

ORDINANCE NO. 2007- 11

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF FORT BRANCH, INDIANA, AMENDING AND RESTATING ORDINANCE NO. 2006-7 OF THE COUNCIL, CONCERNING THE ISSUANCE AND SALE OF SEWAGE WORKS REVENUE BONDS OF THE TOWN AND OTHER RELATED MATTERS

WHEREAS, the Town of Fort Branch, Indiana (the "Town"), 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; and

WHEREAS, the Town Council of the Town has previously adopted on June 14, 2007, Ordinance No. 2006-7, entitled "An Ordinance Authorizing the Acquisition, Construction, Installation and Equipping by the Town of Fort Branch, Indiana, of Certain Improvements and Extensions to the Sewage Works, the Issuance and Sale of Revenue Bonds to Provide Funds for the Payment of the Costs Thereof, 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 "Original Bond Ordinance") authorizing the issuance and sale of sewage works revenue bonds of the Town in the maximum principal amount of Four Million Eight Hundred Thirty Thousand Dollars (\$4,830,000) (the "Revenue Bonds"); and

WHEREAS, the Town has previously issued bond anticipation notes, currently outstanding in the aggregate principal amount of Three Hundred Ten Thousand Dollars (\$310,000), to provide interim financing for the Project (as defined in the Original Bond Ordinance); and

WHEREAS, the Town now desires to issue the Revenue Bonds to provide long-term financing for the Project; and

WHEREAS, the Town Council now desires to amend and restate the Original Bond Ordinance;

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF FORT BRANCH, INDIANA, THAT:

SECTION ONE: The Original Bond Ordinance is hereby amended and restated in its entirety as follows:

ORDINANCE NO. 2006-7

AN ORDINANCE AUTHORIZING THE ACQUISITION,

CONSTRUCTION, INSTALLATION AND EQUIPPING BY THE TOWN OF FORT BRANCH, INDIANA, OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE TOWN'S SEWAGE WORKS, THE ISSUANCE AND SALE OF REVENUE BONDS TO PROVIDE FUNDS FOR THE PAYMENT OF THE COSTS THEREOF, 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 Town of Fort Branch, Indiana (the "Town"), has heretofore established and constructed and currently owns and operates a sewage works by and through its Town Council (the "Town Council") 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 Town Council hereby finds that certain improvements and extensions to the Sewage Works are necessary; and Hannum, Wagle & Cline, of Terre Haute, Indiana, the consulting engineers employed by the Town (the "Consulting Engineers"), have prepared and filed plans, specifications and detailed descriptions and estimates of the costs of the necessary improvements and extensions 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 ("Department"); and

WHEREAS, the Town 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 Four Million Eight Hundred Thirty Thousand Dollars (\$4,830,000); and

WHEREAS, the Town Council finds that, to provide funds to pay for the costs of the Project, it will be necessary for the Town to issue sewage works revenue bonds and, if necessary, BANs in an aggregate principal amount not to exceed Four Million Eight Hundred Thirty Thousand Dollars (\$4,830,000); and

WHEREAS, the Town desires to authorize the issuance of sewage works revenue bonds, payable from the net revenues (as hereinafter defined) of the Sewage Works, and BANs, if necessary, payable from proceeds of such sewage works revenue bonds, issued to finance the aforementioned costs of the Project, and to authorize the refunding of said BANs, if issued; and

WHEREAS, pursuant to Ordinance No. 1998-9, adopted by the Town Council of the Town on November 4, 1998, the Town has heretofore issued revenue bonds payable from the revenues of the Sewage Works, designated "Town of Fort Branch, Indiana, Sewage Works Revenue Refunding Bonds, Series 1998" (the "1998 Bonds"), currently outstanding in the amount of Two Hundred Forty-Five Thousand Dollars (\$245,000), bearing interest at the per annum rate of four and one-half percent (4.50%) and maturing in various amounts serially on January 1 in the years 2007 to 2009,

inclusive; and

WHEREAS, on or before the date of delivery of the sewage works revenue bonds authorized hereunder, the Town intends to defease the 1998 Bonds; and

WHEREAS, pursuant to Ordinance No. 2003-2, adopted by the Town Council of the Town on April 9, 2003 (the "Prior Ordinance"), the Town has heretofore issued revenue bonds payable from the revenues of the Sewage Works, designated "Town of Fort Branch, Indiana, Sewage Works Revenue Bonds, Series 2003" (the "Prior Bonds"), currently outstanding in the amount of Six Hundred Twenty-Five Thousand Dollars (\$625,000), bearing interest at the per annum rate of four percent (4.0%) and maturing in various amounts serially on January 1 in the years 2007 to 2024, inclusive; and

WHEREAS, Section 18 of the 2003 Ordinance authorizes the issuance of additional revenue bonds ranking on parity basis with the Prior Bonds outstanding under the Prior Ordinance for the purpose of financing the cost of future additions, extensions and improvements to the Sewage Works, provided that certain conditions are met; and

WHEREAS, the Town Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of revenue bonds, on a parity basis with the Prior Bonds, and BANs, if necessary, to provide the necessary funds to be applied to the costs of the Project and all authorized costs relating thereto, have been complied with in accordance with the provisions of the Act and Indiana Code 5-1-14-5; and

WHEREAS, the Town Council consequently seeks to authorize the issuance of revenue bonds and BANs to finance the acquisition, construction, installation

and equipping of the Project pursuant to the Act and Indiana Code 5-1-14-5 and the sale of such revenue bonds to the Indiana Bond Bank (the "Bond Bank") pursuant to the provisions of Indiana Code 5-1.5, the Indiana Finance Authority (the "Authority") pursuant to the provisions of Indiana Code 4-4-11 and 13-18-13, or at public sale pursuant to the provisions of Indiana Code 5-1-11, and the sale of such 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 Town expects to enter into a Financial Assistance Agreement (as hereinafter defined) with the Authority, pertaining to the Project and the financing thereof;

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF FORT BRANCH, INDIANA, AS FOLLOWS:

Section 1. Acquisition, Construction, Installation and Equipping of the Project. The Town, acting by and through the Town Council and as the owner and operator of the Sewage Works for the collection and treatment of sewage and other wastes, hereby orders, authorizes and directs the Town Council 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 Town Council by the Consulting Engineers, which plans, specifications and cost estimates are hereby adopted and approved and, by reference, incorporated fully into this Ordinance, and two copies of which are now on file in the office of the Clerk-Treasurer of the Town (the "Clerk-Treasurer") and are open for public inspection. The

actions of the Town Council in connection with the acquisition of any and all necessary property and the acquisition, construction, installation, equipping and financing of such improvements and extensions to the Sewage Works are hereby authorized, approved, ratified and confirmed.

Where used in this Ordinance, the term "Town" shall be construed also to include any department, board, commission or officer or officers of the Town or of any Town department, board or commission. The terms "Sewage Works," "sewage works," "works" and similar terms used in this Ordinance shall be construed to mean and include the existing structures and property of the Treatment Works, as defined in the Financial Assistance Agreement, and all enlargements, improvements, extensions and additions thereto, and replacements thereof, now or subsequently constructed or acquired, whether from the proceeds of the bonds and BANs authorized herein or otherwise. Such improvements and extensions shall be constructed and the bonds and BANs herein authorized shall be issued pursuant to the provisions of this Ordinance, the Act and Indiana Code 5-1-14-5.

Section 2. Description of the Project. The Project is more fully described in, and shall be in accordance with the Preliminary Engineering Report and the Plans and Specifications (each as defined in the Financial Assistance Agreement) approved by the Department. In summary, the Project consists of (i) a new 12-inch interceptor sewer from the intersection of Oak Street and U.S. 41 to Coal Mine Road, then west to the wastewater treatment facility, and (ii) several modifications to the wastewater treatment plant including, without limitation, a new 8 million gallon flow equalization basin, new wet weather pumping station, modification to existing influent structure, modification of

existing oxidation ditches, two (2) new clarifiers, new sludge pumping station, expansion of existing chlorine contact tank, new effluent metering structure, and several other modifications needed to implement such improvements.

The Town, acting by and through the Town Council, 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. 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 Town shall issue and sell its sewage works revenue bonds in the aggregate principal amount not to exceed Four Million Eight Hundred Thirty Thousand Dollars (\$4,830,000) (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.

Any other provisions of this Ordinance to the contrary notwithstanding, the Bonds shall be issued on a parity with the Prior Bonds, and none of the provisions of this Ordinance shall be construed to affect the rights of the holders of the Prior Bonds. The Clerk-Treasurer is authorized to employ H.J. Umbaugh & Associates, Certified Public Accountants, LLP, Indianapolis, Indiana, the financial advisor to the Town (the "Financial Advisor"), to perform any and all computations necessary to confirm the preliminary evidence and findings demonstrating compliance with the conditions set forth in the Prior Ordinance for issuance of additional revenue bonds on parity with the Prior

Bonds. The Town shall not issue the Bonds without first receiving a certificate from the Financial Advisor in form and substance satisfactory to the Clerk-Treasurer and bond counsel and to the effect that the Town and the Sewage Works are in complete compliance with the conditions set forth in the Prior Ordinance for the issuance of additional revenue bonds on parity with the Prior Bonds.

The Bonds shall be designated as the "Town of Fort Branch, Indiana, Sewage Works Revenue Bonds, Series 20__" (with the blank to be filled in with the last two digits of the calendar year in which the Bonds are issued). The Bonds shall be issued as fully registered bonds in denomination or denominations of Five Thousand Dollars (\$5,000) and any integral multiples thereof not exceeding the aggregate principal amount of such Bonds maturing in any one year, or in the event that the Bonds are sold to the Bond Bank or to the Authority pursuant to Section 9 of this Ordinance, shall be in multiples of One Dollar (\$1). The Bonds shall be numbered consecutively from __R-1 upward (with the blank to be filled in with the last two digits of the calendar year in which the Bonds are issued) and shall bear interest at a rate or rates not exceeding five percent (5.0%) per annum (or at the rate provided in the Purchase Agreement (as hereinafter defined), if the Bonds are sold to the Bond Bank, or as provided in the Financial Assistance Agreement, if the Bonds are sold to the Authority), the exact rate or rates to be determined by negotiation with the Bond Bank or the Authority or by bidding. If determined by public bidding, said interest rate or rates shall be in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%); otherwise, said interest rate or rates shall be in multiples of one-hundredth (1/100) of one percent (1.0%). 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 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 January 1 and July 1 of each year (each an "Interest Payment Date"), commencing on the first January 1 or July 1 subsequent to the issuance of the Bonds, or such later date as may be determined (i) by the Clerk-Treasurer, with the advice of the financial advisor to the Town, if the Bonds are sold by public bidding; or (ii) by negotiation with the Bond Bank or the Authority (if the latter, as provided in the Financial Assistance Agreement between the Town and the Authority (the "Financial Assistance Agreement")), until principal is fully paid. The principal of the Bonds shall mature serially and annually on January 1 of each year, beginning on the first January 1 after substantial completion of the Project, but in no event later than January 1, 2011 (or commencing on such other date as provided in the Financial Assistance Agreement, if the Bonds are sold to the Authority), over a period ending no later than twenty (20) years after substantial completion of the Project, but in no event later than January 1, 2030, in such amounts that will produce as level annual debt service as practicable (which may, if deemed in the Town's best interest by the Financial Advisor, take into consideration the remaining debt service on all or a portion of the Prior Bonds; provided, however, that if the Bonds are sold to the Authority, the Authority has consented to such consideration) and in the years and amounts to be determined by negotiation with the Bond Bank or the Authority, or by the Clerk-Treasurer with the advice of the Financial Advisor, if the Bonds are sold by public bidding.

The Bonds shall bear an original issue date which shall be the date of

delivery of the Bonds or the first day of the month in which the Bonds are delivered, as determined by the Clerk-Treasurer (unless otherwise provided in the Purchase Agreement in the event the Bonds are sold to the Bond Bank or unless otherwise provided in the Financial Assistance Agreement in the event the Bonds are sold to the Authority), 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 (unless otherwise provided in the Purchase Agreement or Financial Assistance Agreement in the event the Bonds are sold to the Bond Bank or the Authority, respectively). 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 an Interest Payment Date and on or before such Interest Payment Date, in which case interest thereon shall be paid from such Interest Payment Date.

In the event that the Bonds or the BANs are sold to the Authority or any other purchaser who so agrees pursuant to Section 9 of this Ordinance, it is understood that principal shall not be payable and interest shall not accrue on the Bonds or the BANs until such principal amount has been advanced pursuant to requests made by the Town to the Authority or to any such other purchaser, with advances to be allocable to the Bonds in order of maturity. If the Bonds are sold to the Authority, to the extent that (a) the total principal amount of the Bonds is not paid by the purchaser or drawn down by the Town or (b) proceeds remain in the Construction Account established under Section 10 of this Ordinance and are not applied to the Project (or any modifications or additions thereto

approved by the Department and the Authority), the Town shall reduce the principal amount of the Bonds' maturities to effect such reduction in a manner that will still achieve as level an annual debt service as practicable as described in this Section 3 subject to and upon the terms forth in the Financial Assistance Agreement.

The Clerk-Treasurer is hereby authorized to appoint a registrar and a paying agent for the Bonds (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. The Clerk-Treasurer 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 created under the Prior Ordinance and continued herein.

If the Bonds or the BANs are registered in the name of the Authority, the Bond Bank or any other purchaser that does not object to such designation, the Clerk-Treasurer shall be designated as the Registrar and Paying Agent and shall be charged with the performance of all of the duties and responsibilities of Registrar and Paying Agent; provided, that, the Authority may elect, in its own discretion, to require the Registrar and Paying Agent to be a bank or trust company of the Authority's choosing.

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 Town 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 Town. Any such notice to the Town 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 Town, in which event the Town may appoint a successor Registrar and Paying Agent. The Town 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 Town with regard to any of the aforementioned actions of the Town 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, and principal and interest on the BANs, 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 calendar 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. Notwithstanding the foregoing, principal of and interest on the Bonds or BANs, if registered in the name of the Authority or the Bond Bank, shall be paid by wire transfer to a financial institution if and as directed by the Authority or the Bond Bank, as the case may be, on the due date of such payment or, if such date is a day when financial institutions are not open for business, on the business day immediately preceding such due date. So long as the Authority or the Bond Bank is the registered owner of the Bonds or BANs, the Bonds or BANs shall be presented for payment as directed by the Authority or the Bond Bank, as applicable. All payments on the Bonds and the BANs 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 Town 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 Town, 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 Town 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 Town 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 Town 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 Town 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.

In the event that any Bond is not presented for payment or redemption on the date established therefor, the Town 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 Town shall have no further obligation or liability with respect thereto.

Section 4. 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 Town is hereby authorized to have prepared and to issue and sell negotiable BANs of the Town to an eligible purchaser of the BANs under Indiana Code 5-1-14-5, the Bond Bank or the Authority, pursuant to a Bond Anticipation Note Purchase Agreement (the "BAN Purchase Agreement") entered into between the Town and the purchaser of the BANs, in an aggregate principal amount not to exceed Four Million Eight Hundred Thirty Thousand Dollars (\$4,830,000), to be designated Town of Fort Branch, Indiana, Sewage Works Revenue Bond Anticipation Notes, Series 2006." The BANs shall be issued pursuant to Indiana Code 4-4-11 and 13-18-13 if sold to the Authority, pursuant to Indiana Code 5-1.5-8-6.1 if sold to the Bond Bank, or pursuant to Indiana Code 5-1-14-5 if sold to an eligible purchaser thereunder. If the BANs are sold to the Authority, the Financial Assistance Agreement shall serve as the BAN Purchase Agreement. The BANs shall be issued in fully registered form, shall be numbered consecutively from 06R-1 upwards, shall be in multiples of One Dollar (\$1), shall be dated as of the date of issuance of the BANs, and shall bear interest at a rate not

exceeding six percent (6.0%) per annum (or at such rate as provided in the Purchase Agreement if the BANs are sold to the Bond Bank or as provided in the Financial Assistance Agreement if the BANs are sold to the Authority), 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 initial BANs delivered will mature on the date provided in the BAN Purchase Agreement which will not be longer than three (3) years from the date of delivery thereof. 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 eight percent (8.0%) per annum (or at such rate as provided in the Purchase Agreement if the BANs are sold to the Bond Bank or as provided in the Financial Assistance Agreement if the BANs are sold to the Authority) 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 5. Optional Prepayment of BANs; Optional Redemption of the Bonds. (a) Optional Prepayment of BANs. The BANs are prepayable by the Town, in

whole or in part, at any time at least one hundred eighty (180) days after the date of delivery thereof, upon 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, if any, including federal or state funds available for application to the Project; provided, however, that such funds are not pledged to the payment of the BANs.

(b) Optional Redemption of the Bonds. The Bonds maturing on or after January 1, 2019, shall be subject to redemption at the option of the Town, in whole or in part, upon sixty (60) days written notice to the registered owner or owners of Bonds to be redeemed, on any date on or after January 1, 2018, in inverse order of maturity and by lot within any such maturity or maturities by the Registrar, at a redemption price expressed as a percentage of the principal amount of each Bond to be redeemed in accordance with the following schedule, plus accrued interest to the redemption date:

<u>Redemption Period</u> <u>(Both Dates Inclusive)</u>	<u>Redemption Price</u>
January 1, 2018, through December 31, 2018 102%	
January 1, 2019, through December 31, 2019	101%
January 1, 2020, and thereafter prior to maturity 100%	

Official notice of such redemption of the Bonds shall be mailed by the Registrar and Paying Agent by certified or registered mail at least sixty (60) 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 Town. 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.

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

- (i) If so directed by the Town, each further notice of redemption given hereunder shall contain the information required above

for an official notice of redemption plus (1) the CUSIP numbers of all Bonds being redeemed; (2) the date of issue of the Bonds as originally issued; (3) the rate of interest borne by each Bond being redeemed; (4) the maturity date of each Bond being redeemed; and (5) any other descriptive information needed to identify accurately the Bonds being redeemed.

(ii) If so directed by the Town, each further notice of redemption shall be sent at least thirty-five (35) days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(iii) If so directed by the Town, each such further notice shall be published one time in The Bond Buyer of New York, New York or, if the Registrar believes such publication is impractical or unlikely to reach a substantial number of the holders of the Bonds, in some other financial newspaper or journal which regularly carries notices of redemption of other obligations similar to the Bonds, such publication to be made at least thirty (30) days prior to the date fixed for redemption.

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

or other transfer.

Section 6. Execution and Authentication of the Bonds and BANs. The Bonds and the BANs shall be executed in the name of the Town by the manual or facsimile signature of the President of the Town Council (the "Town Council President") and attested by the manual or facsimile signature of the Clerk-Treasurer, who shall cause the seal of the Town or a facsimile thereof to be affixed to each of the Bonds and the BANs. The Bonds and the BANs shall be authenticated by the manual signature of the Registrar, and no Bond or BAN 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 or BAN shall cease to be such official before the delivery of such Bond or BAN, 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 and BANs, the Bonds and BANs 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, when fully paid for and delivered to the purchaser or purchasers thereof, together with any bonds hereafter issued on a parity therewith (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 revenue obligations of the Town, payable solely from and secured by an irrevocable pledge of and constituting a charge, on a parity basis with the Prior Bonds, upon all of the "net revenues" (herein defined as gross revenues after deduction only for the payment of expenses for Operation and Maintenance (as defined in

the Financial Assistance Agreement)) derived from the Sewage Works, 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 Sewage Works Sinking Fund as herein provided. The Town 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 Town 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 set forth as follows (with all blanks to be filled in properly and all necessary additions, modifications and deletions to be made prior to the delivery thereof):

[Form of Bond]

UNITED STATES OF AMERICA
STATE OF INDIANA, COUNTY OF GIBSON
TOWN OF FORT BRANCH, INDIANA,
SEWAGE WORKS REVENUE BOND, SERIES 2007

No. 07R-

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

Principal Amount: \$

The Town of Fort Branch (the "Town"), in Gibson 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, or so much thereof as may be advanced from time to time and be outstanding as evidenced by the records of the

registered owner making payment for this Bond, or its assigns, on January 1 in the years and in the amounts as set forth on Schedule A attached hereto (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 immediately 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 January 1 and July 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 this bond is payable at the _____ office of _____, as Registrar and Paying Agent (which term shall include any successor registrar and paying agent). All payments of interest hereon will be paid by cash or draft mailed or delivered by the Paying Agent 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. 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.

Notwithstanding the foregoing paragraph, so long as this bond is registered in the name of the Indiana Finance Authority (the "Authority"), principal of and interest on this bond shall be paid by wire transfer to a financial institution designated by the Authority on the due date of such payment or, if such date is a day when financial institutions are not open for business, on the business day immediately preceding such due date. So long as the Authority is the registered owner of this bond, this bond shall be presented for payment as directed by the Authority.

So long as the Authority is the registered owner of this bond, it is understood that the principal hereof shall not be payable and interest hereon shall not accrue until such principal amount has been advanced pursuant to a request made by the Town to the Authority.

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 (herein defined as the gross revenues after deduction only for the payment of the proper and reasonable expenses of Operation and Maintenance, as defined in the Financial Assistance Agreement, as hereinafter described) derived from the sewage works of the Town, 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 subsequently acquired or constructed; and rank on a parity basis with other bonds of the

Town, designated "Town of Fort Branch, Indiana, Sewage Works Revenue Bonds, Series 2003," outstanding on the issuance date of this bond in the amount of Six Hundred One Thousand Dollars (\$601,000) and payable over a period ending January 1, 2024 (the "Prior Bonds"). The Town 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 by ordinance of the Town and continued under the Ordinance as hereinafter described), 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 Town 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 Town of Fort Branch, Indiana, of like tenor and effect, except as to numbering, interest rate and date of maturity, in the total amount not to exceed

_____ Dollars (\$ _____) numbered from 7R-1 upward, issued for the purpose of providing funds to pay the cost of certain improvements and extensions to the sewage works of the Town (the "Sewage Works"), to refund notes issued in anticipation of the bonds, and all expenses necessarily incurred in connection with the issuance of such bonds, as authorized by an ordinance adopted by the Town Council of the Town on the 24th day of October, 2007, entitled "AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF FORT BRANCH, INDIANA, AMENDING AND RESTATING ORDINANCE NO. 2006-7 OF THE COUNCIL, CONCERNING THE ISSUANCE AND SALE OF SEWAGE WORKS REVENUE BONDS OF THE TOWN 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").

Reference is hereby made to the Financial Assistance Agreement between the Town and the Authority as to certain terms and covenants pertaining to the sewage works project and this bond (the "Financial Assistance Agreement").

This bond is issuable only in fully registered form in the denomination of \$1.00 or any integral multiple thereof not exceeding the aggregate principal amount of the bonds of this issue maturing in any one year, unless this bond is of a series of bonds sold to the Bond Bank or the Authority, in which case it may be of such denomination as directed.

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 the Prior Bonds and any bonds hereafter issued on a parity herewith or therewith, are secured by and are payable solely from the Sewage Works Sinking Fund heretofore created, and continued by the Ordinance, to be provided from the net revenues (herein defined as the gross revenues after deduction only for the payment of the proper and reasonable expenses of Operation and Maintenance, as defined in the Financial Assistance Agreement) 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 Town within the meaning of the provisions and limitations of the constitution of the State of Indiana, and the Town 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 Town 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, the Prior Bonds and any bonds hereafter issued on a parity herewith or therewith. The Town 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 Town, 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, 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 the principal of and interest on this bond.

The Town 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.

The bonds of this issue maturing on or after January 1, 2019, are subject to redemption prior to maturity, at the option of the Town, in whole or in part, on January 1, 2018, or at any time thereafter, in inverse order of maturity and by lot within any such maturity or maturities by the Registrar at a redemption price expressed as a percentage of the principal amount of each bond to be redeemed in accordance with the following schedule, plus accrued interest to the date of redemption:

<u>Redemption Period</u> <u>(Both Dates Inclusive)</u>	<u>Redemption Price</u>
January 1, 2018, through December 31, 2018	102%
January 1, 2019, through December 31, 2019	101%
January 1, 2020, and thereafter prior to maturity	100%

Notice of any such redemption shall be sent by registered or certified mail to the Registered Owner of this bond at least sixty (60) days prior to the date fixed for redemption, unless such notice is waived by the Registered Owner. 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.

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 Town.

If this bond shall not be presented for payment or redemption on the date fixed therefor, the Town 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 Town 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 Town 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 Town, 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 Town 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 Town 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 Town 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 Town, 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.

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

In the manner provided in the Ordinance, the Ordinance and the rights and obligations of the Town 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 sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of such bonds exclusive of any such bonds which may be owned by the Town.

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

The Town, 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 Town, the Registrar or the Paying Agent shall be affected by any notice to the contrary.

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

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[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 Town Council President 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-seven percent (97.0%) 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 financial advisor of the Town, 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 (99.0%) of the par amount of the BANs. The Town may receive payment for the Bonds and 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

Town 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 Town, 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, the Bond Bank or the Authority pursuant to the BAN Purchase Agreement, to be entered into between the Town and the purchaser of the BANs. The Town 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 Town 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 Town Council President 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 Town Council President 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. (i) Public Sale. The Bonds may, in the discretion of the Clerk-Treasurer, based upon the advice of the Financial Advisor, be sold by public sale. In the event the Bonds are sold by public sale, prior to

the sale of the Bonds, the Clerk-Treasurer shall cause to be published a notice of intent to sell bonds two (2) times at least one (1) week apart in the South Gibson Star-Times, a newspaper of general circulation published in the Town, and the Court & Commercial Record, a newspaper of general circulation published in Indianapolis, Indiana. The notice of such sale or a summary thereof may also be published in The Bond Buyer, a financial journal published in the City and State of New York and/or in other publications, in the discretion of the Clerk-Treasurer. The notice must state that any person interested in submitting a bid for the Bonds may furnish in writing, at the address set forth in the notice, the person's name, address and telephone number, and that any such person may also furnish a telex number. The notice must also state: (1) the amount of the Bonds to be offered; (2) the denominations; (3) the dates of maturity; (4) the maximum rate or rates of interest; (5) the place of sale; and (6) the time within which the name, address and telephone number must be furnished, which time must not be less than seven days after the last publication of the notice. Each person so registered shall be notified of the date and time bids will be received not less than twenty-four (24) hours before the date and time of sale. The notification shall be made by telephone at the number furnished by the person, and also by telex if the person furnishes a telex number. Such notice may also include such other information as the Clerk-Treasurer shall deem necessary.

Such notice shall provide, among other things, that each bid shall be accompanied by a certified or cashier's check or a financial surety bond from an insurance company in the amount of one percent (1%) of the principal amount of the Bonds to guarantee performance on the part of the bidder; that if the Bonds are awarded to a bidder who has submitted a financial surety bond to the Town, then such bidder must submit the

required amount of the good faith deposit to the Town in the form of a certified or cashier's check (or a wire transfer consisting of immediately available funds to the Town as instructed by the Town) not later than 3:00 p.m. (local time) on the next business day following the award by the Town; that if such check or wire transfer is not received by that time, the financial surety bond may be drawn upon by the Town to satisfy the deposit requirements; and that in the event the successful bidder shall fail or refuse to accept delivery of and pay for the Bonds as soon as the Bonds are ready for delivery, or at the time fixed in the notice of intent to sell bonds, then such check and the proceeds thereof shall become the property of the Town and shall be considered as the Town's liquidated damages on account of such default.

All bids for Bonds sold at public sale shall be sealed and shall be presented to the Clerk-Treasurer at the Clerk-Treasurer's office, and the Clerk-Treasurer shall continue to receive all bids offered until the time 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 five percent (5.0%) per annum. Such interest rate or rates shall be in multiples of one-eighth ($1/8$) or one-twentieth ($1/20$) 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 Town, 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-seven percent (97.0%) of the par value of the Bonds (or such higher percentage of the par value of the Bonds as the Clerk-Treasurer, with the advice of the financial advisor to the Town, shall determine prior to the publication of the notice of intent to sell), 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. 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.

The Clerk-Treasurer is hereby authorized to determine, in her discretion, to sell the Bonds pursuant to the general provisions of Indiana Code 5-1-11 (rather than Section 2(b) thereof), and in the event of such a determination, those portions of this Section 9 which conflict with such provisions shall be deemed inapplicable.

(ii) Sale to the Bond Bank. The Bonds may, in the discretion of the Clerk-Treasurer, based upon the advice of the Financial Advisor, be sold to the Bond Bank. In the event of such determination, Bonds shall be sold to the Bond Bank in such denomination or denominations as the Bond Bank may request, and pursuant to a qualified entity purchase agreement (the "Purchase Agreement") between the Town and the Bond Bank, hereby authorized to be entered into and executed by the Town Council President on behalf of the Town, and attested by the Clerk-Treasurer, subsequent to the date of the adoption of this Ordinance. Such Purchase Agreement may set forth the definitive terms and conditions for such sale, but all of such terms and conditions must be

consistent with the terms and conditions of this Ordinance, including without limitation, the interest rate or rates on the Bonds which shall not exceed the maximum rate of interest for the Bonds authorized pursuant to this Ordinance. Bonds sold to the Bond Bank shall be accompanied by all documentation required by the Bond Bank pursuant to the provisions of Indiana Code 5-1.5 and the Purchase Agreement, including, without limitation, an approving opinion of nationally recognized bond counsel, certification and guarantee of signatures and certification as to no litigation pending, as of the date of delivery of the Bonds to the Bond Bank, challenging the validity or issuance of the Bonds. In the event the Clerk-Treasurer determines to sell the Bonds to the Bond Bank, the submission of an application to the Bond Bank, the entry by the Town into the Purchase Agreement, and the execution and delivery of the Purchase Agreement on behalf of the Town by the Town Council President in accordance with this Ordinance are hereby authorized, approved and ratified.

(iii) Sale to the Authority. The Bonds may, in the discretion of the Clerk-Treasurer, based upon the advice of the Financial Advisor, be sold to the Authority. The Town Council President and the Clerk-Treasurer are hereby authorized to submit an application to the Authority for participation in the wastewater loan program under Indiana Code 4-4-11 and 13-18-13. The Financial Assistance Agreement for the Bonds and the Project shall be executed by the Town and the Authority. The substantially final form of Financial Assistance Agreement attached as Appendix B hereto and incorporated herein as if set forth in this place is hereby approved by the Town Council, and the Town Council President and the Clerk-Treasurer are hereby authorized to execute and attest, respectively, the same on behalf of the Town and to approve any changes in form or

substance to the Financial Assistance Agreement, such approval to be conclusively evidenced by its execution. The Financial Assistance Agreement may set forth the definitive terms and conditions for such sale including the purchase price and interest rate, but all of such terms and conditions must be consistent with the terms and conditions of this Ordinance, including, without limitation, the interest rates on the Bonds which shall not exceed the maximum rate of interest for the Bonds authorized pursuant to this Ordinance. Bonds sold to the Authority shall be accompanied by all documentation required by the Authority pursuant to Indiana Code 4-4-11 and 13-18-13, and the Financial Assistance Agreement, including, without limitation, an approving opinion of a nationally recognized bond counsel, certification and guarantee of signatures and certification as to no litigation pending, as of the date of delivery of the Bonds to the Authority, challenging the validity or issuance of the Bonds. In the event the Clerk-Treasurer determines to sell the Bonds to the Authority, the entry by the Town into the Financial Assistance Agreement, the execution of the Financial Assistance Agreement by the Town Council President, and, if required, the entry by the Town into a purchase agreement or any other agreement with the Authority and the execution thereof by the Town Council President, in accordance with this Ordinance are hereby authorized, approved and ratified.

(d) Credit Enhancement; Opinion of Bond Counsel. Prior to the delivery of the Bonds and the BANs, the Clerk-Treasurer, subject to the direction of the Town Council, (i) shall be authorized to investigate, negotiate and obtain bond insurance, other forms of credit enhancement and/or credit ratings on Bonds (and the BANs, if issued) and (ii) shall obtain a legal opinion as to the validity of the Bonds (and the BANs, if issued)

from Baker & Daniels LLP, Indianapolis, Indiana, bond counsel for the Town, with such opinion or opinions to be furnished to the purchaser or purchasers of the Bonds or to the purchaser of the BANs at the expense of the Town. 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 or opinions and in the performance of related services in connection with the issuance, sale and delivery of the Bonds and the BANs, shall be considered as a part of the cost of the Project and shall be paid out of the proceeds of the Bonds and BANs, respectively.

Section 10. Disposition of Proceeds of the Bonds and BANs; Town of Fort Branch, 2006 Sewage Works Construction Account. The proceeds from the sale of the BANs (or, if and to the extent the BANs are not issued, the Bonds) shall be deposited in a bank or banks which are legally qualified depositories for the funds of the Town, in the special account to be designated as "Town of Fort Branch, 2006 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, refunding the BANs, if issued, paying the costs of issuance of the Bonds and the BANs, if the BANs are issued, or as otherwise permitted or required by the Act. 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, installation or equipping of the Project, shall be used solely for one (1) or more of the purposes permitted under the provisions of Indiana Code 5-1-13, as amended, or be applied upon the terms set forth in the Financial Assistance Agreement. Pursuant to the Act, the owners of the Bonds and BANs shall be entitled to a lien on the

proceeds of the Bonds and BANs, respectively, until such proceeds are applied as required by this Ordinance and by Indiana law.

Notwithstanding the provisions of this Section 10, if BANs are issued, then the proceeds of the Bonds relating thereto shall be used to refund the BANs and are hereby pledged for such purpose, and any proceeds of the Bonds remaining after the BANs have been paid in full and after completion of the Project shall be used solely for one (1) or more of the purposes permitted under the provisions of Indiana Code 5-1-13, as amended.

To the extent that (a) the total principal amount of the Bonds is not paid by the purchaser or drawn down by the Town or (b) proceeds remain in the Construction Account and are not applied to the Project (or any modifications or additions thereto approved by the Department and the Authority), the Town shall reduce the principal amount of the Bond maturities to effect such reduction in a manner that will still achieve as level an annual debt service as practicable as described in Section 3 subject to and upon the terms set forth in the Financial Assistance Agreement.

Section 11. Segregation and Application of Sewage Works Revenues. All revenues derived from the operation of the Sewage Works and from the collection of sewage rates and charges shall be deposited in a fund previously established and continued hereby and designated as the Sewage Works Revenue Fund, and shall be segregated and kept separate and apart from all other funds and bank accounts of the Town. Out of said revenues the proper and reasonable expenses of operation, repair and maintenance of the Sewage Works shall be paid, the principal and interest of all bonds and fiscal agency charges of bank paying agents shall be paid, and the costs of

replacements, extensions, additions and improvements shall be paid as hereinafter provided. No moneys derived from the revenues of the Sewage Works shall be transferred to the general fund of the Town or be used for any purpose not connected with the Sewage Works so long as any bonds payable from the revenues of the Sewage Works are outstanding.

On the last day of each calendar month there shall be credited from the Revenue Fund to the Sewage Works Operation and Maintenance Fund previously established and continued hereby, a sufficient amount of the revenues of the Sewage Works so that the balance in said fund shall be sufficient to pay the expenses of operation, repair and maintenance of the 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 such fund shall be used for depreciation, replacements, improvements, extensions or additions. Any balance in said fund in excess of the expected expenses of operation, repair and maintenance for the next succeeding calendar month may be transferred to the Sewage Works Sinking Fund if necessary to prevent a default in the payment of principal or interest on outstanding bonds of the Sewage Works.

Section 12. Sewage Works Sinking Fund. There shall be deposited from the Revenue Fund into the Sewage Works Sinking Fund previously established and continued hereby for the payment of the interest on and principal of revenue bonds which by their terms are payable from the revenues of the Sewage Works, and the payment of any fiscal agency charges in connection with the payment of such bonds and interest

thereon, a sufficient amount of the net revenues of said Sewage Works to meet the requirements of the Bond and Interest Account and the Debt Service Reserve Account previously established and continued hereby in said Sewage Works Sinking Fund. Such payments shall continue until the balance in the Bond and Interest Account, plus the balance in the Debt Service Reserve Account, equals the principal of and interest on all of the then outstanding bonds of the Sewage Works to the final maturity thereof.

(b) Bond and Interest Account. Beginning with the first calendar month following the date of issuance of the Bonds herein authorized, there shall be credited on the first day of each calendar month to the Bond and Interest Account previously established and continued hereby, an amount equal to the sum of one-sixth (1/6) of the interest on all then outstanding bonds of the Sewage Works payable on the then next succeeding Interest Payment Date, and one-twelfth (1/12) of the amount of principal payable on the next principal payment date on all then outstanding bonds of the Sewage Works which will be payable on the then next succeeding principal payment date, until the amount of interest and principal payable on the next succeeding respective principal and interest payment dates shall have been so credited; provided that such fractional amounts shall be appropriately increased, if necessary, to provide for the first interest and first principal payments. There shall similarly be credited to the account the amount necessary to pay the bank fiscal agency charges, if any, for paying principal and interest on outstanding bonds of the Sewage Works as the same become payable. The Town shall, from the sums deposited in the Sewage Works Sinking Fund and credited to the Bond and Interest Account, remit promptly to the registered owners of the outstanding bonds of the Sewage Works or to the bank fiscal agency sufficient moneys to pay the

principal and interest on the due dates thereof together with the amount of any bank fiscal agency charges.

(c) Debt Service Reserve Account. On the last day of each calendar month, after making the credits to the Bond and Interest Account there shall be credited from available net revenues to the Debt Service Reserve Account created hereby in amounts sufficient to produce, in equal monthly installments over a sixty (60) month period, an amount equal to the least of (i) the maximum annual debt service on all outstanding bonds of the Sewage Works, and any other parity bonds of the Town payable from the net revenues of the Sewage Works that may be hereafter issued; (ii) one hundred twenty-five percent (125%) of the average annual debt service on all outstanding bonds of the Sewage Works, and any other parity bonds of the Town payable from the net revenues of the Sewage Works that may be hereafter issued; or (iii) ten percent (10%) of the proceeds of all outstanding bonds of the Sewage Works, and any other parity bonds of the Town payable from the net revenues of the Sewage Works that may be hereafter issued (the "Debt Service Reserve Requirement"); provided, however, that the Clerk-Treasurer, with the advice of the financial advisor to the Town, may elect to satisfy all or a portion of the Debt Service Reserve Requirement on the date of delivery of the Bonds from other available funds of the Town. Said credits to the Debt Service Reserve Account shall continue until the balance therein shall equal the Debt Service Reserve Requirement. The Debt Service Reserve Account shall constitute the margin for safety as a protection against default in the payment of principal of and interest on the Bonds (and any other parity bonds of the Town payable from the net revenues of its Sewage Works hereafter issued so long as the Debt Service Reserve Requirement has been increased

proportionately), and the moneys in the Debt Service Reserve Account shall be used to pay current principal and interest on the Bonds (and any parity bonds thereof) to the extent that moneys in the Bond and Interest Account are insufficient for that purpose. Any deficiencies in credits to the Debt Service Reserve Account shall be promptly made up from the next available net revenues remaining after credits into the Bond and Interest Account. In the event moneys in the Debt Service Reserve Account are transferred to the Bond and Interest Account to pay principal and interest on bonds, then such depletion of the balance in the Debt Service Reserve Account shall be made up from the next available net revenues after the credits into the Bond and Interest Account hereinbefore provided for. Any moneys in the Debt Service Reserve Account in excess of the Debt Service Reserve Requirement shall be transferred to the Sewage Works Improvement Fund, and in no event shall such excess moneys be held in the Debt Service Reserve Account.

Notwithstanding anything in this Ordinance to the contrary, in the event the Bonds are sold to the Authority, the Debt Service Reserve Requirement with respect to the Bonds shall equal the maximum annual debt service on the outstanding Bonds issued pursuant to this Ordinance. In such event, on each January 2 subsequent to the delivery of the Bonds, beginning with the January 2 immediately succeeding completion of the Project, the Clerk-Treasurer shall decrease, if necessary, the amount on deposit in the Debt Service Reserve Account so that the remaining amount on deposit equals the Debt Service Reserve Requirement, provided that the Town shall provide to the Authority fifteen (15) days prior written notice of any such intended transfer from the Debt Service Reserve Account. In the event additional bonds payable from the net revenues of the

Sewage Works are hereafter issued on a parity with the Bonds, the Debt Service Reserve Requirement shall be proportionately increased to equal maximum annual debt service on the Bonds and all bonds thereafter issued on a parity therewith; provided, that, if nationally recognized bond counsel is unable to provide an opinion that interest on such proposed additional parity bonds is excludable from gross income for federal income tax purposes as a result of the determination of the Debt Service Reserve Requirement in the manner provided in this paragraph, then the Town may, in order to allow such opinion to be issued, establish a separate reasonably required reserve fund that secures only the proposed parity bonds and shall expressly provide in the authorizing ordinance for such proposed parity bonds that the monies deposited in the Debt Service Reserve Account hereby as a margin of safety for the payment of principal of and interest on the Bonds do not secure such proposed parity bonds.

(d) The Sinking Fund (containing the Bond and Interest Account and the Reserve Account), or any portion thereof, and the Construction Account, may be held by a financial institution acceptable to the Authority as part of its SRF Program, pursuant to terms acceptable to the Authority. If the Sinking Fund and the accounts therein, or any portion thereof, are so held in trust, the Town shall transfer the monthly required amounts of net revenues to the Bond and Interest Account and the Reserve Account in accordance with Section 12 of this Ordinance, and the financial institution holding such funds in trust shall be instructed to pay the required payments in accordance with the payment schedules applicable to the Town's then outstanding bonds. If the Construction Account is so held in trust, the Town shall deposit the proceeds of the Bonds therein until such proceeds are applied consistent with this ordinance and the Financial Assistance

Agreement. The financial institution selected to serve in this role may also serve as the Registrar and the Paying Agent for the Bonds. The Town Council President and Clerk-Treasurer are hereby authorized to execute and deliver an agreement with a financial institution to reflect this trust arrangement for all or a part of the Sinking Fund and the Construction Account in the form of trust agreement as approved by the Town Council President and Clerk-Treasurer, consistent with the terms and provisions of this ordinance.

Section 13. Sewage Works Improvement Fund. On the first day of each calendar month, after meeting the requirements for operation, repair and maintenance, and the Sewage Works Sinking Fund, all available net revenues shall be credited to the Sewage Works Improvement Fund previously established and continued hereby. Said fund shall be used for improvements, replacements, additions and extensions of the Sewage Works. Moneys in the Sewage Works Improvement Fund shall be transferred to the Sewage Works Sinking Fund if necessary to prevent a default in the payment of principal and interest on the then outstanding bonds or if necessary to eliminate any deficiencies in credits to or minimum balance in the Debt Service Reserve Account of the Sewage Works Sinking Fund. Moneys in the Sewage Works Improvement Fund also may be transferred to the Operation and Maintenance Fund to meet unforeseen contingencies in the operation, repair and maintenance of the Sewage Works.

Section 14. 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, 4-4-11 and 13-18-13,

each as amended and supplemented. The amounts in the Sewage Works Sinking Fund 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 Town. 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 (except as otherwise provided in Section 12 hereof) and shall be used only as provided in this Ordinance.

Section 15. Books of Record and Accounts. The Town 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 Sewage Works Sinking Fund, and all other financial transactions relating to said works. There shall be prepared and furnished, upon written request, to any owner of the Bonds or BANs at the time then outstanding, not more than ninety (90) days after the close of each fiscal year, complete financial statements of the works, covering the preceding fiscal year. Copies of all such statements and reports shall be kept on file in the office of the Clerk-Treasurer. Any owner or owners of the Bonds or BANs then outstanding shall have the right at all reasonable times to inspect the works and all records, accounts and data of the Town relating thereto. Such inspections may be made by representatives duly authorized by written instrument.

If the Bonds or BANs are sold to the Authority, the Town shall establish and maintain the books and other financial records of the Project (including the establishment of a separate account or subaccount for the Project) and the Sewage Works in accordance with (i) generally accepted accounting standards for utilities, on an accrual basis, as promulgated by the Government Accounting Standards Board, and (ii) the rules, regulations and guidance of the State Board of Accounts.

Section 16. Rates and Charges. The Town covenants and agrees that it shall, by ordinance of this Town and to the fullest extent permitted by law, establish and maintain just and equitable rates or charges for the use of and the services rendered by said works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses said sewage works by or through any part of the sewage works system of the Town, or that in any way uses or is served by such works, at a level adequate to produce and maintain sufficient revenue (including user and other charges, fees, income or revenues available to the Town) to provide for the proper Operation and Maintenance (as defined in the Financial Assistance Agreement) of the works, to comply with and satisfy all covenants contained in this Ordinance and the Financial Assistance Agreement, and for the payment of the sums required to be paid into the Sewage Works Sinking Fund by the Act and this Ordinance.

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 Sewage Works Sinking Fund. The rates or charges so established shall apply to any and all use of such works by and service rendered to the Town and all departments thereof

and shall be paid by the Town as the charges accrue.

Section 17. Defeasance. If, when the Bonds issued hereunder (or portions thereof) shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the Bonds (or portions thereof) for redemption shall have been given, and the whole amount of the principal, the interest and the premium, if any, so due and payable upon all of the Bonds (or portions thereof) 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 the Bonds (or portions thereof) issued hereunder shall no longer be deemed outstanding or entitled to the pledge of the net revenues of the Town's Sewage Works.

Section 18. Additional BANs and Bonds. The Town will issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on the revenues of the Sewage Works having priority over the Bonds herein authorized or the Prior Bonds.

The Town 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 Town 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 authorized by this Ordinance, for the purpose of financing the cost of future additions, extensions and improvements to the Sewage Works, subject to the following conditions:

(a) The principal of and interest on all bonds payable from the revenues of the Sewage Works shall have been paid to date in accordance with their respective terms.

(b) As of the date of issuance of such additional bonds, all required monthly payments into the Sewage Works Sinking Fund for the then current bond year ending January 1 shall have been made to date, and the balance in the Sewage Works Sinking Fund shall equal not less than the Debt Service Reserve Requirement (not including the increase necessitated by the additional bonds) and the Debt Service Reserve Requirement is proportionately increased in accordance with the provisions of Section 12 (b) of this Ordinance and the City covenants to make equal monthly deposits into the Sewage Works Sinking Fund over not longer than a sixty (60) month period sufficient to equal the increased Debt Service Reserve Requirement.

(c) The net revenues of the Sewage Works in the fiscal year immediately preceding the issuance of any such bonds ranking on a parity with the bonds authorized by this Ordinance 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, the records of the Sewage Works shall be analyzed and all showings shall be prepared by a certified public accountant or nationally recognized firm of professionals experienced in analyzing financial records of municipal utilities retained by the Town for that purpose.

(d) The principal of said additional parity bonds shall be payable on January 1 and the interest on said additional parity bonds shall be payable semiannually on January 1 and July 1 in the years in which such principal and interest are payable.

(e) If the Bonds are sold to the Authority, (i) the Town has obtained the consent of the Authority, (ii) the Town has faithfully performed and is in compliance with each of its obligations, agreements and covenants contained in the Financial Assistance Agreement and this Ordinance, and (iii) the Town is in compliance with its National Pollutant Discharge Elimination System permits, except for non-compliance for which the bonds are to be issued, including refunding bonds issued prior to, but part of, the overall plan to eliminate such non-compliance.

Section 19. Additional Covenants of the Town. For the purpose of further safeguarding the interests of the owners of the Bonds and BANs herein authorized, it is specifically provided as follows:

(a) All contracts let by the Town 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) Said additions and improvements shall be constructed under the supervision and subject to the approval of the Consulting Engineers or such other competent engineer as shall be designated by the Town Council. All estimates for work done or material furnished shall first be checked by the Consulting Engineers and approved by the Town Council.

(c) The Town shall at all times maintain its Sewage Works in good condition and operate the same in an efficient manner and at a reasonable cost.

(d) So long as any of the Bonds or BANs herein authorized are outstanding, the Town shall maintain insurance coverage (which must be acceptable to the Authority if the Authority owns the Bonds or the BANs), 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 restoring the property destroyed, damaged or taken; alternatively, they may be applied as net revenues of the

works, but only with the consent of the Authority, if the Bonds or BANs have been sold to the Authority.

(e) So long as any of the Bonds or BANs are outstanding, the Town 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 replace equipment which may become worn out or obsolete.

(f) If the Bonds or BANs are sold to the Authority to finance Eligible Costs (as defined in the Financial Assistance Agreement), the Town shall not borrow any money, enter into any contract or agreement or incur any other liabilities in connection with the Sewage Works, other than for normal operating expenditures, without the prior written consent of the Authority, if such undertaking would involve, commit or use the revenues of the Sewage Works.

(g) Except as hereinbefore provided in Section 18 of this Ordinance, so long as any of the bonds or BANs herein authorized are outstanding, no additional bonds, BANs or other obligations pledging any portion of the revenues of said sewage works shall be authorized, executed or issued by the Town except such as shall be made subordinate and junior in all respects to the bonds and BANs herein authorized, unless all of the bonds and BANs herein authorized are redeemed, retired or defeased pursuant to Section 17 hereof coincidentally with the delivery of such additional bonds, BANs or other obligations.

(h) The Town shall take all action or proceedings necessary and proper to require connection of all property where liquid and solid waste, sewage, night soil or industrial waste is produced with available sanitary sewers. The Town shall, insofar as

possible, cause all such sanitary sewers to be connected with said sewage works.

(i) The provisions of this Ordinance shall constitute a contract by and between the Town and the owners of the sewage works revenue bonds and BANs herein authorized, and after the issuance of said bonds and BANs, subject to the rights of the Town under Section 23 hereof, this Ordinance shall not be repealed or amended in any respect which will adversely affect the rights of the owners of said bonds and BANs, nor shall the Town 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 BANs or the interest thereon remains unpaid. Except with respect to amendments described in Section 23(a)-(g) hereof, however, this Ordinance may be amended pursuant to Section 23 (i) without the consent of the owners of the Bonds or the BANs if, among other things, the Town Council determines, in its sole discretion, that such amendment would not adversely affect the owners of the Bonds or the BANs, respectively, and (ii) as otherwise permitted pursuant to Section 23; provided, however, that if the Bonds or BANs are sold to the Authority, the Town shall obtain the prior written consent of the Authority.

(j) The provisions of this Ordinance shall be construed to create a trust in the proceeds of the sale of the bonds and BANs herein authorized for the uses and purposes herein set forth, and the owners of the bonds and BANs 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 Sewage Works Sinking Fund for the uses and purposes of said fund as in this Ordinance set forth. The owner of said bonds and BANs 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 or BANs herein authorized or in the event of default in respect to any of the provisions of this Ordinance or the Act.

Section 20. 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 and Indiana Code 5-1-14-3 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 and BANs, or the tax exempt status of interest on the bonds and BANs, 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 Town as to requirements of federal law to preserve the tax exclusion or exemption.

Section 21. Tax Covenants. In order to preserve the exclusion of interest on the Bonds and BANs from gross income for federal income tax purposes and as an inducement to purchasers of the Bonds and BANs, the Town represents, covenants and agrees that:

(a) No person or entity or any combination thereof, other than the Town or any other governmental unit ("Governmental Unit") within the meaning of

Section 141(b)(6) and Section 150(a)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), will use more than ten percent (10%) of the proceeds of the Bonds or BANs or property financed by the Bond or BAN proceeds other than as a member of the general public. No person or entity or combination thereof, other than the Town or any other Governmental Unit will own property financed by more than ten percent (10%) of the Bond or BAN proceeds or will have actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract, an arrangement such as take-or-pay or other type of output contract or any other type of arrangement that differentiates that person's or entity's use of such property from the use by the public at large, except pursuant to a management or similar contract which satisfies the requirements of IRS Revenue Procedure 97-13.

(b) No Bond or BAN proceeds will be loaned to any entity or person. No Bond or BAN 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 or BAN proceeds.

(c) The Town 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 or BANs that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Bonds or BANs pursuant to Section 103 of the Code, nor will the Town act in any other manner which would adversely affect such exclusion. The Town further covenants that it will not make any investment or do any other act or thing during the period that any Bond or BAN is outstanding hereunder which would cause any Bond or

BAN to be an "arbitrage bond" within the meaning of Section 148 of the Code and the regulations applicable thereto as in effect on the date of delivery of the Bonds or BANs.

(d) The Town will, to the extent necessary to preserve the exclusion of interest on the Bonds and BANs from gross income for federal income tax purposes, rebate all required arbitrage profits on Bond and BAN proceeds or other moneys treated as Bond or BAN proceeds to the federal government and will set aside such moneys in a Rebate Account to be held by the Clerk-Treasurer in trust for such purpose.

(e) The Town represents that:

(i) The Town is a governmental unit with general taxing powers, which powers include the power to impose taxes of general applicability that, when collected, may be used for the general purposes of the Town;

(ii) Neither the Bonds nor the BANs are private activity bonds as defined in Section 141 of the Code;

(iii) At least 95% of the net proceeds of the Bonds and the BANs will be used for local governmental activities of the Town or of a governmental unit, the jurisdiction of which is entirely within the jurisdiction of the Town;

(iv) The aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the Town and all units subordinate to the Town, including on-behalf-of issuer and subordinate entities as those terms are defined in Regulations Section 1.148-8(c)(2), is not reasonably expected to exceed \$5,000,000 in calendar year 2007; and

(v) The Town has not been formed or availed of to otherwise avoid the purposes of the \$5,000,000 size limitation.

Therefore, the Town meets the requirements of Section 148(f)(4)(D) of the Code and will not have to rebate any arbitrage profits to the United States.

Notwithstanding such exemption, if the Bonds are sold to the Authority and the Authority concludes that by the Tax Increase Prevention and Reconciliation Act of 2005 repeal of Section 148(f)(4)(D)(ii)(II) of the Code (or otherwise) that such small issuer exemption is not available to the Bonds by reason of the Authority's source of proceeds used to purchase the Bonds and gives notice of such conclusion to the Town, the Town covenants to meet the rebate requirement of Section 148(f) of the Code with respect to the Bonds and enter into a rebate agreement with the Authority in a form provided to the Town by the Authority.

Section 22. Compliance with Tax Sections. Notwithstanding any other provisions of this Ordinance, the covenants and authorizations contained in this Ordinance ("Tax Sections") which are designed to preserve the tax exempt status of interest on the Bonds and BANs or the exclusion of interest on the Bonds and BANs from gross income under federal law ("Tax Exemption") need not be complied with if the Town receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption.

Section 23. Supplemental Ordinances. Without notice to or consent of the owners of the bonds or BANs herein authorized, the Town may, from time to time and at any time, adopt an ordinance or ordinances supplemental hereto (which supplemental ordinance or ordinances shall thereafter form a part hereof) for any of the following

purposes:

- (i) To cure any ambiguity or formal defect or omission in this Ordinance or in any supplemental ordinance or to make any other change authorized herein;
- (ii) To grant to or confer upon the owners of the bonds and BANs herein authorized any additional benefits, rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the owners of the bonds and BANs herein authorized or to make any change which, in the judgment of the Town, is not to the prejudice of the owners of the bonds or BANs herein authorized;
- (iii) To modify, amend or supplement this Ordinance to permit the qualification of the bonds or BANs herein authorized for sale under the securities laws of the United States of America or of any of the states of the United States of America or to obtain or maintain bond insurance or other credit enhancement with respect to payments of principal of and interest on bonds or BANs herein authorized;
- (iv) To provide for the refunding or advance refunding of the bonds herein authorized;
- (v) To procure a rating on the bonds herein authorized from a nationally recognized securities rating agency or agencies designated in such supplemental ordinance if such supplemental ordinance will not adversely affect the owners of the bonds herein authorized or any other bonds ranking on a parity with such bonds; or

(vi) To accomplish any other purpose which, in the judgment of the Town, does not adversely affect the interests of the owners of the bonds or BANs herein authorized;

provided, however, that if the bonds or BANs are sold to the Authority, the Town shall obtain the prior written consent of the Authority.

Subject to the terms and provisions contained in this Section 23 and Section 19(i) of this Ordinance, 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 Town of such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the Town 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 if the Bonds or BANs are sold to the Authority, the Town shall obtain the prior written consent of the Authority; and provided, further, 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 net 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 Debt Service 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 of the Town, 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 Town 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 Town 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

Town 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 Town and the consent of the owners of all the bonds issued pursuant to this Ordinance then outstanding.

Section 24. Repeal of Conflicting Ordinances. All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions of this Ordinance, are, to the extent of such conflict, hereby repealed; provided, however, that this Ordinance shall not be construed as repealing or modifying in any respect any of the provisions of the Prior Ordinance.

Section 25. Rates and Charges. The estimate of rates and charges which will be needed and charged to the general classes of users of property to be served by the Sewage Works in order to provide sufficient moneys to make payments of principal of and interest on the Bonds, along with the other payments identified in this Ordinance, is set forth in an ordinance of the Town Council entitled "AN ORDINANCE AMENDING ORDINANCE NO. 1989-2, AS AMENDED BY ORDINANCE NOS. 1996-4, 2000-14 AND 2005-10" adopted on October 24, 2007.

Section 26. Qualified Tax-Exempt Obligations. The Bonds (and the BANs, if any) are hereby designated as "qualified tax-exempt obligations" for the purposes of Paragraph (3) of Section 265(b) of the Code, and any or all officials, officers, members, employees and agents of the Town are hereby authorized to execute on behalf of the Town any documents necessary or appropriate to evidence further such designation. The reasonably anticipated amount of "tax-exempt obligations" (as such term is used in Section 265(b) of the Code) (other than obligations described in Section

265(b)(3)(C)(ii) of the Code) which will be issued by the Town or otherwise on behalf of the Town or subordinate entities during the calendar year 2007 does not exceed \$10,000,000, and not more than \$10,000,000 of obligations issued by the Town or otherwise on behalf of the Town or subordinate entities have been or shall be designated "qualified tax-exempt obligations" during calendar year 2007. The designation set forth in this Section 26 may be revoked by the Clerk-Treasurer by written certificate prior to the issuance of the Bonds or BANs.

Section 27. Notice of Adoption and Purport of Ordinance. The Clerk-Treasurer has previously caused to be published on June 20, 2006, in accordance with Indiana Code 5-3-1, a notice of the adoption and the purport of Ordinance No. 2006-7, as originally adopted, and no further publication is required under the Act with respect to this Ordinance.

Section 28. Payments on Holidays. If the date of making any payment or the last date for performance of any act or the exercising of any right, as provided in this Ordinance, shall be a legal holiday or a day on which banking institutions in the Town or the town or city in which the Registrar and Paying Agent is located are typically closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are typically closed, with the same force and effect as if done on the nominal date provided in this Ordinance, and no interest shall accrue for the period after such nominal date. Notwithstanding the foregoing, with respect to any Bonds sold to the Authority pursuant to Section 9 of this Ordinance, if the date for making any payment is a day when financial institutions are not open for business, such payment shall be made on the business day immediately

preceding such payment date.

Section 29. Separability. If any section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

Section 30. Captions. The captions in this Ordinance are inserted only as a matter of convenience and reference, and such captions are not intended and shall not be construed to define, limit, establish, interpret or describe the scope, intent or effect of any provision of this Ordinance.

Section 31. Effectiveness. This Ordinance shall be in full force and effect from and after its passage.

[End of Section One]

SECTION TWO: All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that nothing contained herein shall be deemed to affect the rights of the holders of the outstanding BANs (as defined in the Original Bond Ordinance).

* * *

Passed and adopted by the Town Council of the Town of Fort Branch,
Indiana on the 14th day of June, 2006.

TOWN COUNCIL OF THE TOWN
OF FORT BRANCH, INDIANA

Ronald Z. Bledsoe
Presiding Officer

ATTEST:

Shirley E. Jones
Clerk-Treasurer

Presented by me to the President of the Town Council of the Town of Fort
Branch on the _____ day of June, 2006, at _____ o'clock __.m.

Shirley E. Jones
Clerk-Treasurer

This ordinance approved and signed by me on the _____ day of June,
2006, at _____ o'clock __.m.

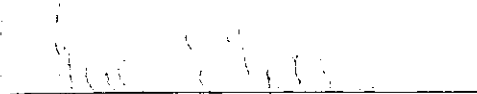
Ronald Z. Bledsoe
President of the Town Council

Passed and adopted by the Town Council of the Town of Fort Branch on
the 10th day of March, 2007.

TOWN COUNCIL OF
THE TOWN OF FORT BRANCH


Ronald Z. Bledsoe
Presiding Officer

ATTEST:



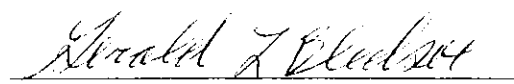
Clerk-Treasurer

Presented by me to the President of the Town Council of the Town of Fort
Branch on the 10th day of March, 2007, at _____ o'clock __.m.



Clerk-Treasurer

This ordinance approved and signed by me on the 10th day of March,
2007, at _____ o'clock __.m.



President of the Town Council