

ORDINANCE NO. 20-02

AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF FRANKLIN, INDIANA, AUTHORIZING THE ISSUANCE OF SEWAGE WORKS REVENUE BONDS TO PROCURE FUNDS TO FINANCE THE ACQUISITION, CONSTRUCTION, INSTALLATION AND EQUIPPING OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE SEWAGE WORKS OF THE CITY, THE ISSUANCE AND SALE OF BOND ANTICIPATION NOTES IN ANTICIPATION OF THE ISSUANCE AND SALE OF SUCH BONDS, AND THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SUCH SEWAGE WORKS AND OTHER RELATED MATTERS

WHEREAS, the City of Franklin, Indiana (the "City") has heretofore established and constructed and currently owns and operates a sewage works for the collection and treatment of sewage and other wastes (the "Sewage Works"), pursuant to the provisions of Indiana Code 36-9-23, as amended (the "Act"); and

WHEREAS, the Common Council of the City (the "Common Council") has determined that certain additions, extensions and improvements to the Sewage Works, as described herein, are necessary; and

WHEREAS, the consulting engineers employed by the City (the "Consulting Engineers"), have prepared and filed plans, specifications and detailed descriptions and estimates of certain costs of additions, extensions and improvements to the Sewage Works, which plans, specifications, descriptions and estimates, to the extent required by law, have been duly submitted to and approved or will be approved by all governmental authorities having jurisdiction thereover (the improvements and extensions to the Sewage Works as described in the Consulting Engineers' plans and specifications and below in Section 2 hereof are referred to herein as the "Project"), including, without limitation, the Indiana Department of Environmental Management; and

WHEREAS, the Common Council further finds that the estimates prepared and delivered by the Consulting Engineers with respect to the costs (as defined in Indiana Code 36-9-23-11) of acquisition, construction, installation and equipping of such improvements and extensions to the Sewage Works (as defined in Indiana Code 36-9-1-8, as amended, and in the Act), and including all authorized costs relating thereto, including the costs of issuance of bonds and, if necessary, bond anticipation notes (the "BANs") on account of the financing thereof, will be in the estimated amount not to exceed Five Million Two Hundred Fifty Thousand Dollars (\$5,250,000); and

WHEREAS, the Common Council finds that there are certain outstanding bonds of the sewage works designated "Sewage Works Refunding Revenue Bonds, Series 2013," dated December 13, 2013 (the "Prior Bonds"), originally issued in the amount of Three Million Three Hundred Sixty Thousand Dollars (\$3,360,000) pursuant to Ordinance No. 13-15, adopted by the Common Council on December 13, 2013 (the "Prior Ordinance"), and now outstanding in the amount of Four Hundred Forty-Five Thousand Dollars (\$445,000), which Prior Bonds constitute a first charge against the hereinafter defined Net Revenues of the Sewage Works; and

WHEREAS, the Prior Ordinance provides that the City may authorize and issue additional bonds payable out of the Net Revenues of its Sewage Works ranking on a parity with the Prior Bonds for the purpose of financing the costs of future additions, extensions and improvements to its Sewage Works, subject to the provisions of Section 18 of the Prior Ordinance; and

WHEREAS, the Common Council finds that it is necessary for the City to borrow funds to acquire, construct, install and equip the Project, to be accomplished through the issuance of sewage works revenue bonds, in the maximum aggregate principal amount of Five Million Two Hundred Fifty Thousand Dollars (\$5,250,000), and, if necessary, bond anticipation notes ("BANs") in an aggregate amount not to exceed Five Million Two Hundred Fifty Thousand Dollars (\$5,250,000); and

WHEREAS, the Common Council desires to authorize the issuance of sewage works revenue bonds hereunder payable from the Net Revenues of the Sewage Works to provide the necessary funds to acquire, construct, install and equip the Project; and

WHEREAS, this Common Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of sewage works revenue bonds and, if necessary, the BANs, to provide financing for the acquisition, construction, installation and equipping of the Project and all costs related thereto, including the costs of the issuance of such bonds, have been complied with in accordance with the provisions of the Act and Indiana Code 5-1-14-5; and

WHEREAS, this Common Council consequently seeks to authorize the issuance of revenue bonds to finance the acquisition, construction, installation and equipping of the Project pursuant to the Act and Indiana Code 5-1-14-5 at public sale pursuant to the provisions of Indiana Code 5-1-11, and the sale of BANs pursuant to the provisions of the Act and Indiana Code 5-1-14-5, subject to and dependent upon the terms and conditions hereinafter set forth; and

WHEREAS, the City reasonably expects to reimburse expenditures for the Project with proceeds of the Bonds (as hereinafter defined) to be issued by the City for the purpose of financing the Project; and

WHEREAS, the Common Council desires to establish its intent, pursuant to Treas. Reg. §1.150-2 and IC 5-1-14-6(c), that said costs of the Project are to be reimbursed from the proceeds of the Bonds.

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF FRANKLIN, INDIANA, AS FOLLOWS:

Section 1. Acquisition, Construction, Installation and Equipping of the Project. The City, as the owner and operator of the Sewage Works for the collection and treatment of sewage and other wastes, hereby is authorized to acquire any and all necessary property and to proceed with the acquisition, construction, installation and equipping of improvements and extensions to the Sewage Works, pursuant to the Act and in accordance with the plans, specifications and cost estimates heretofore prepared and filed with the City by the Consulting Engineers, which plans, specifications and cost estimates are hereby adopted and approved and, by reference, incorporated fully into this Ordinance.

Where used in this Ordinance, the term "City" shall be construed also to include any department, board, commission or officer or officers of the City or of any City department, board (including the Board of Works) or commission. The terms "Sewage Works," "sewage works," "works," and "system" and similar terms used in this Ordinance shall be construed to mean and include items defined in IC 36-9-1-8, and all real estate and equipment used in connection therewith and appurtenances thereto, and all extensions, improvements, and additions thereto, and replacements thereof, now or at any time hereafter constructed or acquired. Such improvements and extensions shall be constructed and the bonds herein authorized shall be issued pursuant to the provisions of this Ordinance and the Act.

Section 2. Description of the Project. The Project consists of the construction of additions, extensions and improvements to the Sewage Works as described in Appendix A hereto. The City shall proceed with the acquisition, construction, installation and equipping of the Project and shall enter into all contracts necessary or appropriate for such purpose, in conformity with and subject to the requirements and conditions set forth in this Ordinance and in the Act.

Section 3. (a) The Bonds. In accordance with the Act and for the purpose of providing funds with which to pay the costs of the Project, together with all authorized costs relating thereto, including the costs of issuance of the Bonds, as hereinafter defined, on account thereof, and refunding the BANs, if any, described below, the City shall issue and sell its sewage works revenue bonds, in one or more series, in the aggregate principal amount not to exceed Five Million Two Hundred Fifty Thousand Dollars (\$5,250,000) (the "Bonds"). The principal of, redemption premium, if any, and interest on the Bonds shall be payable solely out of the Sewage Works Sinking Fund referred to below, and shall rank on a parity for all purposes with the Prior Bonds.

The Bonds shall be issued in one or more series, designated as the "City of Franklin, Indiana, Sewage Works Revenue Bonds, Series 20__" (with such blank to be filled in based on the year of issuance or other identifying term, as appropriate), and shall be issued in the maximum aggregate principal amount not to exceed Five Million Two Hundred Fifty Thousand Dollars (\$5,250,000). The Bonds shall be issued as fully registered bonds in denomination or denominations of Five Thousand Dollars (\$5,000) or any integral multiple thereof, or shall be issued in denominations of One Hundred Thousand Dollars (\$100,000) and integral multiples of One Dollar (\$1) above such amount. The Bonds shall be numbered consecutively from __R-1 upward (such blank to be filled in based on the year of issuance or other identifying term, as appropriate) and shall bear interest at a rate or rates not exceeding six percent (6.0%) per annum, the exact rate or rates to be determined by bidding. Said interest rate or rates shall be in multiples of one-eighth (1/8) or one-hundredth (1/100) of one percent (1%). All Bonds maturing on the same date shall bear the same rate of interest, and the interest rate on Bonds of a given maturity must be at least as great as the interest rate on the Bonds of any earlier maturity. Interest on the Bonds shall be calculated on the basis of twelve (12) thirty (30)-day months for a three hundred and sixty (360)-day year and shall be payable semiannually on March 1 and September 1 in each year (each an "Interest Payment Date"), commencing not sooner than September 1, 2020, as determined by the Clerk-Treasurer of the City (the "Clerk-Treasurer"), with the advice of the City's municipal advisor, prior to the sale of the Bonds, until principal is fully paid. The principal of the Bonds shall mature annually on March 1 of each year with a final maturity no later than twenty-five (25) years after the date of issuance of the Bonds, as determined by the Clerk-Treasurer with the advice of the City's municipal advisor, prior to the publication of the notice of bond sale.

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

(b) The BANs. In anticipation of the issuance and sale of the Bonds authorized herein, and to provide interim financing to apply to the costs of the Project, the City is hereby authorized to have prepared and to issue and sell negotiable BANs of the City to an eligible purchaser of the BANs under Indiana Code 5-1-14-5, pursuant to a Bond Anticipation Note Purchase Agreement (the "BAN Purchase Agreement") entered into between the City and the purchaser of the BANs, in an aggregate principal amount not to exceed Five Million Two Hundred Fifty Thousand Dollars (\$5,250,000) to be designated "City of Franklin, Indiana, Sewage Works Revenue Bond Anticipation Notes, Series 20__." The BANs shall be issued pursuant to Indiana Code 5-1-14-5. The BANs shall be issued in fully registered form, shall be numbered consecutively from __ R-1 upwards, shall be in multiples of One Thousand Dollars (\$1,000), shall be dated as of the date of issuance of the BANs, and shall bear interest at a rate not exceeding five percent (5.00%) per annum, the exact rate of interest to be determined by negotiations with the purchaser of the BANs and payable as provided in the BAN Purchase Agreement. The BANs may be sold at a discount not exceeding ninety-nine percent (99%) of the par amount thereof (or such lower discount as determined by the Clerk-Treasurer). The initial BANs delivered will mature on the date provided in the BAN Purchase Agreement. Each subsequent BAN delivered will bear the same maturity date as the initial BANs. The BANs shall be subject to renewal or extension, subject to the limitations set forth below, at an interest rate not to exceed five percent (5.00%) per annum, with the exact rate to be negotiated with the purchaser of such BANs. The term of the BANs and all renewal BANs may not exceed five (5) years from the date of delivery of the initial BANs.

The principal of the BANs shall be refunded and retired out of the proceeds from the issuance and sale hereunder of the Bonds. The principal of the BANs, and the principal and interest of BANs prepaid in accordance with Section 5 herein, shall be refunded by the issuance of the Bonds pursuant to, and in the manner prescribed by the Act. The interest on the BANs shall be payable either from the Net Revenues of the Sewage Works, subject to the prior lien thereon of the Prior Bonds, or from proceeds from the issuance and sale hereunder of the Bonds.

Section 4. Registrar and Paying Agent. The Clerk-Treasurer is hereby authorized to appoint a registrar and a paying agent for the Bonds and the BANs (respectively, the "Registrar" and the "Paying Agent" and, in both such capacities, the "Registrar and Paying Agent"). The Registrar and Paying Agent shall be charged with and shall by appropriate agreement undertake the performance of all of the duties and responsibilities customarily associated with each such position, including without limitation the authentication of the Bonds and BANs. The Clerk-Treasurer and/or the Mayor of the City (the "Mayor") is authorized and directed to enter into such agreements and understandings with the Registrar and Paying Agent and any subsequent Registrar and Paying Agent as will enable and facilitate the performance of its duties and responsibilities,

and is authorized and directed to pay such fees as the Registrar and Paying Agent may reasonably charge for its services in such capacity, and such fees may be paid from the Sewage Works Sinking Fund continued by this Ordinance.

If the Bonds or the BANs are registered in the name of any purchaser that does not object to such designation, the Clerk-Treasurer may be designated as the Registrar and Paying Agent and may be charged with the performance of all of the duties and responsibilities of Registrar and Paying Agent.

The Registrar and Paying Agent, if not the Clerk-Treasurer, may at any time resign as Registrar and Paying Agent upon giving thirty (30) days' notice in writing to the City and by first-class mail to each registered owner of the Bonds then outstanding, and such resignation will take effect at the end of such thirty (30) days or upon the earlier appointment of a successor Registrar and Paying Agent by the City. Any such notice to the City may be served personally or sent by certified mail. The Registrar and Paying Agent may also be removed at any time as Registrar and Paying Agent by the City, in which event the City may appoint a successor Registrar and Paying Agent. The City shall notify each registered owner of the Bonds then outstanding by first-class mail of the removal of the Registrar and Paying Agent. Notices to registered owners of the Bonds shall be deemed to be given when mailed by first-class mail to the addresses of such registered owners as they appear on the registration books kept by the Registrar. Any predecessor Registrar and Paying Agent shall deliver all of the Bonds and cash in its possession with respect thereto, together with the registration books, to the successor Registrar and Paying Agent. The Clerk-Treasurer is hereby authorized to act on behalf of the City with regard to any of the aforementioned actions of the City relating to the resignation or removal of the Registrar and Paying Agent and appointment of a successor Registrar and Paying Agent.

Principal of and any redemption premium on the Bonds shall be payable at the principal corporate trust office of the Paying Agent. Interest on the Bonds shall be paid by check or draft mailed or delivered by the Paying Agent to the registered owner thereof at the address as it appears on the registration books kept by the Registrar as of the fifteenth (15th) day of the month immediately preceding the Interest Payment Date or at such other address as may be provided to the Paying Agent in writing by such registered owner. All payments on the Bonds shall be made in any coin or currency of the United States of America which, on the dates of such payments, shall be legal tender for the payment of public or private debt.

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

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

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

The Bonds may initially be issued and held in book-entry form on the books of the central depository system, The Depository Trust Company, its successors, or any successor central depository system appointed by the City from time to time (the "Clearing Agency"). The City and the Registrar and Paying Agent may, in connection therewith, do or perform or cause to be done or performed any acts or things not adverse to the rights of the holders of the Bonds, as are necessary or appropriate to accomplish or recognize such book-entry form Bonds.

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

to the method for noting such partial redemption; and (5) payment of the principal of and interest on the Bonds may be made by wire transfer or other method acceptable to the Clearing Agency.

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

During any time that the Bonds are held in book-entry form on the books of a Clearing Agency, the Registrar and Paying Agent shall be entitled to request and rely upon a certificate or other written representation from the Clearing Agency or any participant or indirect participant with respect to the identity of any beneficial owners of the Bonds as of a record date selected by the Registrar and Paying Agent. For purposes of determining whether the consent, advice, direction or demand of a Registered Owner of the Bonds has been obtained, the Registrar and Paying Agent shall be entitled to treat the beneficial owners of the Bonds as the holders of the Bonds.

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

Section 5. Optional Redemption of the Bonds and the BANs; Mandatory Sinking Fund Redemption of the Bonds. The BANs are prepayable by the City, in whole or in part, at any time (as determined by the Clerk-Treasurer, with the advice of the City's municipal advisor, prior to the sale of the BANs), upon at least seven (7) days' notice to the owner of the BANs, without any premium. In the case of prepayment, the principal and accrued interest due on the BANs shall be paid only from proceeds of the Bonds, except that such principal and interest due on the BANs may also be paid from other revenues and funds legally available therefor; provided, however, that such funds are not pledged to the payment of the BANs.

The Bonds shall have such redemption terms as determined by the Clerk-Treasurer, with the advice of the City's municipal advisor, prior to the sale of the Bonds.

Official notice of such redemption shall be mailed by the Registrar and Paying Agent by certified or registered mail at least thirty (30) days prior to the scheduled redemption date to each of the registered owners of the Bonds called for redemption (unless waived by any such registered owner) at the address shown on the registration books of the Registrar and Paying Agent, or at such other address as is furnished in writing by such registered owner to the Registrar; provided,

however, that failure to give such notice by mailing, or any defect therein, with respect to any Bond shall not affect the validity of the proceedings for the redemption of any other Bonds. The notice shall specify the redemption price, the date and place of redemption, and the registration numbers (and, in case of partial redemption, the respective principal amounts) of the Bonds called for redemption. The place of redemption may be at the principal corporate trust office of the Registrar and Paying Agent or as otherwise determined by the City. Interest on the Bonds (or portions thereof) so called for redemption shall cease to accrue on the redemption date fixed in such notice, if sufficient funds are available at the place of redemption to pay the redemption price on the redemption date and when such Bonds (or portions thereof) are presented for payment. Any Bond redeemed in part may be exchanged for a Bond or Bonds of the same maturity in authorized denominations equal to the remaining principal amount thereof.

As determined by the successful bidder for the Bonds and as to be set forth in the certificate of the Clerk-Treasurer regarding the award of the Bonds (the "Award Certificate"), all or a portion of the Bonds may be aggregated into one or more term bonds payable from mandatory sinking fund redemption payments (the "Term Bonds") required to be made as set forth below. The Term Bonds shall have a stated maturity or maturities of March 1, in the years to be determined by the successful bidder for the Bonds and as set forth in the Award Certificate.

In the event that the successful bidder for the Bonds opts to aggregate certain Bonds into Term Bonds, such Term Bonds shall be subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, but without premium, on March 1, in the years set forth in the Award Certificate.

The Registrar shall credit against any mandatory sinking fund redemption requirement for a Term Bond of a particular maturity, any Bonds of such maturity purchased for cancellation by the City and cancelled by the Registrar and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each Bond so purchased shall be credited by the Registrar at 100% of the principal amount thereof against the mandatory sinking fund redemption requirements for the applicable Term Bond in inverse order of mandatory sinking fund redemption (or final maturity) dates, and the principal amount of such Term Bond to be redeemed on such mandatory sinking fund redemption dates by operation of the mandatory sinking fund requirements shall be reduced accordingly.

The Registrar shall determine by lot (treating each \$5,000 principal amount of each Bond as a separate Bond for such purpose) the Bonds within a Term Bond of a particular maturity to be redeemed pursuant to mandatory sinking fund redemption requirements on March 1 of each year.

Notice of any such mandatory sinking fund redemption shall be given in the manner provided in this Section 5 of this Ordinance.

In the event any of the Bonds are issued as Term Bonds, the form of the Bonds set forth in Section 8 hereto shall be modified accordingly.

Any reference to the payment or maturity of principal of the Bonds shall be deemed to include payment of scheduled mandatory sinking fund redemption payments described in this Section.

Section 6. Execution and Authentication of the Bonds. The Bonds shall be executed in the name of the City by the manual or facsimile signature of the Mayor of the City (the "Mayor") and attested by the manual or facsimile signature of the Clerk-Treasurer, who shall affix thereto the seal of the City of a facsimile thereof. The Bonds shall be authenticated by the manual signature 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. In case any official whose signature appears on any Bond shall cease to be such official before the delivery of such Bond, the signature of such official shall nevertheless be valid and sufficient for all purposes, the same as if such official had been in office at the time of such delivery. Subject to the provisions of this Ordinance regarding the registration of the Bonds, the Bonds shall be fully negotiable instruments under the laws of the State of Indiana.

Section 7. Security and Sources of Payment for the Bonds. The Bonds, together with the outstanding Prior Bonds, and together with any bonds hereafter issued on a parity with the Bonds (to be referred to hereinafter collectively as the "bonds," unless the context otherwise requires), as to both principal and interest, shall be valid and binding special, limited revenue obligations of the City, payable solely from and secured by an irrevocable pledge of and constituting a charge upon all of the Net Revenues (herein defined as gross revenues of the Sewage Works of the City remaining after the payment of the reasonable expenses of operation, repair and maintenance, excluding transfers for payments in lieu of taxes), including all such Net Revenues from the existing works, the Project and all additions and improvements thereto and replacements thereof subsequently constructed or acquired, to be set aside into the Sinking Fund as herein provided. The City shall not be obligated to pay the Bonds or the interest thereon except from the Net Revenues of the Sewage Works, and the Bonds shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana.

Section 8. Form of the Bonds. The form and tenor of the Bonds shall be substantially as follows (with all blanks to be filled in properly and all necessary additions and deletions to be made prior to the delivery thereof):

R-__

UNITED STATES OF AMERICA

STATE OF INDIANA

COUNTY OF JOHNSON

CITY OF FRANKLIN
SEWAGE WORKS REVENUE BONDS, SERIES 20__

Interest
Rate

Maturity
Date

Original
Date

Authentication
Date

CUSIP

Registered Owner:

Principal Amount: \$. _____

The City of Franklin (the "City"), Johnson County, State of Indiana, for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, upon surrender hereof, solely out of the special revenue fund hereinafter referred to, the Principal Amount stated above, on the Maturity Date set forth above (unless this bond be subject to and shall have been called for redemption prior to maturity as hereinafter provided), and to pay interest hereon until the Principal Amount is fully paid at the Interest 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, 20__, it shall bear interest from the Original Date specified above, which such interest is payable semiannually on March 1 and September 1 of each year, commencing ____ 1, 20__. Interest shall be calculated on the basis of twelve (12) thirty (30)-day months for a three hundred sixty (360)-day year.

The principal of and premium, if any, on this bond is payable at the corporate trust office of _____, in _____, _____, or of any successor registrar and paying agent appointed by the City pursuant to the Ordinance hereinafter mentioned (the "Registrar" and the "Paying Agent"). All payments of interest hereon will be paid by cash or draft mailed or delivered to the Registered Owner hereof at the address as it appears on the registration books of the Registrar as of the fifteenth day of the month immediately preceding the applicable interest payment date or at such other address as is furnished to the Paying Agent in writing by such Registered Owner. In the event of purchase by such owner in whose name is registered \$100,000 or more principal amount of the bonds, upon written instructions to the Registrar before the fifteenth day of the month immediately preceding the month in which principal or interest is payable, payments of principal or interest on this bond shall be made by wire transfer for deposit to a financial institution as designated by such registered owner on the due date or, if such due date is a day when financial institutions are not open for business, on the business day immediately after such due date. All payments on this bond shall be made in any coin or currency of the United States of America which, on the dates of such payments, shall be legal tender for the payment of public and private debts.

This bond and the other bonds of this issue, together with the interest payable hereon and thereon, are payable solely from and secured by an irrevocable pledge of and constitute a charge upon all of the Net Revenues (defined as gross revenues of the sewage works of the City remaining after the payment of the reasonable expenses of operation, repair and maintenance, excluding transfers for payments in lieu of taxes, including the existing works and all additions and improvements thereto and replacements thereof subsequently constructed or acquired (the

“Sewage Works”)); and rank on a parity basis with other bonds of the City designated “Sewage Works Refunding Revenue Bonds, Series 2013” (the “Prior Bonds”).

THE CITY SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THIS BOND EXCEPT FROM THE SPECIAL FUND, ENTITLED THE “SEWAGE WORKS SINKING FUND” HERETOFORE CREATED AND CONTINUED BY THE ORDINANCE (AS DEFINED BELOW) PROVIDED FROM THE NET REVENUES OF SUCH SEWAGE WORKS, AND NEITHER THIS BOND NOR ANY OF THE BONDS OF THE ISSUE OF WHICH THIS BOND IS A PART SHALL CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF THE PROVISIONS AND LIMITATIONS OF THE CONSTITUTION OF THE STATE OF INDIANA.

This bond is one of an authorized issue of bonds of the City of like tenor and effect, except as to numbering, interest rate and date of maturity, in a maximum aggregate principal amount of Dollars (\$_____) numbered from __R-1 upward, issued for the purpose of providing funds to pay the costs of the Project (as defined in the hereinafter-mentioned Ordinance) and all expenses necessarily incurred in connection with the issuance of such bonds, as authorized by an Ordinance adopted by the Common Council of the City on the _____ day of _____, 2020, entitled “AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF FRANKLIN, INDIANA, AUTHORIZING THE ISSUANCE OF SEWAGE WORKS REVENUE BONDS TO PROCURE FUNDS TO FINANCE THE ACQUISITION, CONSTRUCTION, INSTALLATION AND EQUIPPING OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE SEWAGE WORKS OF THE CITY, THE ISSUANCE AND SALE OF BOND ANTICIPATION NOTES IN ANTICIPATION OF THE ISSUANCE AND SALE OF SUCH BONDS, AND THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SUCH SEWAGE WORKS AND OTHER RELATED MATTERS” (the “Ordinance”), and in strict compliance with the provisions of Indiana Code, Title 36, Article 9, Chapter 23, and the laws amendatory thereof and supplemental thereto (the “Act”).

This bond is issuable only in fully registered form in the denomination of [Five Thousand Dollars (\$5,000) or any integral multiple thereof/One Hundred Thousand Dollars (\$100,000) and integral multiples of One Dollar (\$1) above such amount].

Pursuant to the provisions of the Act and the Ordinance, the principal of and interest on this bond and all other bonds of this issue, together with any other bonds hereafter issued on a parity herewith and therewith, and together also with the Prior Bonds ranking on a parity basis hereto and thereto, are payable solely from the Sewage Works Sinking Fund heretofore created and continued by the Ordinance to be provided from the Net Revenues derived from the Sewage Works, including the existing works, the improvements and extensions acquired or constructed out of the proceeds of this bond and the issue of which it is a part, and all additions and improvements thereto and replacements thereof subsequently constructed and acquired. This bond does not and shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana, and the City is not and shall not be obligated to pay this bond or the interest thereon except from such special fund provided from such Net Revenues.

The City irrevocably pledges the entire Net Revenues of the Sewage Works to the extent necessary for such purposes, to the prompt payment of the principal of and interest on the bonds of this issue authorized pursuant to the Ordinance, including this bond and any bonds hereafter issued on a parity herewith, and the now outstanding Prior Bonds heretofore issued ranking on a parity basis hereto and thereto. The City covenants that it will to the fullest extent permitted by law cause to be fixed, maintained and collected such rates and charges for services rendered by such works as are sufficient in each year for the payment of the proper and reasonable expenses of operation and maintenance of said works and for the payment of the sums required to be paid into said Sinking Fund under the provisions of said Act and said Ordinance. In the event the City, or the proper officers thereof, shall fail or refuse to so fix, maintain and collect such rates or charges, or if there be a default in the payment of the principal of or interest on this bond, the Registered Owner of this bond shall have all of the rights and remedies provided for in the Act.

The City further covenants that it will set aside and pay into its Sewage Works Sinking Fund a sufficient amount of the Net Revenues of the Sewage Works to meet (a) the interest on all bonds payable from the revenues of the Sewage Works, as such interest shall fall due, (b) the necessary fiscal agency charges for paying all bonds and interest, (c) the principal of all bonds payable from the revenues of the Sewage Works, and (d) an additional amount as a margin of safety to create the reserve required by the Ordinance. Reference is made to the Ordinance for a more complete statement of the revenues from which and conditions under which this bond is payable, a statement of the conditions on which obligations may hereafter be issued on parity with this bond, the manner in which the Ordinance may be amended and the general covenants and provisions pursuant to which this bond has been issued.

[Insert optional redemption and mandatory sinking fund redemption provisions.]

Notice of any such redemption shall be sent by registered or certified mail to the Registered Owner of this bond at least thirty (30) days prior to the date fixed for redemption, unless such notice is waived by the Registered Owner; provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any such bond will not affect the validity of any proceedings for redemption of any other such bonds. The notice shall specify the redemption price, the date and place of redemption and the registration numbers (and in case of partial redemption, the respective principal amounts) of the bonds called for redemption. Interest on bonds so called for redemption shall cease to accrue on the redemption date fixed in such notice, so long as sufficient funds are available at the place of redemption to pay the redemption price on the redemption date or when presented for payment.

Prior to the date fixed for redemption, funds shall be deposited with the Paying Agent to pay, and the Paying Agent is hereby authorized and directed to apply such funds to the payment of the bonds or portions thereof called, together with accrued interest thereon to the redemption date and any required premium. No payment shall be made by the Paying Agent upon any bond or portion thereof called for redemption until such bond shall have been delivered for payment or cancellation or the Registrar shall have received the items required by the Ordinance with respect to any mutilated, lost, stolen or destroyed bond.

If this bond or a portion hereof shall have become due and payable in accordance with its terms or this bond or a portion hereof shall have been duly called for redemption or irrevocable

instructions to call this bond or a portion hereof for redemption shall be given and the whole amount of the principal and the premium, if any, and interest, so due and payable upon this bond or such portion hereof shall be paid, or (i) sufficient moneys, or (ii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, the principal of and the interest on which when due will provide sufficient moneys for such purpose, or (iii) time certificates of deposit of a bank or banks, fully secured as to both principal and interest by obligations of the kind described in (ii) above, the principal of and interest on which when due will provide sufficient moneys for such purpose, shall be held in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case this bond or such portion hereof shall no longer be deemed outstanding, entitled to the pledge of the Net Revenues of the sewage works or an obligation of the City.

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

Subject to the provisions of the Ordinance regarding the registration of such bonds, this bond and all other bonds of this issue of which this bond is a part are fully negotiable instruments under the laws of the State of Indiana. This bond is transferable or exchangeable only on the books of the City maintained for such purpose at the principal office of the Registrar, by the Registered Owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the Registered Owner or his attorney duly authorized in writing, and thereupon a new fully registered bond or bonds in 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. This bond may be transferred or exchanged without cost to the Registered Owner or his attorney duly authorized in writing, except for any tax or other governmental charge which may be required to be paid with respect to such transfer or exchange. The Registrar shall not be obligated to make any exchange or transfer of this bond (i) during the fifteen (15) days immediately preceding an interest payment date on this bond or (ii) after the mailing of any notice calling this bond for redemption. 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 the redemption premium, if any, and interest due hereon.

In the event this bond is mutilated, lost, stolen or destroyed, the City may cause to be executed and the Registrar may authenticate a new bond of like date, maturity and denomination as this bond, which new bond shall be marked in a manner to distinguish it from this bond; provided, that in the case of this bond being mutilated, this bond shall first be surrendered to the Registrar, and in the case of this bond being lost, stolen or destroyed, there shall first be furnished to the Registrar evidence of such loss, theft or destruction satisfactory to the City and to the Registrar, together with indemnity satisfactory to them. In the event that this bond, being mutilated, lost, stolen or destroyed, shall have matured or been called for redemption, instead of causing to be issued a duplicate bond the Registrar may pay this bond upon surrender of this mutilated bond

or upon satisfactory indemnity and proof of loss, theft or destruction in the event this bond is lost, stolen or destroyed. In such event, the City and the Registrar may charge the owner of this bond with their reasonable fees and expenses in connection with the above. Every substitute bond issued by reason of this bond being lost, stolen or destroyed shall, with respect to this bond, constitute a substitute contractual obligation of the City, whether or not this bond, being lost, stolen or destroyed shall be found at any time, and shall be entitled to all the benefits of the Ordinance, equally and proportionately with any and all other bonds duly issued thereunder.

In the manner provided in the Ordinance, the Ordinance and the rights and obligations of the City and the owners of the bonds of this issue authorized thereunder, including this bond, may (with certain exceptions as stated in the Ordinance) be modified or amended with the consent of the owners of at least seventy-five percent (75%) in aggregate principal amount of such bonds exclusive of any bonds which may be owned by the City.

The Registered Owner of this bond, by the acceptance hereof, hereby agrees to all the terms and provisions contained in the Ordinance.

The City, the Registrar and the Paying Agent may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and the interest due hereon and for all other purposes, and none of the City, the Registrar or the Paying Agent shall be affected by any notice to the contrary.

[A Continuing Disclosure Agreement from the City to each registered owner or holder of any bond, dated as of the date of initial issuance of the bonds (the "Agreement"), has been executed by the City, a copy of which is available from the City and the terms of which are incorporated herein by this reference. The Agreement contains certain promises of the City to each registered owner or holder of any bond, including a promise to provide certain continuing disclosure. By its payment for and acceptance of this bond, the registered owner or holder of this bond assents to the Agreement and to the exchange of such payment and acceptance for such promises.]

This bond shall not be valid or become obligatory for any purpose or entitled to any security or benefit under the Ordinance herein described unless and until the certificate of authentication hereon shall have been executed by a duly authorized representative of the Registrar.

The City hereby certifies, recites and declares that all acts, conditions and things required to be done precedent to and in the preparation, execution, issuance and delivery of this bond have been done and performed in regular and due form as required by law.

IN WITNESS WHEREOF, the City of Franklin, Johnson County, State of Indiana, has caused this bond to be executed in its corporate name by the manual or facsimile signature of the Mayor of the City, and attested by the manual or facsimile signature of the Clerk-Treasurer of the City.

CITY OF FRANKLIN



Mayor

(SEAL)

ATTEST:


Clerk-Treasurer

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This bond is one of the City of Franklin, Indiana Sewage Works Revenue Bonds of 20__, issued and delivered pursuant to the provisions of the within-mentioned Ordinance.

_____, as Registrar

By: _____

ASSIGNMENT

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

Dated: _____

Signature Guarantee:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a Security 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 9. Issuance, Sale and Delivery of the Bonds and the BANs. (a) Generally. The Clerk-Treasurer is hereby authorized and directed to have the Bonds and the BANs prepared, and the Mayor and the Clerk-Treasurer are each hereby authorized and directed to execute and attest, respectively, the Bonds and the BANs in the form and manner herein provided. The Clerk-Treasurer is hereby authorized and directed to deliver the Bonds and the BANs to the purchaser or purchasers thereof after sale made in accordance with the provisions of the Act and this Ordinance, provided that at the time of said delivery the Clerk-Treasurer shall collect the full amount which the purchaser or purchasers have agreed to pay therefor, which shall be not less than ninety-nine percent (99%) of the par amount of the Bonds (or such higher percentage of the par value of the Bonds as the Clerk-Treasurer, with the advice of the municipal advisor of the City, shall determine), plus accrued interest thereon to the date of delivery, if any, and in the case of the BANs, shall not be less than ninety-nine percent (99%) of the par amount of the BANs. The City may receive payment for the BANs in installments. The proceeds derived from the sale of the Bonds (or, instead, the BANs, if such BANs are issued), shall be and are hereby set aside for application to the costs of the Project, including all authorized costs relating thereto, including the respective costs of issuance of the Bonds and the BANs. The authorized officers of the City are hereby authorized and directed to draw all proper and necessary warrants and to do whatever other acts and things that may be necessary or appropriate to carry out the provisions of this Ordinance.

(b) Issuance, Sale and Delivery of the BANs. The City, having satisfied all the statutory requirements for the issuance of the Bonds, may elect to issue its BAN or BANs to an eligible purchaser under Indiana Code 5-1-14-5 pursuant to the BAN Purchase Agreement, to be entered into between the City and the purchaser of the BANs. The Common Council hereby authorizes the issuance and execution of the BAN or BANs in lieu of initially issuing Bonds to provide interim construction financing for the Project until permanent financing becomes available. It shall not be necessary for the City to repeat the procedures for the issuance of its Bonds, as the procedures followed before the issuance of the BAN or BANs are for all purposes sufficient to authorize the issuance of the Bonds and the use of the proceeds to repay the BAN or BANs. The Mayor and the Clerk-Treasurer are hereby authorized and directed to execute the BAN Purchase Agreement in such form or substance as they shall approve acting upon the advice of counsel. The Mayor and the Clerk-Treasurer may also take such other action or deliver such other certificates as are necessary or desirable in connection with the issuance of the BANs or the Bonds and the other documents needed for the financing as they deem necessary or desirable in connection therewith.

(c) Issuance, Sale and Delivery of the Bonds. The Bonds shall be sold by competitive sale. The Clerk-Treasurer shall cause to be published a notice of sale once each week for two consecutive weeks in accordance with Indiana Code § 5-3-1-2. The date fixed for the sale shall not be earlier than fifteen (15) days after the first of such publications and not earlier than three (3) days after the second of such publications. Said bond sale notice shall state the time and place of sale, the purpose for which the Bonds are being issued, the total amount thereof, the amount and date of each maturity, the maximum rate or rates of interest thereon, their denominations, the time and place of payment, that specifications and information concerning the Bonds are on file in the office of the Clerk-Treasurer and are available on request, the terms and conditions upon which bids will be received and the sale made and such other information as is required by law or as the Clerk-Treasurer shall deem necessary, including any terms and conditions of sale which provide an exclusion or exemption from the applicability of all or a portion of the provisions of Rule 15c2-12 of the U.S. Securities and Exchange Commission as amended (the "SEC Rule"), in which case

the Clerk-Treasurer may set the minimum authorized denomination of the Bonds at One Hundred Thousand Dollars (\$100,000) as contemplated by the SEC Rule. The notice may provide, among other things, that no later than 1 day after the sale of the bonds, the selected bidder, shall provide a by a certified or cashier's check or a financial surety bond in an amount equal to one percent (1%) of the principal amount of the Bonds described in the notice. If a financial surety bond is used, it must be from an insurance company licensed to issue such bond in the State, and such bond must be submitted to the City prior to the opening of the bids. The financial surety bond must identify each bidder whose good faith deposit is guaranteed by such financial surety bond. If the Bonds are awarded to a bidder utilizing a financial surety bond, then the purchaser is required to submit to the City a certified or cashier's check (or wire transfer such amount as instructed by the City) not later than a time designated by the City's municipal advisor on the next business day following the award.

As an alternative to the publication of a notice of sale, the Clerk-Treasurer may sell the Bonds through the publication of a notice of intent to sell the Bonds and compliance with related procedures, pursuant to Indiana Code § 5-1-11-2(b).

All bids for Bonds shall be sealed and shall be presented to the Clerk-Treasurer on behalf of the City at the Clerk-Treasurer's office or at some other location determined by the Clerk-Treasurer prior to the publication of said notice of intent, and the Clerk-Treasurer shall continue to receive all bids offered until the hour fixed for the sale of the Bonds, at which time and place the Clerk-Treasurer shall open and consider each bid. Bidders for the Bonds shall be required to name the rate or rates of interest which the Bonds are to bear, not exceeding six percent (6.00%) per annum or such lesser rate as may be determined by the Clerk-Treasurer, with the advice of the City's municipal advisor. Such interest rate or rates shall be in multiples of one-eighth (1/8) or one-hundredth (1/100) of one percent (1%). Bids specifying more than one interest rate shall also specify the amount and maturities of the Bonds bearing each rate, and all Bonds maturing on the same date shall bear the same rate of interest. The interest rate on Bonds of a given maturity must be at least as great as the interest rate on Bonds of any earlier maturity.

Subject to the provisions set forth below, the Clerk-Treasurer shall award the Bonds to the bidder offering the lowest net interest cost to the City, to be determined by computing the total interest on all of the Bonds from the date thereof to their maturities and deducting therefrom the premium bid, if any, or adding thereto the amount of any discount. No bid for less than ninety-nine percent (99%) of the par value of the Bonds (or such higher percentage of the par value of the Bonds as shall be determined by the Clerk-Treasurer, with the advice of the City's municipal advisor), plus accrued interest at the rate or rates named to the date of delivery, will be considered. The Clerk-Treasurer shall have full right to reject any and all bids for and on behalf of the City. In the event no acceptable bid is received at the time fixed for the sale of the Bonds, the Clerk-Treasurer shall be authorized to continue to receive bids from day to day thereafter for a period not to exceed thirty (30) days, without readvertising, pursuant to Indiana law.

Prior to the delivery of the Bonds, the Clerk-Treasurer, subject to the direction of the Mayor, (i) shall be authorized to investigate, negotiate and obtain bond insurance, other forms of credit enhancement and/or credit ratings on the Bonds, and (ii) shall obtain a legal opinion as to the validity of the Bonds from Barnes & Thornburg LLP, Indianapolis, Indiana, bond counsel for the City, with such opinion to be furnished to the purchaser of the Bonds at the expense of the

City. The costs of obtaining any such insurance, other credit enhancement and/or credit ratings, together with bond counsel's fee in preparing and delivering such opinion and in the performance of related services in connection with the issuance, sale and delivery of the Bonds, shall be considered as a part of the cost of the Project and shall be paid out of the proceeds of the Bonds.

Section 10. Disposition of Proceeds of the Bonds; Construction Account. The proceeds of the Bonds shall be deposited in a bank or banks which are legally qualified depositories for the funds of the City. The proceeds of the Bonds (and BANs, if issued) will be deposited in the special account designated as the "City of Franklin 2020 Sewage Works Construction Account" (the "Construction Account"). Amounts in the Construction Account shall be expended only for the purpose of paying the costs of the Project to be financed with the proceeds of the Bonds (and BANs, if issued), as described in the Ordinance and in the Act, together with all authorized costs relating thereto, including the costs of issuance of the Bonds (and BANs, if issued), and as otherwise permitted or required by the Act. If BANs have been issued, the proceeds of the Bonds shall first be applied to pay the principal of and interest on the BANs. Any balance or balances remaining unexpended in the Construction Account after completion of the Project, which are not required to meet unpaid obligations incurred in connection with the acquisition, construction or installation of the Project to be financed with the proceeds of the Bonds, shall be used solely for one or more of the purposes permitted under the provisions of Indiana Code 5-1-13, as amended. Pursuant to the Act, the owners of the Bonds shall be entitled to a lien on the proceeds of the Bonds until such proceeds are applied as required by this Ordinance and by Indiana law.

Section 11. Revenue Fund. There is hereby continued a fund continued by the Prior Ordinance known as 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 Sinking Fund shall be funded, and the costs of replacements, extensions, additions and improvements shall be paid. This fund shall be maintained separate and apart from all other accounts of the City. All moneys deposited in the Revenue Fund may be invested in accordance with Indiana Code 5-13.

Section 12. Operation and Maintenance Fund. The Operation and Maintenance Fund continued under the Prior Ordinance (the "Operation and Maintenance Fund") is hereby continued. 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 the Operation and Maintenance 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 the Operation and Maintenance Fund shall be used for the payment of the reasonable and proper operation, repair and maintenance expenses of the sewage works on a day-to-day basis, but none of the moneys in the Operation and Maintenance Fund shall be used for payment in lieu of property taxes, depreciation, replacements, improvements, extensions or additions. Any moneys in the Operation and Maintenance Fund may be transferred to the 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 13. Sewage Works Sinking Fund. There is hereby continued a special fund designated as the "Sewage Works Sinking Fund," continued under the Prior Ordinance (the "Sinking Fund") for the payment of the principal of and interest on revenue bonds which by their terms are payable from the Net Revenues of the sewage works, and the payment of any fiscal agency charges in connection with the payment of bonds and interest. 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. There is hereby continued, within said Sinking Fund, the Bond and Interest Account (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) Reserve Account. There is hereby continued, within the Sinking Fund, the Debt Service Reserve Account ("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, the Prior Bonds, and any Parity Bonds (as defined in Section 19) secured by the Reserve Account (the "Reserve Parity Bonds"), (ii) 125% of the average annual debt service on the Bonds, the Prior Bonds and any Reserve Parity Bonds or (iii) 10% of the proceeds of the Bonds, the Prior Bonds, and any Reserve 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, the Prior Bonds, and any Reserve Parity Bonds, and the moneys in the Reserve Account shall be used to pay current principal and interest on the Bonds, the Prior Bonds, and any Reserve 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 14. Sewage Works Improvement Fund. There is hereby continued 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 of 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 15. Investment of Funds. All of the amounts in the funds and accounts created pursuant to this Ordinance shall be deposited in lawful depositories of the State of Indiana, and shall be continuously held and secured or invested as provided by the laws of the State of Indiana relating to the depositing, securing, holding and investing of public funds, including particularly Indiana Code 5-13-9. The amounts in the Bond and Interest Account, the Reserve Account and all other funds and accounts created pursuant to this Ordinance shall be kept in separate bank accounts apart from all other bank accounts of the City. In no event shall any of the revenues of the Sewage Works be transferred or used for any purpose not authorized by this Ordinance so long as any of the bonds of the Sewage Works issued pursuant to the provisions of this Ordinance shall be outstanding. Investment income earned on moneys in the funds and accounts established by this Ordinance shall become a part of the funds and accounts invested and shall be used only as provided in this Ordinance.

Section 16. Books of Record and Accounts. The City shall keep proper books of record 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 deposited in said funds, and all disbursements made therefrom on account of the operation of the works, and to meet the requirements of the Sinking Fund, and all other financial transactions relating to said works. There shall be furnished, upon written request, to any owner of the Bonds, the most recent audits of the sewage works made available to the City by the Indiana State Board of Accounts or any successor body authorized by law to audit municipal accounts, which audits shall be kept on file in the office of the Clerk-Treasurer. Any owner or owners of the Bonds then outstanding shall have the right at all reasonable times to inspect the works and all records, accounts and data of the City relating thereto. Such inspections may be made by representatives duly authorized by written instrument.

Section 17. Rates and Charges. The City covenants and agrees that it will establish and maintain just and equitable rates or charges for the use of and the service rendered by the 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 works system of the City, or that in any way uses or is served by such works, at a level adequate to produce and maintain sufficient revenue 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 all obligations of the sewage works and the City with respect to the sewage works.

Such rates or charges shall, if necessary, be changed and readjusted from time to time so that the revenues therefrom shall always be sufficient to meet the expenses of operation and maintenance of the Sewage Works and the requirements of the Sinking Fund. The rates or charges so established shall apply to any and all use of such works by and service rendered to the City and all departments thereof and shall be paid by the City, or the various departments thereof, as the charges accrue.

Section 18. Defeasance. 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 any Bonds 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 such Bonds then outstanding shall be paid; or (i) sufficient moneys, or (ii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, the principal of and the interest on which when due will provide sufficient moneys, or (iii) time certificates of deposit fully secured as to both principal and interest by obligations of the kind described in (ii) above of a bank or banks the principal of and interest on which when due will provide sufficient moneys, 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 such Bonds issued hereunder shall no longer be deemed outstanding or entitled to the pledge of the Net Revenues of the City's Sewage Works.

Section 19. Additional Bonds and BANs. The City reserves the right to authorize and issue additional BANs at any time ranking on a parity with the BANs so long as the interest is payable only on the same date(s) as that provided in the BAN Purchase Agreement and the principal is payable solely from the Bond proceeds. The City also reserves the right to authorize and issue additional bonds, payable out of the Net Revenues of its Sewage Works, ranking on a parity with the Bonds (the "Parity Bonds"), for the purpose of financing the cost of future additions, extensions and improvements to the Sewage Works and/or to refund outstanding bonds, subject to the following conditions:

(a) All required payments into the Sinking Fund shall have been made in accordance with the provisions of this Ordinance, and the interest on and principal of all bonds payable from the Net Revenues of the Sewage Works shall have been paid in accordance with their terms. At the City's sole discretion, such Additional Bonds may be secured by the Reserve Account, or a newly created reserve fund, or not secured by a reserve fund. With respect to Additional Bonds secured by the Reserve Account, 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 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 fiscal year's operations would have produced Net Revenues for said year 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 or rate consultant retained 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 the mandatory sinking fund redemption dates for, the additional Parity Bonds shall be payable annually on March 1.

Section 20. Additional Covenants of the City. For the purpose of further safeguarding the interests of the owners of the Bonds herein authorized, it is specifically provided as follows:

(a) All contracts let by the City in connection with the construction of said additions and improvements to the Sewage Works shall be let after due advertisement as required by the laws of the State of Indiana, and all contractors shall be required to furnish surety bonds in an amount equal to one hundred percent (100%) of the amount of such contracts, to insure the completion of said contracts in accordance with their terms, and such contractors shall also be required to carry such employer's liability and public liability insurance as are required under the laws of the State of Indiana in the case of public contracts, and shall be governed in all respects by the laws of the State of Indiana relating to public contracts.

(b) 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.

(c) So long as any of the Bonds herein authorized are outstanding, the City shall maintain insurance coverage, including fidelity bonds, to protect the sewage works and its operations on the insurable parts of said works of a kind and in an amount such as would normally be carried by private companies engaged in a similar type of business. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the State of Indiana. All insurance proceeds and condemnation awards shall be used in replacing or repairing the property destroyed, damaged or taken; alternatively, they may be applied as Net Revenues of the works.

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

Insurance proceeds or self-insurance proceeds shall be used in replacing or repairing the property destroyed or damaged, or if not used for that purpose, shall be treated and applied as Net Revenues of the works.

(d) So long as any of the Bonds are outstanding, the City shall not mortgage, pledge or otherwise encumber the property and plant of the Sewage Works system or any portion thereof or any interest therein. The City shall not sell, lease or otherwise dispose of any part of such system, except for such machinery, equipment or other property as may be replaced or shall no longer be necessary for use in connection with such system, and except as approved by the owners of all the bonds issued pursuant to this ordinance, then outstanding, if the City receives an opinion of nationally recognized bond counsel to the effect that the transaction will not cause interest on the bonds to be included in gross income for federal tax purposes.

(e) Except as hereinbefore provided in Section 19 hereof, so long as any of the bonds herein authorized 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 herein authorized, unless all of the bonds herein authorized are redeemed, retired or defeased pursuant to Section 18 hereof coincidentally with the delivery of such additional bonds or other obligations.

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

(g) The provisions of this Ordinance shall constitute a contract by and between the City and the owners of the Bonds herein authorized, all the terms of which shall be enforceable by any bondholder by any and all appropriate proceedings in law or in equity. After the issuance of said Bonds, subject to the rights of the City under Section 24 hereof, 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 Common 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 remains unpaid. The Common Council reserves the right, however, to amend this Ordinance from time to time to preserve the Tax Exemption described in Section 23 hereof without the approval of any owner of the bonds so long as the Common Council certifies that such amendment does not violate this subsection (g) of Section 20.

(h) The provisions of this Ordinance shall be construed to create a trust in the proceeds of the sale of the Bonds herein authorized for the uses and purposes herein set forth, and the owners of the Bonds shall retain a lien on such respective proceeds until the same are applied in accordance with the provisions of this Ordinance and of the Act. The provisions of this Ordinance shall also be construed to create a trust in the portion of the Net Revenues herein directed to be set apart and paid into the Sinking Fund for the uses and purposes of said fund as in this Ordinance set forth. The owner of the Bonds shall have all of the rights, remedies and privileges set forth in the provisions of the Act, including the right to have a receiver appointed to administer said Sewage Works in the event of 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 Act.

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

Section 21. Permitted Actions Relating to Preservation of Exclusion of Interest from Federal Gross Income. (a) The Clerk-Treasurer is hereby authorized to invest moneys pursuant to the provisions of this Ordinance at a restricted yield (subject to applicable requirements of federal law to insure that any such investment is acquired for fair market value) to the extent necessary or advisable to preserve the exclusion from gross income of interest on the bonds, or the tax-exempt status of interest on the bonds, under federal law.

(b) 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 this 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 or exemption.

Section 22. 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 amended, and as in effect on the date of delivery of the Bonds (the "Code"), and as an inducement to purchasers of the Bonds, the City represents, covenants and agrees that:

(a) No person or entity other than the City or another state or local governmental unit will use 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 differentiates that person's or entity's use of such property from use by the general public.

(a) No portion 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.

(b) No Bond proceeds will be loaned to any entity or person other than another state or local governmental unit. No 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.

(c) The City will not take, or cause or permit to be taken by it or by any party under its control, or fail to take or cause or permit to fail to be taken by it or by any party under its control, any action with respect to the Bonds that would result in the loss of the exclusion from gross