

ORDINANCE NO. 2015-16

AN ORDINANCE CONCERNING THE CURRENT REFUNDING OF THE TOWN OF NASHVILLE, INDIANA WATERWORKS REVENUE BONDS OF 1977 AND WATERWORKS REVENUE BONDS OF 1995, AUTHORIZING THE ISSUANCE OF THE TOWN OF NASHVILLE, INDIANA WATERWORKS REFUNDING REVENUE BONDS OF 2015, PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF THE WATERWORKS, THE SAFEGUARDING OF THE INTERESTS OF THE OWNERS OF SUCH REFUNDING REVENUE BONDS AND OTHER MATTERS CONNECTED THEREWITH, AND REPEALING ORDINANCES INCONSISTENT HEREWITH.

WHEREAS, the Town of Nashville, Indiana (the "Town") is the owner of and operates a waterworks (the "Works"), which provides for water service to the Town and its inhabitants, in accordance with the provisions of Indiana Code 8-1.5, as amended (the "Act"); and

WHEREAS, the Town Council of the Town (the "Town Council") has heretofore authorized the Town to issue its Works Revenue Bonds of 1977 (the "1977 Bonds") and its Works Revenue Bonds of 1995 (the "1995 Bonds" together with the 1977 Bonds, the "Refunded Bonds"), each payable from the Net Revenues (as hereinafter defined) of the Works, said 1977 Bonds currently outstanding in the aggregate principal amount of \$58,000 maturing annually over a period ending on January 1, 2017 and the 1995 Bonds currently outstanding in the aggregate principal amount of \$585,000, and maturing annually over a period ending on January 1, 2035; and

WHEREAS, the Town Council finds that the Refunded Bonds should be refunded to obtain a reduction in interest payments and effect a savings to the Town; that the refunding of the Refunded Bonds, together with accrued interest thereon, redemption premium, if applicable and including all costs related to the refunding cannot be provided for out of funds of the Works now on hand and the refunding should be accomplished by the use of certain funds on hand and the issuance of revenue bonds of the Works; and

WHEREAS, the Town Council has found that it is beneficial to currently refund the Refunded Bonds pursuant to the provisions of IC 5-1-5 to enable the Town to obtain a reduction in interest payments and effect a savings to the Town and hereby authorizes the same by issuance of refunding revenue bonds to be known as the "Town of Nashville, Indiana Waterworks Refunding Revenue Bonds of 2015" (the "Refunding Bonds" or the "2015 Bonds"); and

WHEREAS, the Refunding Bonds will constitute a first charge against the Net Revenues of the System, subject to the provisions of the laws of the Act, and the terms and restrictions of this Ordinance; and

WHEREAS, the Town Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of the Refunding Bonds have been complied with in

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accordance with the provisions of IC 8-1.5, et seq., and IC 5-1-5, each as in effect on the date of delivery of the Refunding Bonds authorized herein (collectively, the "Act").

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

Section 1. Issuance of the Refunding Bonds. The Town, being the owner of and engaged in operating the Works, its inhabitants, and the residents adjacent thereto, now finds it necessary to provide funds for refunding the Refunded Bonds thereby reducing and leveling its interest payments and effecting a savings, as will be reported after the sale of the bonds issued hereunder by the Town's financial advisor, H.J. Umbaugh & Associates, LLP (the "Financial Advisor"). The terms "Works," "works," and other like terms where used in this Ordinance shall be construed to mean and include all structures and property of the Town's water utility, including items defined at IC 8-1.5.

The Town shall issue and sell its Refunding Bonds, in one or more series, in the aggregate principal amount not to exceed \$680,000, for the purpose of procuring funds to be applied to the refunding of the Refunded Bonds, the payment of costs of issuance, and all other costs related to the refunding, pursuant to the provisions of the Act and this Ordinance.

The Refunding Bonds shall be issued as fully registered bonds in the denomination or denominations of One Thousand Dollars (\$1,000) and any integral multiple thereof not exceeding the aggregate principal amount of such Refunding Bonds maturing in any one year, and shall be numbered consecutively from R-1 upward. Interest on the Refunding Bonds shall be payable semiannually on January 1 and July 1 of each year (each, an "Interest Payment Date"), commencing not later than July 1, 2016 (such first interest payment date to be certified by the Town Council President prior to the sale of the Refunding Bonds, based on the advice of the Financial Advisor), until principal is fully paid, and such interest shall be calculated on the basis of twelve (12) thirty (30)-day months for a three hundred sixty (360)-day year. The Refunding Bonds shall bear interest at a rate or rates not exceeding three and one-half percent (3.50%) per annum, the exact rate or rates to be determined by a negotiated sale with a discount not to exceed 1.0%, as more particularly set forth in Section 6 hereof. The principal of the Refunding Bonds shall mature serially and be payable on January 1 and July 1 of each year, commencing not earlier than July 1, 2016 (such first principal payment date to be certified by the Town Council President prior to the sale of the Refunding Bonds, based on the advice of the Financial Advisor), over a period ending not later than January 1, 2035. The final amortization schedule shall be certified by the Town Council President prior to the sale of the Refunding Bonds.

The Refunding Bonds shall bear an original date which shall be the first day of the month in which the Refunding Bonds are delivered (or, if the purchaser of the Refunding Bonds does not object, the date of delivery of the Refunding Bonds), and each Refunding Bond shall also bear the date of its authentication. Any Refunding Bond authenticated on or before the fifteenth day of the calendar month immediately preceding the first Interest Payment Date, shall pay interest from its respective original date. Any Refunding Bond authenticated thereafter shall pay interest from the Interest Payment Date next preceding the date of authentication of such Refunding Bond, to which interest thereon has been paid or duly provided for, unless such Refunding Bond is authenticated after the fifteenth day of the calendar month immediately

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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.

Section 2. Registrar and Paying Agent. The Town Council President is hereby authorized to appoint a registrar and a paying agent for the Refunding Bonds (which may be the Clerk-Treasurer) (the "Registrar" and the "Paying Agent" and, in both such capacities, the "Registrar and Paying Agent") and to enter into such agreements or understandings with the Registrar and Paying Agent and any subsequent Registrar and Paying Agent as will enable and facilitate such entity to perform effectively all required services on behalf of the Town. The Town Council President and the Clerk-Treasurer of the Town (the "Clerk-Treasurer") are further authorized and directed to pay such fees and expenses as the Registrar and Paying Agent may reasonably charge for its services in such capacity, with such fees to be paid from the Works Sinking Fund established herein. The Registrar and Paying Agent is hereby charged with, and shall by appropriate agreement undertake, the performance of all duties and responsibilities customarily associated with the position of Registrar and Paying Agent, including, without limitation, the authentication of the Refunding Bonds. The Registrar and Paying Agent shall keep and maintain at its principal office books for the registration and for the transfer of the Refunding Bonds.

The Registrar and Paying Agent 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 Refunding 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 Refunding Bonds then outstanding by first-class mail of the removal of the Registrar and Paying Agent. Notices to registered owners of the Refunding 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 Refunding Bonds and any cash or investments in its possession with respect thereto, together with the registration books, to the successor Registrar and Paying Agent. The Town Council President 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.

The principal of and redemption premium, if any, on the Refunding Bonds shall be payable at the principal corporate trust office of the Paying Agent. Interest on the Refunding Bonds shall be paid by wire transfer, check or draft mailed or delivered by the Paying Agent to the registered owners thereof at the addresses as they appear on the registration books kept by the Registrar as of the fifteenth 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 owners. All payments on the Refunding Bonds shall be made in any coin or currency of the United States of America which, on the dates of such payments, shall be legal tender for the payment of public or private debts.

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Each Refunding Bond shall be transferable or exchangeable only on the registration 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 Refunding Bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner or his or her attorney duly authorized in writing, and thereupon a new fully registered Refunding Bond or Refunding Bonds in the same aggregate principal amount and of the same maturity shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. Each Refunding Bond may be transferred or exchanged without cost to the registered owner, 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 of any Refunding Bond (i) during the period from the fifteenth day of the calendar month immediately preceding an Interest Payment Date to such Interest Payment Date, or (ii) after the mailing of any notice calling such Refunding Bond for redemption. The Town and the Registrar and Paying Agent may treat and consider the person in whose name any Refunding Bond is registered as the absolute owner thereof for all purposes including the purpose of receiving payment of, or on account of, the principal thereof, and redemption premium, if any, and interest thereon.

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

In the event that any Refunding 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 Refunding Bond or the redemption price thereof, as appropriate, and thereafter the owner of such Refunding Bond shall look only to the funds so deposited in trust with the Paying Agent for payment and the Town shall have no further obligation or liability with respect thereto.

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

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

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

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

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obtained, the Registrar or Paying Agent shall be entitled to treat the beneficial owners of the Refunding Bonds as the holders of the Refunding Bonds.

During any time that the Refunding Bonds are held in book-entry form on the books of a Clearing Agency, the Clerk-Treasurer and/or the Registrar are authorized to enter into a Letter of Representations agreement with the Clearing Agency, and the provisions of any such Letter of Representations or any successor agreement shall control on the matters set forth herein.

As determined by the written certificate of the Town Council President, all or a portion of the Refunding Bonds may be aggregated into one or more term bonds payable from mandatory sinking fund redemption payments (the "Term Bonds") required to be made as set forth below. The Term Bonds shall have a stated maturity or maturities of January 1 and July 1 of the years determined by the Town Council President.

In the event that the Town Council President opts to aggregate certain Refunding Bonds into Term Bonds, such Term Bonds shall be subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest to the redemption date, but without premium, on January 1 and July 1 of the years and in the principal amounts set forth in a certificate of the Town Council President prior to the sale of the Refunding Bonds.

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

The Registrar and Paying Agent shall determine by lot (treating each One Hundred Dollars (\$100) of principal amount of each Refunding Bond as a separate Refunding Bond for such purpose) the Refunding Bonds within a Term Bond of a particular maturity to be redeemed pursuant to mandatory sinking fund redemption requirements on January 1 and July 1 of each year.

Official notice of such redemption of the Term Bonds shall be mailed by the Registrar and Paying Agent by certified or registered mail at least thirty (30) days and not more than sixty (60) days prior to the scheduled redemption date to each of the registered owners of the Refunding Bonds called for redemption (unless waived by such registered owner) at the address shown on the 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 Refunding Bond shall not affect the validity of the proceedings for the redemption of any other Refunding Bond. 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 Refunding

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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 Refunding 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 Refunding Bonds (or portions thereof) are presented for payment. Any Refunding Bond redeemed in part may be exchanged for a Refunding Bond or Refunding Bonds of the same maturity in authorized denominations equal to the remaining principal amount thereof.

In the event any of the Refunding Bonds are issued as Term Bonds, the form of the Refunding Bond set forth in Section 5 hereof shall be modified accordingly.

Any reference to payment or maturity of principal on Refunding Bonds shall be deemed to include payment of scheduled mandatory sinking fund redemption payments described in this Section 2.

Section 3. Redemption of the Refunding Bonds. The Refunding Bonds may be subject to optional redemption, on dates and with premiums as determined at the time of the sale of the Refunding Bonds as determined by the Clerk-Treasurer with the advice of the Financial Advisor on any date, on thirty (30) days notice, in whole or in part, in any order of maturity and by lot within a maturity selected by the Town, at the par amount thereof, together with a premium not greater than 2%, plus, in each case, accrued interest, if any, to the date fixed for redemption. The exact redemption dates and premiums shall be established by the Clerk-Treasurer, with the advice of the Financial Advisor.

If any Refunding Bond is issued as a term bond, the Paying Agent shall credit against the mandatory sinking fund requirement for the Refunding Bonds maturing as term bonds, and corresponding mandatory redemption obligation, in the order determined by the Town, any Refunding Bonds maturing as term bonds maturing on the same date which have previously been redeemed (other than as a result of a previous mandatory redemption requirement) or delivered to the Registrar for cancellation or purchased for cancellation by the Paying Agent and not theretofore applied as a credit against any redemption obligation. Each Refunding Bond maturing as a term bond so delivered or canceled shall be credited by the Paying Agent at one hundred percent (100%) of the principal amount thereof against the mandatory sinking fund obligation on such mandatory sinking fund date, and any excess of such amount shall be credited on future redemption obligations, and the principal amount of the Refunding Bonds to be redeemed by operation of the mandatory sinking fund requirement shall be accordingly reduced; provided, however, the Paying Agent shall credit only such Refunding Bonds maturing as term bonds to the extent received on or before forty-five (45) days preceding the applicable mandatory redemption date.

If less than an entire maturity is called for redemption, the Refunding Bonds to be called for redemption shall be selected by lot by the Registrar. If the Refunding Bonds are to be redeemed by optional redemption and mandatory sinking fund redemption on the same date, the Registrar shall select the Refunding Bonds for mandatory sinking fund redemption before selecting the Refunding Bonds for optional redemption.

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

The Refunding Bonds shall be called for redemption in multiples of their minimum authorized denomination. The Refunding Bonds in denominations of more than the minimum authorized denomination shall be treated as representing the number of Bonds obtained by dividing the denomination of the Refunding Bond by the minimum authorized denomination within a maturity. The Refunding Bonds may be redeemed in part. In the event of redemption of Refunding Bonds in part, upon surrender of the Refunding Bond to be redeemed, a new Refunding Bond or Refunding Bonds in an aggregate principal amount equal to the unredeemed portion of the Refunding Bond surrendered shall be issued to the registered owner thereof.

Section 4. Execution and Authentication of the Refunding Bonds. The Refunding Bonds shall be executed in the name of the Town by the manual or facsimile signature of 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 Refunding Bonds. The Refunding Bonds shall be authenticated by the manual signature of the Registrar (or an authorized representative thereof), and no Refunding Bond shall be valid or become obligatory for any purpose until the certificate of authentication thereon has been so executed. In case any official whose signature appears on the Refunding Bonds shall cease to be such official before the delivery of such Refunding Bonds, as the case may be, the signature of such official shall nevertheless be valid and sufficient for all purposes, the same as if such official had been in office at the time of such delivery. Subject to the provisions of this Ordinance regarding the registration of the Refunding Bonds, the Refunding Bonds shall be fully negotiable instruments under the laws of the State of Indiana.

Section 5. Form of the Refunding Bonds. The form and tenor of the Refunding Bonds shall be substantially as follows (with all blanks to be properly completed prior to the preparation of the Refunding Bonds):

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[Form of 2015 Bond]

UNITED STATES OF AMERICA
STATE OF INDIANA, COUNTY OF BROWN

TOWN OF NASHVILLE, INDIANA,
WATERWORKS REFUNDING REVENUE BOND OF 2015

No. R-___

Brown County, Indiana

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Date</u>	<u>Authentication Date</u>	<u>CUSIP</u>
				N/A

Registered Owner:

Principal Amount:

The Town of Nashville (the "Town"), in Brown County, State of Indiana, for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, upon surrender hereof, solely out of the special revenue fund hereinafter referred to, the Principal Amount stated above on the Maturity Date specified above, and to pay interest on said Principal Amount to the Registered Owner of this bond until the Town's obligation with respect to the payment of said Principal Amount shall be discharged, at the Interest Rate per annum specified above from the interest payment date immediately preceding the Authentication Date of this bond, unless this bond is authenticated on or before _____, 20__, in which case the interest shall be paid from the Original Date stated above or unless this bond is authenticated between the fifteenth day of the calendar month immediately preceding an interest payment date and the interest payment date, in which case interest shall be paid from such interest payment date. Interest shall be calculated on the basis of twelve (12) thirty (30)-day months for a three hundred sixty (360)-day year and shall be payable semiannually on _____ and _____ of each year, commencing _____, 20__.

The principal of and premium, if any, on this bond are payable at the principal office of the Clerk-Treasurer of the Town, as Registrar and Paying Agent (which term shall include any successor registrar and paying agent). All payments of interest hereon shall be paid by check or draft mailed or delivered by the Paying Agent to the Registered Owner hereof at the address as it appears on the registration books kept by the Registrar as of the fifteenth day of the calendar month immediately preceding the applicable interest payment date or at such other address as is furnished to the Registrar and 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.

The Town is not and shall not be obligated to pay the principal of or interest on this bond except from the special fund entitled the "Waterworks Sinking Fund" previously established and continued by the Ordinance (as hereinafter defined), provided from the Net Revenues (as defined in the Ordinance) of the Works system of the Town, 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 aggregating _____ Dollars (\$ _____), numbered consecutively from R-1 upward, issued for the purpose of procuring funds to be applied to the refunding of the Refunded Bonds (as defined in the Ordinance, as hereafter defined), the payment of costs of issuance, and all other costs related to the refunding, pursuant to an ordinance adopted by the Town Council of the Town on the ___ day of _____, 2015 (the "Ordinance"), and in strict compliance with the provisions of

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Indiana Code 5-1-5 and Indiana Code 8-1.5, each as in effect on the date of delivery of this bond, and the laws amendatory thereof and supplemental thereto (collectively, the "Act"), the proceeds of which bonds are to be applied solely to the current refunding of the Refunded Bonds (as defined in the Ordinance), including the incidental expenses incurred in connection therewith.

Reference is hereby made to the Ordinance for a description of the nature and extent of the rights, duties and obligations of the owners of the bonds and the Town and the terms on which this bond is issued, and to all the provisions of the Ordinance to which the owner hereof by the acceptance of this bond assents.

The Town reserves the right pursuant to the terms and conditions of the Ordinance to authorize and issue additional bonds hereafter payable out of the Net Revenues of the Works, ranking on a parity herewith or junior hereto for the purpose of financing future extensions and improvements to the Works.

This bond is issuable only in fully registered form in the denomination of One Thousand Dollars (\$1,000) and any integral multiple thereof not exceeding the aggregate principal amount of Refunding Bonds maturing in any one year.

This bond, together with interest hereon, 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 account provided from such Net Revenues. Subject to the provisions for registration, this bond is negotiable under the laws of the State of Indiana.

The Town irrevocably pledges the entire Net Revenues of said Works, to the extent necessary for such purpose, to the prompt payment of principal of and interest on the Refunding Bonds and any bonds heretofore or hereafter issued on a parity therewith. The Town shall by ordinance of the Town Council, to the fullest extent permitted by law, establish, maintain and collect just and equitable rates and charges for the use of and the services rendered by said Works which will provide revenues at least sufficient in each year for the payment of the proper and reasonable expenses of operation, repair and maintenance of said Works, and for the payment of the sums to be paid into the Sinking Fund by the Act and the Ordinance.

[Redemption Provisions]

If this bond shall have become due and payable in accordance with its terms or this bond shall have been duly called for redemption or irrevocable instructions to call this bond 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 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 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, then and in that case this bond shall no longer be deemed outstanding or an obligation of the Town.

This bond is transferable or exchangeable only on the registration 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 or her 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 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. This 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 and Paying Agent shall not be obligated to make any transfer of this bond if it is called for redemption or during the period from the fifteenth day of any calendar month immediately preceding an interest payment date to such interest payment date. 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

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principal hereof and the interest due thereon and for all other purposes, and neither the Town, the Registrar nor the Paying Agent shall be affected by any notice to the contrary.

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, series 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 lost, stolen or destroyed, shall have matured, instead of causing to be issued a duplicate bond, the Town and the Registrar may, upon receiving indemnity satisfactory to them, pay this bond without surrender hereof. 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.

In the manner provided in the Ordinance, the Ordinance and the rights and obligations of the Town and the owners of the Refunding Bonds 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 Refunding Bonds exclusive of any such Refunding Bonds which may be owned by the Town.

This bond shall not be valid or become obligatory for any purpose unless the certificate of authentication hereon shall have been duly executed by the Registrar (or a duly authorized representative thereof).

The Town hereby certifies, recites and declares that all acts, conditions and things required by law and the Constitution of the State of Indiana to be done precedent to and in the execution, issuance, sale and delivery of this bond have been properly done, happened and performed in regular and due form as prescribed by law, and that the issuance of this bond by the Town does not cause any constitutional or statutory limitations of indebtedness to be exceeded.

IN WITNESS WHEREOF, the Town of Nashville, in Brown County, State of Indiana, by ordinance of its Town Council, has caused this bond to be executed in its corporate name and on its behalf by the manual or facsimile signature of its Town Council President, and its corporate seal or a facsimile thereof to be hereunto affixed and attested by the manual or facsimile signature of its Clerk-Treasurer.

TOWN OF NASHVILLE, INDIANA

(Seal of the Town)

By: _____
Town Council President

ATTEST:

Clerk-Treasurer

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Ordinance.

as Registrar

By: _____
Authorized Representative

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ASSIGNMENT

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

Dated: _____

Signature Guaranteed:

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

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

[End of Refunding Bond Form]

Section 6. Issuance, Sale and Delivery of the Refunding Bonds. If the Refunding Bonds are to be sold at a competitive sale, the Clerk-Treasurer shall cause to be published either (i) a notice of bond sale in the authorized newspaper(s) for the Town, two (2) times, at least one week apart, with the first publication being made at least fifteen (15) days before the date of the sale and the second publication being made at least three days before the date of the sale or (ii) a notice of intent to sell bonds in the authorized newspaper(s) and the *Court & Commercial Record*, all in accordance with IC 5-1-11, as amended, and IC 5-3-1, as amended. The notice shall state the character, the amount and the authorized denominations of the Refunding Bonds, the maximum rate or rates of interest thereon, the terms and conditions upon which bids will be received and the sale made, and such other information as the Clerk-Treasurer, the Financial Advisor and the attorneys employed by the Town shall deem advisable. Any summary notice may contain any information deemed so advisable. The notice may provide, among other things, that each bid shall be accompanied by a certified or cashier's check or a financial surety bond in an amount equal to one percent (1%) of the principal amount of the Refunding Bonds described in the notice. If a financial surety bond is used, it must be from an insurance company licensed to issue such bond in the State, and such bond must be submitted to the Town prior to the opening of the bids. The financial surety bond must identify each bidder whose good faith deposit is guaranteed by such financial surety bond. If the Refunding Bonds are awarded to a bidder utilizing a financial surety bond, then the purchaser is required to submit to the Town a certified or cashier's check (or wire transfer such amount as instructed by the Town) not later than a time designated by the Financial Advisor on the next business day following the award. In the event the successful bidder shall fail or refuse to accept delivery of the Refunding Bonds and pay for the same as soon as the Refunding Bonds are ready for delivery, or at the time fixed in the notice of sale, then such good faith deposit and the proceeds thereof shall be the property of the Town and shall be considered as its liquidated damages on account of such default. Bidders for the Refunding Bonds will be required to name the rate or rates of interest which the Refunding Bonds are to bear, not exceeding the maximum rate hereinbefore fixed, and that such interest rate or rates shall be in multiples of one-one hundredth (1/100) of one percent (1%). The

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rate bid on a maturity shall be equal to or greater than the rate bid on the immediately preceding maturity. No conditional bid or bid for less than the applicable minimum percentage of the par value of the Refunding Bonds will be considered. The opinion of Bond Counsel approving the legality of the Refunding Bonds will be furnished to the purchaser at the expense of the Town.

The Refunding Bonds shall be awarded by the Clerk-Treasurer to the best bidder who has submitted its bid in accordance with the terms of this Ordinance, IC 5-1-11, as amended, and the notice. The best bidder will be the one who offers the lowest interest cost to the Town, to be determined by computing the total interest on all of the Refunding Bonds to their maturities and deducting the premium bid, if any, or adding thereto the discount bid, if any. The right to reject any and all bids shall be reserved. If an acceptable bid is not received on the date of sale, the sale may be continued from day to day thereafter without further advertisement for a period of thirty (30) days, during which time, no bid which provides a higher net interest cost to the Town than the best bid received at the time of the advertised sale will be considered.

As an alternative to a public sale, the President and the Clerk-Treasurer may deem that it is in the best interests of the Town that the Refunding Bonds be sold in the manner and upon the terms and conditions set forth in a purchase agreement between the Town and a purchaser selected by the President and the Clerk-Treasurer (the "Purchaser") (such purchase agreement, the "Purchase Agreement"). In such event, the Town hereby approves the sale of the Refunding Bonds to the Purchaser, and authorizes the President and the Clerk-Treasurer, for and on behalf of the Town, to execute and deliver, and to perform the obligations of the Town under, the Purchase Agreement, in the form the President and the Clerk-Treasurer, with the advice of counsel, determine to be necessary or appropriate, such determination to be conclusively evidenced by such President's and such Clerk-Treasurer's execution thereof.

The Clerk-Treasurer is hereby authorized to have the Refunding Bonds prepared, and the President and the Clerk-Treasurer are hereby authorized to execute or to cause the execution of the Refunding Bonds in the form and manner herein provided. The Clerk-Treasurer is hereby authorized to deliver the Refunding Bonds to the purchaser or purchasers thereof upon compliance with the requirements established hereunder and under the Act for the sale thereof, and to collect the full amount which the purchaser or respective purchasers have agreed to pay therefor. The Refunding Bonds, when fully paid for and delivered to the purchaser or purchasers, shall be the binding special revenue obligations of the Town, payable out of the net revenues of the Works to be set aside and paid into the Works Sinking Fund as herein provided, and the proceeds derived from the sale of the Refunding Bonds shall be and are hereby set aside for the application to the costs of the Refunding. The authorized officers of the Town are hereby authorized 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.

Section 7. Security and Sources of Payment for the Refunding Bonds. The Refunding Bonds, when fully paid for and delivered to the purchaser or purchasers thereof, as to principal, premium, if any, and interest, and together with any bonds hereafter issued on a parity therewith (to be referred to hereinafter collectively as the "bonds," unless the context otherwise requires), shall be valid and binding special revenue obligations of the Town, payable solely from and secured by an irrevocable pledge of and constituting a first charge upon all of the Net

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Revenues (herein defined as gross revenues after deduction only for the payment of the reasonable expenses of operation, repair and maintenance, and excluding transfers for payment in lieu of property taxes). The Town shall not be obligated to pay the Refunding Bonds herein authorized or the premium, if any, or the interest thereon except from the Net Revenues of the Works and the Refunding 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. The proceeds derived from the sale of the Refunding Bonds shall be and are hereby set aside for the current refunding of the Refunded Bonds and paying authorized expenses related to the Refunding Bonds, including a debt service reserve fund for the Refunding Bonds, capitalized interest, if necessary, and the expenses incurred in connection with the issuance of the Refunding Bonds. The proper officers of the Town are hereby authorized and directed to draw all proper and necessary warrants and to do all acts and things which may be necessary or appropriate in their judgment to carry out the provisions of this Ordinance.

Section 8. Disposition of Proceeds of the Refunding Bonds. The Clerk-Treasurer shall use the proceeds of the Refunding Bonds and cash on hand from the Refunded Bonds, as set forth in the Escrow Agreement, to currently refund the Refunded Bonds all as set forth in the Escrow Agreement. In order to currently refund the Refunded Bonds, the Clerk-Treasurer shall deposit the cash with the Escrow Trustee under the Escrow Agreement in an amount sufficient to provide moneys for the payment of the principal of and interest on the Refunded Bonds until and as soon as the Refunded Bonds may be called for redemption (as the Refunded Bonds presently may be called for redemption on sixty (60) days notice, in whole or in part, in inverse order of maturity, at face value together with accrued interest to the date fixed for redemption; unless such sixty (60) days notice requirement is waived by the bondholder).

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

Each of the funds and accounts of the Works shall be continued to be deposited, held, secured or invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds, including, particularly, applicable provisions of Indiana Code 5-13-9, as amended. Any interest or income derived from any such investments shall become a part of the moneys in the fund or account so invested.

Section 9. Several Accounts of Revenue Fund. There is hereby created a fund designated (with additional designations as deemed useful by the officer or official establishing such account) as the Works System Revenue Fund (the "Revenue Fund"), and there shall be deposited in the Revenue Fund, upon receipt, the Gross Revenues (defined to be the gross revenue of the Works from all sources (including investment income and tapping fees). The Revenue Fund shall be maintained separate and apart from all other bank accounts of the Town. No moneys derived from the Gross Revenues of the Works shall be transferred to the General Fund of the Town (except for any transfers for payment in lieu of property taxes) or be used for any purpose not connected with the Works so long as any obligations payable from the Net Revenues of the Works are outstanding.

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(a) The money in the Revenue Fund shall be disbursed first from month to month for the payment of the reasonable and necessary current expenses of operating and maintaining the Works. There is hereby created a fund to be designated (with additional designations as deemed useful by the officer or official establishing such account) as the Operation and Maintenance Fund (the "Operation and Maintenance Fund"). The first available money in the Revenue Fund shall be used to deposit in the Operation and Maintenance Fund each month a sufficient amount so that the balance in said fund shall be sufficient to pay expenses of operating and maintaining the Works for the then next succeeding two (2) calendar months. Money on hand in the Operation and Maintenance Fund shall be used only for the payment of current expenses of operating and maintaining the Works as the same become due in accordance with sound business practice and without making any provisions for depreciation, but none of the moneys in the Operation and Maintenance Fund shall be used for transfers for payment in lieu of property taxes, depreciation, improvements, extensions or additions.

(b) Money in the Revenue Fund shall next be used for the purpose of providing for the payment of principal of and interest on the Refunding Bonds, and any additional obligation hereafter issued on a parity with such obligations, and the payment of any fiscal agency charges in connection with the payment of such obligation, and to maintain a reserve for that purpose. Said Fund shall be known as the "Waterworks Sinking Fund," and is hereinafter sometimes referred to as the "Sinking Fund." The Sinking Fund shall consist of a Bond and Interest Account and a Debt Service Reserve Account.

(i) Beginning with the first calendar month following the date of issuance of the Refunding Bonds, there shall be credited on the last day of each calendar month to the Bond and Interest Account an amount equal to one-sixth (1/6) of the interest and at least one-sixth (1/6) of the principal which will become due on all then outstanding bonds payable during the then next succeeding respective interest and principal payment dates, together with an amount sufficient to cover fiscal agency charges for such period.

(ii) As of the date of issuance of the Refunding Bonds, there shall be credited from the proceeds of the Refunding Bonds to the Debt Service Reserve Account, an amount equal to the least of (A) the maximum annual debt service on the Refunding Bonds, (B) one hundred twenty-five percent (125%) of the average annual debt service on the Refunding Bonds, or (C) ten percent (10%) of the proceeds of the Refunding Bonds (within the meaning of Section 148(d) of the Code (as hereinafter defined) (the "Debt Service Reserve Requirement"). The Debt Service Reserve Account shall constitute the margin for safety and as a protection against default in the payment of principal of and interest on the Refunding Bonds, and any additional obligation hereafter issued on a parity with such obligations, and the moneys in the Debt Service Reserve Account shall be used to pay current principal and interest on the Refunding Bonds, and any additional obligation hereafter issued on a parity with such obligations, 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 Gross Revenues remaining after credits into the Operation and Maintenance Fund and 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 of the Debt Service Reserve Account shall be made up from the next available Gross Revenues after the

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credits into the Operation and Maintenance Fund and the Bond and Interest Account hereinbefore provided for. If at any time the Debt Service Reserve Account exceeds the Debt Service Reserve Requirement, such excess may be transferred to the Sinking Fund or Improvement Fund. As an alternative to holding the Debt Service Reserve Requirement in the Reserve Account in cash funds, the Town may purchase one or more insurance policies to provide for payment of principal and interest on the Refunding Bonds in the event that funds in the Debt Service Account are insufficient to pay the principal and interest on the Refunding Bonds when due. The Town may use any combination of cash and insurance policies to equal the Debt Service Reserve Requirement. In the event a draw is made against the insurance policy(s) or surety bond policy (the "Reserve Policy"), the Town shall repay the amount of the draw and related expenses incurred by the financial insurance company together with interest thereon at a rate set forth in the Reserve Policy.

All money in said Sinking Fund shall constitute a trust fund irrevocably pledged for the payment of interest and principal on the Refunding Bonds, and any additional obligation hereafter issued on a parity with such obligations, and such money shall under no circumstances be utilized for any other purpose until all of said obligations shall have been redeemed, retired or defeased pursuant to the terms under which such were issued, whereupon any balance remaining in said fund and account shall be returned to the Town.

If in any month the Town shall for any reason fail to pay into the Sinking Funds the full amounts above stipulated, then an amount equal to such deficiency shall be set apart and paid into said fund from the first available money in the Revenue Fund in the following month or months, and such payments shall be in addition to the amounts hereinabove provided to be set apart and paid into said fund during such month.

(c) Money in the Revenue Fund may next be used to pay the principal of and interest on (including reasonable reserves therefor) any bonds junior and subordinate to Refunding Bonds, and any obligation hereafter issued on a parity with such obligations ("Subordinate Bonds").

(d) In the event any excess revenues exist after all required monthly payments into the Sinking Fund, the Operation and Maintenance Fund or the Debt Service Reserve Account, then any available excess revenues of the System may be deposited into the Improvement Fund, and any amounts so deposited may be used to pay the cost of improvements, betterments, extensions, enlargements and additions to the System, or for any other lawful purpose related to the System. Moneys in the Improvement Fund (i) shall be transferred to the 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 Sinking Fund, (ii) may be transferred to the Operation and Maintenance Fund to meet unforeseen contingencies in the operation, repair and maintenance of the System or (iii) may be transferred for payment in lieu of property taxes.

(e) All remaining revenues in the Revenue Fund may be used for any purpose permitted by law as the Town Council may determine.

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(f) Deposits into the Operation and Maintenance Fund, the Sinking Fund and the Improvement Fund shall be made on the last day of each month except that when the last day of any month shall be a Sunday or a legal holiday then such deposit shall be made on the next succeeding business day.

(g) The money in the Revenue Fund shall be allotted and paid into the various funds and accounts hereinbefore established in the order in which said funds and accounts are listed and if in any month the money in the Revenue Fund shall be insufficient to place the required amount in any of said funds and accounts the deficiency shall be made up in the following month or months after payment into all funds and accounts enjoying a prior claim to the revenues shall have been met in full.

Section 10. Nature of Accounts and Investments. The Sinking Fund shall consist of at least one separate bank account of the Town. The other funds and accounts may be maintained in a single bank account, or accounts, but such bank account, or accounts, shall likewise be maintained separate and apart from all other bank accounts of the Town and apart from the Sinking Fund bank account or accounts. All moneys deposited in the bank accounts shall be deposited, held, secured and invested as public funds in accordance with the public depository laws and investment laws of the State of Indiana as now in effect (including particularly Indiana Code 5-13-9) or as hereafter supplemented and amended. All earnings on the investments held in the respective funds and accounts shall be deemed to be Gross Revenues and deposited in the Revenue Fund.

The proper officers of the Town are hereby authorized pursuant to Indiana Code 5-1-14-3 to invest moneys pursuant to the provisions of this Ordinance (subject to applicable requirements of federal law to ensure such yield is then current market rate) to the extent necessary or advisable to preserve the exclusion from gross income of interest on the Refunding Bonds under federal law.

The proper officers of the Town 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 proper officers of the Town are 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 income tax exclusion. The proper officers of the Town may pay any fees as operation expenses of the Works.

Section 11. Proper Books of Records and Accounts. The Town shall keep proper books of records and accounts, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues collected from the Works and deposited in the special accounts established or continued pursuant to this Ordinance and all disbursements made therefrom and all transactions relating to the Works. The fiscal year of the Works shall be from January 1 to December 31, both inclusive. Copies of all such statements and reports, together with all audits of the Works made available to the Town by the Indiana State Board of Accounts or any successor body authorized by law to audit municipal accounts, shall be kept on file in the office of the Clerk-Treasurer.

Section 12. Covenant With Respect to Rates and Charges. The Town covenants and agrees that it will establish and maintain just and equitable rates or charges for the use of and the

services rendered by the Works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses the Works by or through any part of the Town, or that in any way uses or is served by such Works; that such rates or charges shall be sufficient in each year for the payment of the proper and reasonable expenses of operation, repair and maintenance of the Town, and for the payment of the sums required to be paid into the 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, repair and maintenance, and the requirements of the Sinking Fund. The rates or charges so established shall apply to any and all use of such Works by and services rendered to the Town and all departments thereof as the charges accrue.

Section 13. Defeasance of the Refunding Bonds. If, when the Refunding Bonds or a portion thereof shall have become due and payable in accordance with their terms, or shall have been duly called for redemption, or irrevocable instructions to call the Refunding Bonds or a portion or portions thereof for redemption shall have been given, and the whole amount of the principal of and redemption premium, if any, and the interest due and payable on all of the Refunding Bonds or a portion 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 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 have been made for paying all fees and expenses in connection with the redemption, then and in such event the Refunding Bonds, as the case may be, or such portion thereof issued hereunder shall no longer be deemed outstanding or an obligation of the Town.

Section 14. Additional Bonds. The Town reserves the right to authorize and issue additional bonds, payable out of the Net Revenues of its Works, ranking on a parity with the Refunding Bonds authorized by this Ordinance, for the purpose of financing the cost of future additions, extensions and improvements to the Works, or for refunding all or a portion of the Refunding Bonds or any bonds ranking on a parity with the Refunding Bonds, subject to the following conditions:

(a) All required payments into the Sinking Fund shall have been made in accordance with the provisions of the ordinance, and the interest on and principal of all bonds payable in whole or part from the New Revenues of the Works shall have been paid in accordance with their terms;

(b) The Net Revenues of the 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 all outstanding bonds payable from revenues of the Works, including the additional parity bonds proposed to be issued; or, prior to the issuance of said additional parity bonds, the water 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 all bonds payable from revenues of the

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Works, including the additional parity bonds proposed to be issued. For purposes of this subsection, the records of the Works shall be analyzed and all showings prepared by a certified public accountant employed by the Town for that purpose;

(c) The interest on the additional parity bonds shall be payable semiannually on the first days of January and July and the principal of, or the mandatory sinking fund redemption dates for, the bonds shall be payable semiannually on the first days of January and July;

(d) The additional bonds must be payable as to principal on January 1 and July 1 of each year in which principal falls due and is payable (including by mandatory sinking fund redemption) and accrue as to interest on January 1 and July 1 of each year; and

(e) The proceeds of the additional bonds must be used solely for the making of improvements, extensions, renewals or replacements to the Works, to refund bonds or Subordinate Bonds, to provide reserves for the additional bonds and any Refunding Bonds and to pay costs of issuance of the additional bonds.

Section 15. Additional Covenants of the Town. For purposes of further safeguarding the interests of the owners of the Refunding Bonds, the Town covenants, represents and agrees as follows:

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

(b) The Town shall acquire and maintain insurance on the insurable parts of the Works of a kind and in an amount such as is customarily carried by private companies engaged in a similar type of business. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the State of Indiana. Any insurance proceeds collected shall be used in replacing or repairing the property destroyed or damaged; or if not used for such purpose, shall be treated and applied as Net Revenues of the Works.

(c) So long as any of the Refunding Bonds 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 to replace equipment which may become worn out or obsolete or no longer suitable for use in the Works.

(d) Except as provided in Section 14 of this Ordinance, so long as any of the Refunding Bonds are outstanding, no additional bonds, bond anticipation notes or other obligations pledging any portion of the revenues of the Works shall be authorized, executed or issued by the Town except as shall be made subordinate and junior in all respects to the Refunding Bonds, as the case may be, or unless the Refunding Bonds, as the case may be, are defeased, redeemed or retired or, as provided in Section 13 hereof, funds sufficient to effect such redemption are available and set aside for such purpose at the time of issuance of such additional bonds, bond anticipation notes or obligations.

(e) The provisions of this Ordinance shall constitute a contract by and between the Town and the owners of the Refunding Bonds, and after the issuance of the Refunding Bonds, this Ordinance shall not be repealed or amended in any respect which will adversely affect the

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rights of the owners of the Refunding Bonds, 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 the Refunding Bonds or the interest thereon remains unpaid; provided, that the Town shall have the right to amend this Ordinance in accordance with Section 18 hereof.

(f) The provisions of this Ordinance shall be construed to create a trust in the proceeds of the sale of the Refunding Bonds for the uses and purposes herein set forth, and the owners of the Refunding Bonds, as the case may be, shall retain a lien on such proceeds until the same are applied in accordance with the provisions of this Ordinance and the Act. So long as any of the Refunding Bonds are outstanding, the provisions of this Ordinance shall also be construed to create a trust in the portion of the Net Revenues herein directed to be set apart and paid into the Sinking Fund for the uses and purposes of such account as set forth in this Ordinance. The owners of the Refunding Bonds shall have all the rights, remedies and privileges provided under Indiana law, including to the extent permitted by law, the right to have a receiver appointed to administer the Works, in the event of a default in the payment of the principal or interest on any of the Refunding Bonds or in the event of a default in respect to any of the provisions of this Ordinance or the Act.

Section 16. Tax Covenants. In order to preserve the exclusion from gross income of interest on the Refunding Bonds under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of delivery of the Refunding Bonds, as the case may be (the "Code"), the Town hereby represents, covenants and agrees as follows:

(a) No person or entity or any combination thereof, other than the Town, will use proceeds of the Refunding Bonds or property financed or refinanced by such proceeds other than as a member of the general public. No person or entity or any combination thereof, other than the Town, will own property financed or refinanced out of the proceeds of the Refunding Bonds or will have actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract, an arrangement such as a 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 of such property 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 Refunding Bond proceeds will be loaned to any entity or person. No Refunding Bond proceeds will be transferred, directly or indirectly, or deemed transferred to a nongovernmental person in any manner that would in substance constitute a loan of the Refunding Bond proceeds.

(c) The Town will not take, or cause or permit to be taken by it or any party under its control, or fail to take or cause or permit to fail to be taken by it or any party under its control, any action with respect to the Refunding Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Refunding Bonds pursuant to Section 103 of the Code, nor will the Town act in any 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 Refunding Bond is outstanding hereunder which would cause any Refunding Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code and the regulations applicable thereto as in effect on the date of delivery of the Refunding Bonds, as the case may be.

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

(e) All officials, officers, members, employees and agents of the Town are hereby authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the Town as of the date that the Refunding Bonds are issued, and to make covenants on behalf of the Town evidencing the commitments made herein and to do all such other acts necessary or appropriate to carry out this Ordinance. In particular and without limiting the foregoing, any and all appropriate officials, officers, members, employees and agents of the Town are authorized to certify and/or enter into covenants on behalf of the Town regarding (i) the facts and circumstances and reasonable expectations of the Town as of the date that the Refunding Bonds are issued and (ii) the commitments made herein by the Town regarding the amount and use of the proceeds of the Refunding Bonds.

(f) The proper officers of the Town are hereby authorized to employ consultants and attorneys from time to time to advise the Town with respect to the requirements under federal law for the continuing preservation of the exclusion of interest on the Refunding Bonds from gross income for purposes of federal income taxation, as described in this Section 16.

Section 17. Waiver of Tax Covenants. Notwithstanding any other provision of this Ordinance, any of the covenants and authorizations contained in this Ordinance (the "Tax Sections") which are designed to preserve the exclusion of interest on the Refunding Bonds from gross income for purposes of federal income taxation need not be complied with if the Town receives an opinion of nationally recognized bond counsel to the effect that compliance with such Tax Section is unnecessary to preserve such exclusion of interest.

Section 18. Supplemental Ordinances. Without notice to or consent of the owners of the Refunding Bonds, 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:

(a) 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;

(b) To grant to or confer upon the owners of the Refunding Bonds any additional benefits, rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the owners of the Refunding Bonds or to make any change which, in the judgment of the Town, is not to the prejudice of the owners of the Refunding Bonds;

(c) To modify, amend or supplement this Ordinance to permit the qualification of the Refunding Bonds 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 with respect to payments of principal of and interest on the Refunding Bonds;

(d) To provide for the refunding or advance refunding of the Refunding Bonds;

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(e) To procure a rating on the Refunding Bonds 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 Refunding Bonds; or

(f) Any other purpose which, in the judgment of the Town, does not adversely affect the interests of the owners of the Refunding Bonds.

This Ordinance and the rights and obligations of the Town and the owners of the Refunding Bonds may be modified or amended at any time by supplemental ordinances adopted by the Town with the consent of the owners of the Refunding Bonds holding sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the outstanding Refunding Bonds (exclusive of Refunding Bonds, if any, owned by the Town); provided, however, that no such modification or amendment shall, without the express consent of all of the owners of the Refunding Bonds affected, reduce the principal amount of any Refunding Bonds, reduce the interest rate payable thereon, advance the earliest redemption date, extend the maturity thereof or the times for paying interest thereon, permit a privilege or priority of any Refunding Bond or Refunding Bonds over any other Refunding Bond or Refunding Bonds, create a lien securing any Refunding Bonds other than a lien ratably securing all of the outstanding Refunding Bonds, or change the monetary medium in which principal and interest are payable, nor shall any such modification or amendment reduce the aggregate principal amount of Refunding Bonds required for consent for amendment or modification of this Ordinance.

Any act done pursuant to a modification or amendment so consented to shall be binding upon all the owners of the Refunding Bonds and shall not be deemed an infringement of any of the provisions of this Ordinance or of the Act, and may be done and performed as fully and as freely as if expressly permitted by the terms of this Ordinance, and after such consent relating to such specified matters has been given, no owner shall have any right or interest to object to such action or in any manner to question the propriety thereof or to enjoin or restrain the Town of any officer thereof from taking any action pursuant thereto.

If the Town shall desire to obtain any such consent, it shall cause the Registrar and Paying Agent to mail a notice, postage repaid, to the respective owners of the Refunding Bonds at their addresses appearing on the registration books of the Registrar and Paying Agent. Such notice shall briefly set forth the nature of the proposed supplemental ordinance and shall state that a copy thereof is on file at the office of the Registrar and Paying Agent for inspection by all owners of the Refunding Bonds. The Registrar and Paying Agent shall not, however, be subject to any liability to any owners of the Refunding Bonds by reason of its failure to mail the notice described in this Section 18, and any such failure shall not affect the validity of such supplemental ordinance when consented to and approved as provided in this Section 18.

Whenever, at any time within one (1) year after the date of the mailing of such notice, the Town shall receive an instrument or instruments purporting to be executed by the owners of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the outstanding Refunding Bonds (exclusive of Refunding Bonds, if any, owned by the Town), which instrument or instruments shall refer to the proposed supplemental ordinance described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice as on file with the Registrar and Paying Agent, thereupon, but not otherwise, the Town may adopt such supplemental ordinance in

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substantially such form, without liability or responsibility to any owners of the Refunding Bonds, whether or not such owner shall have consented thereto.

Upon the adoption of any supplemental ordinance pursuant to the provisions of this Section 18, this Ordinance shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Ordinance shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Section 19. Qualified Tax-Exempt Obligations. The Refunding Bonds may be 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 2015 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 2015. The designation set forth in this Section 19 may be revoked by the Town Council President by written certificate prior to the issuance of the Refunding Bonds. The Town Council hereby authorizes and directs the Town Council President to reconfirm or to revoke, as appropriate, such designation of the Refunding Bonds as “qualified tax-exempt obligations” in the event that the Refunding Bonds are issued during a calendar year other than calendar year 2015, such reconfirmation or revocation to be set forth by written certificate.

Section 20. Partial Invalidity. 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 21. 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 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 established in this Ordinance, and no interest shall accrue for the period after such nominal date.

Section 22. Further Actions. The Town Council hereby requests, authorizes and directs the Town Council President and the Clerk-Treasurer, and each of them, for and on behalf of the Town, to prepare, execute and deliver any and all other instruments, letters, certificates, agreements and documents as are determined to be necessary or appropriate to consummate the transactions contemplated by this Ordinance, and such determination shall be conclusively evidenced by the execution thereof. The instruments, letters, certificates, agreements and documents necessary or appropriate to consummate the transactions contemplated by this Ordinance shall, upon execution, as contemplated herein, constitute the valid and binding

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obligations or representations and warranties of the Town, the full performance and satisfaction of which by the Town is hereby authorized and directed.

Section 23. Repeal of Other Ordinances. All ordinances and parts of ordinances in conflict herewith are hereby repealed.

Section 24. 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 25. Effective Date. This Ordinance shall be in full force and effect from and upon compliance with the procedures required by law.

ADOPTED AND PASSED by the Town Council of the Town of Nashville, Indiana, this 19th day of NOVEMBER, 2015.

Charles B. King yea nay abstain
Council President Charles B. King

Jane Gore yea nay abstain
Council Vice-President Jane Gore

Alisha Greedy yea nay abstain
Council Member Alisha Greedy

Arthur Omberg yea nay abstain
Council Member Arthur Omberg

Dave Rudd yea nay abstain
Council Member Dave Rudd

ATTEST:

Brenda K. Young
Clerk-Treasurer, Brenda K. Young