter is a duly authorized officer of the Purchaser with the authority to sign this letter on behalf of the Purchaser, and this letter has been duly authorized, executed and delivered.

Very truly yours,

By: _____

Name: _____

Title: _____

TAX MATTERS

In the opinion of Bose McKinney & Evans LLP, Indianapolis, Indiana, Bond Counsel ("Bond Counsel") to the City of Franklin, Indiana (the "City"), under existing laws, regulations, judicial decisions and rulings, interest on the City's Sewage Works Refunding Revenue Bonds, Series 2013 (the "Bonds") is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). This opinion relates only to the exclusion from gross income of interest on the Bonds and is conditioned on continuing compliance by the City with the Tax Covenants (as hereinafter defined). The City's failure to comply with the Tax Covenants could cause interest on the Bonds to be includable in gross income for purposes of federal income tax, retroactive to the date of issue, and, therefore, no longer excludable from gross income for such purposes.

In the opinion of Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is exempt from income taxation in the State of Indiana ("State"). This opinion relates only to the exemption of interest on the Bonds for State income tax purposes.

The Code imposes certain requirements which must be met subsequent to the issuance of the Bonds as a condition to the continued exclusion from gross income of interest on the Bonds for federal income tax purposes. The City will covenant not to take any action, within its power and control, nor fail to take any action with respect to the Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Bonds pursuant to Section 103 of the Code (collectively, "Tax Covenants"). The bond ordinance authorizing the issuance of the Bonds (the "Ordinance"), and certain certificates and agreements to be delivered on the date of delivery of the Bonds, establish procedures to permit compliance with the requirements of the Code. However, it is not an event of default under the Ordinance if the interest on the Bonds is not excludable from gross income for federal income tax purposes or otherwise pursuant to any provision of the Code which is not in effect on the issue date of the Bonds.

The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax on certain corporations.

Indiana Code 6-5.5 imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5) which, in general, include all corporations which are transacting the business of a financial institution in the State. The franchise tax will be measured in part by interest excluded from gross income under Section 103 of the Code, minus associated expenses disallowed under Section 265 of the Code.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from federal gross income and is exempt from State income tax, the accrual or receipt of interest on the Bonds may otherwise affect a holder's federal income tax or State tax liability. The nature and extent of these other tax consequences will depend upon the holder's particular tax

status and a holder's other items of income or deduction. Taxpayers who may be affected by such other tax consequences include, without limitation, financial institutions, certain insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Bonds. Bond Counsel expresses no opinion regarding any other such tax consequences. Purchasers of the Bonds should consult their own tax advisors with regard to the state and federal tax consequences of owning the Bonds other than those consequences set forth in the form of opinion of Bond Counsel.

Under existing laws, judicial decisions, regulations and rulings, the Bonds have been designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the disallowance of the deduction for interest expense allocable to interest on tax-exempt obligations acquired by financial institutions. This designation is conditioned on continuing compliance with the Tax Covenants.

Legislation affecting municipal bonds is considered from time to time by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status of the Bonds or the market price of the Bonds.

EXHIBIT B

Form of Escrow Agreement

ESCROW AGREEMENT

BETWEEN

THE

CITY OF FRANKLIN, INDIANA,

AND

As Escrow Trustee

SEWAGE WORKS REFUNDING REVENUE BONDS, SERIES 2013

Dated _____, 2013

ESCROW AGREEMENT

This agreement (the "Escrow Agreement") made and entered into as of _____, 2013, by and between the City of Franklin, Indiana (the "City"), and _____ (the "Escrow Trustee"), a [national][Indiana state] banking association organized under the laws of the [United States of America][State of Indiana], having a corporate trust office in _____, Indiana, as Escrow Trustee under this Escrow Agreement with the City.

WITNESSETH

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

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

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

WHEREAS, the execution and delivery of this Escrow Agreement has been in all respects duly and validly authorized by Ordinance No. _____ duly passed and adopted by the Common Council of the City on _____, 2013 (the "Ordinance"); and

WHEREAS, the City has heretofore issued pursuant to prior authorizing ordinances (collectively, the "Refunded Bond Ordinances") its (i) Sewage Works Revenue Bonds of 1993, Series A, dated May 10, 1993 (the "1993 Bonds"), now outstanding in the aggregate principal amount of \$403,000, (ii) Sewage Works Revenue Bonds of 1994, Series A, dated September 15, 1994 (the "1994A Bonds"), now outstanding in the principal amount of \$455,123, (iii) Sewage Works Revenue Bonds of 1994, Series B, dated December 23, 1994 (the "1994B Bonds"), now outstanding in the principal amount of \$1,310,000, and (iv) Sewage Works Revenue Bonds of 2000, dated August 29, 2000 (the "2000 Bonds"), now outstanding in the principal amount of \$2,890,000 (the outstanding 1993 Bonds, 1994A Bonds, 1994B Bonds and 2000 Bonds, collectively, the "Refunded Bonds"); and

WHEREAS, the City has concurrently with the execution and delivery of this Escrow Agreement, executed, issued and delivered pursuant to the Ordinance, its Sewage Works Refunding Revenue Bonds, Series 2013 (the "2013 Bonds") in the principal amount of \$_____, and the City has deposited with the Escrow Trustee (a) certain hereinafter described securities or evidences thereof in the amount of \$_____ (the "Government Obligations") purchased from proceeds of the Bonds in the amount of \$_____ and funds on hand of the City in the amount of \$_____ and (b) cash in the amount of \$_____ funded from proceeds of the 2013 Bonds (the "Cash Requirement"), in a total amount sufficient to pay

the Refunded Bonds from the date of delivery of the 2013 Bonds to January 31, 2014, the earliest redemption date of the Refunded Bonds, with accrued interest to such date;

NOW THEREFORE, THIS AGREEMENT WITNESSETH: That in order to secure the payment of the principal of and interest on the Refunded Bonds according to their tenor, purport and effect, and in order to secure the performance and observance of all the covenants and conditions herein and in the Refunded Bonds and 2013 Bonds, and for and in consideration of the mutual covenants herein contained, and of the acceptance by the Escrow Trustee of the trust hereby created, the City has executed and delivered this Escrow Agreement.

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

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, to secure the payment of the Refunded Bonds and the interest payable thereon, and to secure also the observance and performance of all the terms, provisions, covenants and conditions of this Escrow Agreement, and for the equal and ratable benefit and security of all and singular the owners of all Refunded Bonds without preference, priority or distinction as to lien or otherwise of any one Refunded Bond or as between principal and interest; and it is hereby mutually covenanted and agreed that the terms and conditions upon which the Refunded Bonds are to be paid, and a portion of the proceeds of the 2013 Bonds invested, and the trusts and conditions upon which the pledged Government Obligations and Cash Requirement are to be held and disbursed, are as follows:

1. The Escrow Trustee acknowledges receipt from the City of the Government Obligations, as set forth in Exhibit A attached hereto, together with the Cash Requirement, to be applied on the principal of and interest on the Refunded Bonds in accordance with the schedule set forth in Exhibit B attached hereto. The Government Obligations have been deposited with the Escrow Trustee and will bear interest at such rates and will mature at such times and in such amounts so that, when paid according to their respective terms, together with the Cash Requirement, sufficient moneys will be available for the payment of principal of and interest on the Refunded Bonds until January 31, 2014, the earliest date upon which the Refunded Bonds may be called for redemption, and the cost of redeeming the Refunded Bonds at a redemption price of 100% of principal amount.

2. (a) A Trust Account is created hereby for the Refunded Bonds (the "Trust Account"). For purposes of securing payment for the Refunded Bonds, the Government Obligations and the Cash Requirement set forth on Exhibit A will be held in trust by the Escrow Trustee in the Trust Account and such Government Obligations on deposit with the Escrow Trustee, including interest to be earned thereon, together with the Cash Requirement, are pledged solely and irrevocably for the benefit of the owners of the Refunded Bonds. Pursuant to this Section, the City irrevocably instructs the Escrow Trustee to duly call the Refunded Bonds on or before December 31, 2013 for redemption on January 31, 2014, and the Escrow Trustee hereby agrees to follow this instruction.

(b) The Escrow Trustee and the City agree to redeem on January 31, 2014, all outstanding Refunded Bonds due on March 1, 2014 and thereafter. The Escrow Trustee shall complete the notice attached as Exhibit C and mail the notice to all registered owners of the Refunded Bonds, substantially in the form attached to this Escrow Agreement as Exhibit C. The Escrow Trustee serves as the paying agent for the Refunded Bonds and shall effectuate timely payments on the Refunded Bonds under this Escrow Agreement.

(c) Any balance remaining in the Trust Account after payment of all the Refunded Bonds shall be deposited with the City and used by the City to pay debt service on the 2013 Bonds.

(d) The mathematical calculations of the adequacy of the Trust Account to fully provide for all payments enumerated in this Escrow Agreement will be computed at the time of delivery of the 2013 Bonds by Peters Municipal Consultants, LTD (the "Verification Report").

3. The City covenants that the proceeds from the sale of 2013 Bonds, any moneys attributable to the proceeds of the 2013 Bonds or the Refunded Bonds, amounts received from the investment of the proceeds of the 2013 Bonds, any other amounts treated as proceeds of the 2013 Bonds under the applicable provisions of the Internal Revenue Code of 1986 as existing on the date of the issuance of the 2013 Bonds (the "Code"), to the extent applicable to the 2013 Bonds or held in funds or accounts under the Refunded Bond Ordinance or the Ordinance, shall not be invested or otherwise used in a manner which would cause the 2013 Bonds to be "arbitrage bonds" within the meaning of the Code and the regulations and rulings promulgated thereunder.

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

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

5. The Escrow Trustee shall have the power to sell, transfer, request the redemption or otherwise dispose of some or all of the Government Obligations in the Trust Account and to substitute other Government Obligations of equal or greater security identified in the Verification Report therefor provided that the Escrow Trustee shall receive (i) the unqualified opinion of nationally recognized municipal bond attorneys prior to any such actions to the effect that such disposition and substitution would not cause any of the Refunded Bonds or the 2013 Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code, or any other regulations and rulings to the extent applicable to the Refunded Bonds of the 2013 Bonds; and (ii) the unqualified opinion and verification report of a certified public accountant or a firm of certified public accountants to the effect that such disposition and substitution shall not reduce the sufficiency and adequacy of the Trust Account to fully provide for all payments enumerated in this Escrow Agreement.

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

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

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

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

10. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Escrow Agreement, shall be a legal holiday or a day on which banking institutions in the City in which is located the principal office of the Escrow Trustee are authorized by law to remain closed, such payment may be made or act

performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized to remain closed, with the same force and effect as if done on the nominal date provided in this Escrow Agreement, and no interest shall accrue for the period after such nominal date.

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

12. If the Escrow Trustee renders any service hereunder not provided for in this Escrow Agreement, or the Escrow Trustee is made a party to or intervenes in any litigation pertaining to this Escrow Agreement or institutes interpleader proceedings relative hereto, the Escrow Trustee shall be compensated reasonable by the City for such extraordinary services and reimbursed for any and all claims, liabilities, losses, damages, fines, penalties and expenses, including out-of-pocket and incidental expenses and legal fees occasioned thereby, unless such claim, liability, loss, damages, fine, penalty and expense shall have been finally adjudicated to have resulted from the bad faith or gross negligence of the Escrow Trustee.

13. The Escrow Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trusts hereof and duties hereunder.

14. The Escrow Trustee may consult with counsel, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Escrow Trustee hereunder in good faith and in reliance thereon.

15. The Escrow Trustee shall be protected in acting and relying upon any notice, order, requisition, request, consent, certificate, order, opinion, affidavit, letter, telegram or other paper or document in good faith deemed by it to be genuine and correct and to have been signed by the proper person or persons.

16. The Escrow Trustee shall not be required to risk or expend its own funds before taking any action under this Escrow Agreement.

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

CITY OF FRANKLIN, INDIANA

Joe McGuinness, Mayor

Janet P. Alexander, Clerk-Treasurer

[SEAL]

By: _____

Printed: _____

Title: _____

Attest:

By: _____

EXHIBIT A

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

_____,
as Escrow Trustee
Dated _____, 2013

SCHEDULE OF GOVERNMENT OBLIGATIONS

<u>Type</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Coupon Rate</u>
SLGS	01/31/2014	\$_____	_____%

Cash in the amount of \$_____

EXHIBIT B

PAYMENT OF PRINCIPAL AND INTEREST
ON REFUNDED BONDS

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Redemption Premium</u>	<u>Total Payment</u>
01/31/2014	\$4,597,260	\$ _____	\$0.00	\$ _____

EXHIBIT C

NOTICE OF REDEMPTION TO THE HOLDERS OF THE CITY OF FRANKLIN SEWAGE WORKS REVENUE BONDS OF 1993, SERIES A SEWAGE WORKS REVENUE BONDS OF 1994, SERIES A SEWAGE WORKS REVENUE BONDS OF 1994, SERIES B SEWAGE WORKS REVENUE BONDS OF 2000

NOTICE IS HEREBY GIVEN to the registered owners of the (i) Four Hundred Three Thousand Dollars (\$403,000) in aggregate principal amount of Sewage Works Revenue Bonds of 1993, Series A, of the City, dated May 10, 1993, and maturing annually on March 1, 2014 (the "Refunded 1993 Bonds"), (ii) Four Hundred Fifty-Five Thousand One Hundred Twenty-Three Dollars (\$455,123) in aggregate principal amount of Sewage Works Revenue Bonds of 1994, Series A, of the City, dated September 15, 1994, and maturing annually on March 1 over a period ending March 1, 2015 (the "Refunded 1994A Bonds"), (iii) One Million Three Hundred Ten Thousand Dollars (\$1,310,000) in aggregate principal amount of Sewage Works Revenue Bonds of 1994, Series B, of the City, dated December 23, 1994, and maturing annually on March 1 over a period ending March 1, 2015 (the "Refunded 1994B Bonds") and (iv) Two Million Eight Hundred Ninety Thousand Dollars (\$2,890,000) in aggregate principal amount of Sewage Works Revenue Bonds of 2000, of the City, dated August 29, 2000, and maturing annually on March 1 over a period ending March 1, 2022 (the "Refunded 2000 Bonds"), that the Refunded 1993 Bonds, the Refunded 1994A Bonds, the Refunded 1994B Bonds and the Refunded 2000 Bonds (collectively, the "Refunded Bonds") will be redeemed on January 31, 2014, at the price of one hundred percent (100%) of the par amount thereof (the "Redemption Price"), plus accrued and unpaid interest to January 31, 2014.

Payment of the Redemption Price of and accrued interest on the Refunded Bonds will be made upon presentation and surrender of the Refunded Bonds at the corporate trust operations office of _____ (the "Escrow Trustee").

The Refunded Bonds will cease to bear interest on January 31, 2014, whether or not presented for payment on that date.

IMPORTANT: Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act") unless the Escrow Trustee has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your Refunded Bonds for payment.

Dated this ____ day of December, 2013.

Mail to registered owners at least thirty (30) days prior to January 31, 2014.

EXHIBIT D

ESCROW TRUSTEE FEES

EXHIBIT C

Form of Continuing Disclosure Agreement

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This CONTINUING DISCLOSURE UNDERTAKING AGREEMENT (the "Agreement") is executed and delivered by CITY OF FRANKLIN, INDIANA (the "Obligor" or "Issuer"), in connection with the issuance by the Obligor of its Sewage Works Refunding Revenue Bonds, Series 2013 in the aggregate principal amount of \$_____ (the "Bonds"). The Bonds are being issued pursuant to Indiana Code 36-9-23 and Indiana Code 5-1-5, each as amended, and Ordinance No. _____, adopted _____, 2013 by the Common Council of the Issuer (the "Ordinance") (collectively, the "Bond Proceedings"). Pursuant to the Ordinance, the Bonds will be secured by the Net Revenues (as defined in the Ordinance) of the sewage works of the Issuer. The Obligor covenants and agrees as follows:

Section 1. Purpose of the Disclosure Agreement.

a. This Disclosure Agreement is being executed and delivered by the Obligor for the benefit of the Bondholders and the Beneficial Owners and in order to assist the Participating Underwriter in complying with subsection (b)(5) of the Rule.

b. In consideration of the purchase and acceptance of any and all of the Bonds by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Agreement shall be deemed to be and shall constitute a contract between the Obligor and the Bondholders and Beneficial Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Obligor shall be for the benefit of the Bondholders and Beneficial Owners of any and all of the Bonds.

c. The Obligor hereby determines that it will be an obligated person with respect to more than \$10,000,000 in aggregate amount of outstanding municipal securities, including the Bonds and excluding municipal securities that were offered in a transaction exempt pursuant to subsection (d)(1) of the Rule.

Section 2. Definitions. In addition to the definitions set forth in the Bond Proceedings, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings.

"Annual Report" shall mean any annual report provided by the Obligor pursuant to, and as described in, Section 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the Obligor, or any successor Dissemination Agent appointed in writing by the Obligor and which has filed with the Obligor a written acceptance of such appointment.

“EMMA” means the Electronic Municipal Market Access system at www.emma.msrb.org, created and operated by the MSRB.

“GAAP” shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Governmental Accounting Standards Board and in effect from time to time.

“Listed Events” shall mean any of the events listed in Section 5(a) and (b) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the 1934 Act.

“National Repository” shall mean any nationally recognized municipal securities information repository for purposes of the Rule. Commencing July 1, 2009, the sole National Repository approved by the SEC shall be the MSRB through the EMMA.

“1934 Act” shall mean the Securities Exchange Act of 1934, as amended.

“Official Statement” shall mean the Official Statement for the Bonds dated _____, 2013.

“Participating Underwriter” shall mean _____.

“Repository” shall mean the National Repository and the State Repository.

“Rule” shall mean Rule 15c2-12 (17 CFR Part 240, §240.15c2-12) promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

“SEC” shall mean the United States Securities and Exchange Commission.

“Securities Counsel” shall mean legal counsel expert in federal securities law.

“State” shall mean the State of Indiana.

“State Repository” shall mean any public or private repository or entity designated by the State as a state information depository for the purpose of the Rule and recognized as such by the SEC. As of the date of this Disclosure Agreement, there is no State Repository.

Section 3. Provision of Annual Reports.

a. Each year, the Obligor shall provide, or shall cause the Dissemination Agent to provide, not later than the date six months after the first day of the Obligor's fiscal year, commencing with the Obligor's Annual Report for its fiscal year ended December 31, 2013 to the MSRB through EMMA an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen business days (or such lesser number of days as is acceptable to the Dissemination Agent) prior to said date, the Obligor shall provide the Annual Report to the Dissemination Agent (if other than the Obligor). Currently, the Obligor's fiscal year commences on January 1. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Disclosure Agreement; provided, however, that if the audited financial statements of the Obligor are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the Obligor or in the form provided by the State on an annual basis shall be included in the Annual Report.

b. If the Obligor is unable to provide an Annual Report by the date required in subsection (a), the Obligor shall send a notice, in a timely manner, to the MSRB through EMMA, in substantially the form attached as Exhibit A.

c. If the Obligor's fiscal year changes, the Obligor shall send notice of such change to the MSRB through EMMA, in substantially the form attached as Exhibit B.

d. Whenever any Annual Report or portion thereof is filed as described above, it shall include a cover sheet in substantially the form attached as Exhibit C.

e. The Dissemination Agent shall, if the Dissemination Agent is other than the Obligor, file a report with the Obligor certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided.

f. In connection with providing the Annual Report, the Dissemination Agent (if other than the Obligor) is not obligated or responsible under this Disclosure Agreement to determine the sufficiency of the content of the Annual Report for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

Section 4. Content of Annual Reports. The Obligor's Annual Report shall contain or include by reference the following:

a. the audited financial statements of the Obligor for its fiscal year or two fiscal years, as may be required by State law, immediately preceding the due date of the Annual Report and shall include (i) the Audit or Examination Report of the Obligor as prepared and examined by the Indiana State Board of Accounts for such period, together with the opinion of such accountants and all notes thereto and (ii) unaudited financial information of the Obligor, if the

information in (i) is not available. Such financial statements, however, shall not be included if State law does not require the Obligor to prepare such statements for its immediately preceding fiscal year by the due date of the Annual Report for such fiscal year. The Obligor's financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law or shall be audited (only if required by State law) and prepared in accordance with State law.

b. An update of the financial information and operating data relating to the Obligor of the same nature as that contained in Appendix A of the Official Statement under the heading

Any or all of the items listed above may be included by specific reference to other documents that previously have been provided to each of the Repositories or filed with the SEC. Notwithstanding the foregoing, if the document included by reference is a final official statement, it need only be available from the MSRB. The Obligor shall clearly identify each such other document so included by reference.

Section 5. Reporting of Events.

a. The Obligor shall disclose the following events to the MSRB through EMMA, within 10 business days of the occurrence of any of the following events, if material (which determination of materiality shall be made by the Obligor in accordance with the standards established by federal securities laws):

- (1) non-payment related defaults;
- (2) modifications to rights of Bondholders;
- (3) bond calls;
- (4) release, substitution or sale of property securing repayment of the Bonds;
- (5) the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the obligated person, or entry into or termination of a definitive agreement relating to the foregoing; and
- (6) appointment of a successor or additional trustee or the change of name of a trustee.

The disclosure may be accompanied by a certificate of an authorized representative of the Obligor in the form of **Exhibit C** attached hereto.

b. The Obligor shall disclose the following events to the MSRB through EMMA, within 10 business days of the occurrence of any of the following events, regardless of materiality:

- (1) principal and interest payment delinquencies;
- (2) unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) substitution of credit or liquidity providers, or their failure to perform;
- (5) defeasances;
- (6) rating changes;
- (7) adverse tax opinions or events affecting the status of the Bonds, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material events, notices or determinations with respect to the tax status of the Bonds;
- (8) tender offers; and
- (9) bankruptcy, insolvency, receivership or similar event of the obligated person.

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

c. If the Obligor determines that the occurrence of a Listed Event must be filed as set forth above, the Obligor shall promptly cause a notice of such occurrence to be filed with the MSRB through EMMA. In connection with providing a notice of the occurrence of a Listed Event described above in subsection (b)(5), the Obligor shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

d. In connection with providing a notice of the occurrence of a Listed Event, the Dissemination Agent (if other than the Obligor), solely in its capacity as such, is not obligated or responsible under this Disclosure Agreement to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

e. The Obligor acknowledges that the "rating changes" referred to above in subsection (b)(6) may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the Obligor is liable.

f. The Obligor acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the Obligor or the Issuer does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

Section 6. Termination of Reporting Obligation.

a. The Obligor's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, the prior redemption or the payment in full of all of the Bonds. If the Obligor's obligation to pay the principal of and interest on the Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Obligor, and the Obligor shall have no further responsibility hereunder.

b. This Disclosure Agreement, or any provision hereof, shall be null and void in the event that the Obligor (i) receives an opinion of Securities Counsel, addressed to the Obligor, to the effect that those portions of the Rule, which require such provisions of this Disclosure Agreement, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) delivers notice to such effect to the MSRB through EMMA.

Section 7. Dissemination Agent. The Obligor, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Agent, with or without appointing a successor Dissemination Agent. Except as otherwise provided in this Disclosure Agreement, the Dissemination Agent (if other than Obligor) shall not be responsible in any manner for the content of any notice or report prepared by the Obligor pursuant to this Disclosure Agreement.

Section 8. Amendment; Waiver.

a. Notwithstanding any other provisions of this Disclosure Agreement, this Disclosure Agreement may be amended, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(1) if the amendment or waiver relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the Obligor, or type of business conducted by the Obligor or in connection with the refunding referred to in the Official Statement;

(2) this Disclosure Agreement, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) the amendment or waiver either (A) is approved by the Bondholders in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of the Bondholders, or (B) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

b. In the event of any amendment to, or waiver of a provision of, this Disclosure Agreement, the Obligor shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Agreement, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

c. If the Amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Agreement, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be sent by the Obligor, or the Dissemination Agent (if other than the Obligor) at the written direction of the Obligor, to the MSRB through EMMA.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Obligor from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Obligor chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Obligor shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Failure to Comply. In the event of a failure of the Obligor or the Dissemination Agent (if other than the Obligor) to comply with any provision of this Disclosure Agreement, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the Obligor or the Dissemination Agent (if other than the Obligor) under this Disclosure Agreement, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Disclosure Agreement shall not constitute a default with respect to the

Bonds or under the Ordinance. Notwithstanding the foregoing, if the alleged failure of the Obligor to comply with this Disclosure Agreement is the inadequacy of the information disclosed pursuant hereto, then the Bondholders and the Beneficial Owners (on whose behalf a Bondholder has not acted with respect to this alleged failure) of not less than twenty percent (20%) of the aggregate principal amount of the then outstanding Bonds must take the actions described above before the Obligor shall be compelled to perform with respect to the adequacy of such information disclosed pursuant to this Disclosure Agreement.

Section 11. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Obligor, the Dissemination Agent, the Participating Underwriter, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

Section 13. Transmission of Information and Notices. Unless otherwise required by law or this Disclosure Agreement, and, in the sole determination of the Obligor or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the Obligor or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of such information and notices.

Section 14. Additional Disclosure Obligations. The Obligor acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the Obligor, and that under some circumstances, compliance with this Disclosure Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Obligor under such laws.

Section 15. Governing Law. This Disclosure Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Agreement shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Agreement addresses matters of federal securities laws, including the Rule, this Disclosure Agreement shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

Section 16. Severability. If any portion of this Disclosure Agreement is held or deemed to be, or is, invalid, illegal, inoperable or unenforceable, the validity, legality, operability or enforceability of the remaining portions of this Disclosure Agreement shall not be affected, and this Disclosure Agreement shall be construed as if it did not contain such invalid, illegal, inoperable or unenforceable portion.

Signature Page to Continuing Disclosure Undertaking Agreement

CITY OF FRANKLIN, INDIANA

By: _____
Mayor

ATTEST:

Clerk-Treasurer

Dated: _____, 2013.

EXHIBIT A

NOTICE TO THE NATIONAL REPOSITORY AND
TO THE STATE REPOSITORY, OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer/Obligor: City of Franklin, Indiana

Name of Bond Issue: Sewage Works Refunding Revenue Bonds, Series 2013

Date of Bonds: _____, 2013

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Undertaking Agreement with respect to the Bonds. The Obligor anticipates that the Annual Report will be filed by _____.

CITY OF FRANKLIN, INDIANA

By _____

Its _____

Dated: _____

EXHIBIT B

NOTICE TO THE NATIONAL REPOSITORY AND
TO THE STATE REPOSITORY, OF CHANGE IN OBLIGOR'S FISCAL YEAR

Name of Issuer/Obligor: City of Franklin, Indiana

Name of Bond Issue: Sewage Works Refunding Revenue Bonds, Series 2013

Date of Bonds: _____, 2013

NOTICE IS HEREBY GIVEN that the Obligor's fiscal year has changed. Previously the Obligor's fiscal year ended on December 31. It now ends on _____.

CITY OF FRANKLIN, INDIANA

By _____

Its _____

Dated: _____

EXHIBIT C

CERTIFICATE RE: EVENT DISCLOSURE

The undersigned, on behalf of the City of Franklin, Indiana, as Obligor under the Continuing Disclosure Agreement, dated _____, 2013 (the "Agreement"), hereby certifies that the information enclosed herewith constitutes notice of the occurrence of an event which is required to be provided pursuant to Section 5 of the Agreement.

Dated: _____

CITY OF FRANKLIN, INDIANA

By: _____

Name: _____

Title: _____