

FINAL OFFICIAL STATEMENT DATED DECEMBER 10, 2009

**NEW ISSUE
BOOK ENTRY ONLY**

**BANK QUALIFIED
NON-RATED**

*In the opinion of Ice Miller LLP, Indianapolis, Indiana under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), is not an item of tax preference purposes of the alternative minimum tax imposed on individuals and corporations, and is not taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations (as hereinafter defined). Such exclusion is conditioned on continuing compliance with the Tax Covenants (hereinafter defined). In the opinion of Ice Miller LLP, Indianapolis, Indiana, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is exempt from income taxation in the State of Indiana. **The Bonds have been designated qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Code. See "TAX MATTERS" herein.***

\$7,000,000 Morgan County, Indiana General Revenue Bonds of 2009

Dated: Date of Delivery

Due: As Noted Inside the Front Cover

Morgan County, Indiana (the "County") General Revenue Bonds of 2009 (the "Bonds") will be dated as of the date of their original delivery, with interest payable on each January 15 and July 15 commencing July 15, 2010. The Bonds will be issued only as fully registered Bonds, and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Bonds will be made in book-entry-only form in the denomination of \$5,000 or any integral multiples thereof. Purchasers of beneficial interests in the Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Bonds. Principal and interest will be paid directly to DTC by the Wells Fargo Bank, N.A., Indianapolis, Indiana, as Registrar and Paying Agent, so long as DTC or its nominee is the registered owner of the Bonds. The final disbursement of such payments to the Beneficial Owners of the Bonds will be the responsibility of the DTC Participants and the Indirect Participants described herein. See "DESCRIPTION OF THE BONDS – Book-Entry-Only System."

The Bonds are subject to optional redemption prior to maturity (as defined herein).

Proceeds from the Bonds will be used to provide funds to pay the cost of the expansion of a jail facility located in the County and to pay certain incidental expenses in connection with the issuance of the Bonds.

The Bonds constitute a corporate obligation or indebtedness of Morgan County, Indiana (the "County"). The Bonds will be issued as provided in Bond Ordinance No. 1-2-27 adopted by the Morgan County Council on October 5, 2009 (the "Bond Ordinance"). The principal and interest on the Bonds shall be payable from any legally available general revenues of the County, and to the extent such revenues are not sufficient, from an ad valorem property tax to be levied upon all of the taxable property located within the County as more fully described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS".

The Bonds are being offered, when, as and if issued by the County and received by the initial purchaser, subject to prior sale, withdrawal or modification of the offer without notice, and to the unqualified opinion as to the legality of the Bonds by Ice Miller LLP, Indianapolis, Indiana. Additionally, certain legal matters will be passed upon for the County by its Counsel, Foley, Foley & Peden, Martinsville, Indiana. It is expected that the Bonds will be available for delivery to The Depository Trust Company in New York, New York on or about December 23, 2009.

In connection with any acquisition of the Bonds by financial institutions, the Bonds are designated "Qualified Tax-Exempt Obligations" for purposes of Section 265(b)(3) of the Code.



This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

\$7,000,000
MORGAN COUNTY, INDIANA
GENERAL REVENUE BONDS OF 2009

The Bonds will mature on January 15 and July 15 in the years and amounts as follows:

<u>Date</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>
7/15/2010	\$275,000	2.00%	1.24%	617216AA4
1/15/2011	305,000	2.00%	1.55%	617216AB2
7/15/2011	310,000	2.00%	1.79%	617216AC0
1/15/2012	315,000	2.50%	2.03%	617216AD8
7/15/2012	320,000	2.50%	2.28%	617216AE6
1/15/2013	325,000	2.50%	2.52%	617216AF3
7/15/2013	330,000	3.00%	2.69%	617216AG1
1/15/2014	335,000	3.00%	2.86%	617216AH9
7/15/2014	340,000	3.00%	3.00%	617216AJ5
1/15/2015	345,000	3.25%	3.13%	617216AK2
7/15/2015	350,000	3.25%	3.25%	617216AL0
1/15/2016	355,000	3.35%	3.37%	617216AM8
7/15/2016	360,000	3.45%	3.47%	617216AN6
1/15/2017	370,000	3.55%	3.57%	617216AP1
7/15/2017	375,000	3.65%	3.66%	617216AQ9
1/15/2018	380,000	3.75%	3.76%	617216AR7
7/15/2018	390,000	3.85%	3.85%	617216AS5
1/15/2019	400,000	3.90%	3.93%	617216AT3
7/15/2019	405,000	4.00%	4.01%	617216AU0
1/15/2020	415,000	4.05%	4.09%	517216AV8

No dealer, broker, salesman or other person has been authorized by the County or London Witte Group, LLC (the “Financial Consultant”) to give any information or to make any representations, other than those contained in the Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the County, the Purchaser or the Financial Consultant. The Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been furnished by the County and by other sources, which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation of the Financial Consultant. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

UPON ISSUANCE, THE BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY OTHER STATE SECURITIES LAW AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE MERIT AND RISKS INVOLVED. THE COUNTY HAS NOT APPEALED TO THE SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER FEDERAL OR STATE AUTHORITY FOR REVIEW OF THE ADEQUACY OF DISCLOSURES MADE IN THIS OFFICIAL STATEMENT.

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in Securities and Exchange Commission Rule 15c2-12, as amended, the County will enter into a Continuing Disclosure Undertaking Agreement. For a description of the Continuing Disclosure Undertaking Agreement, see “CONTINUING DISCLOSURE.”

MORGAN COUNTY, INDIANA

Commissioners

Brian Goss, Commissioner
Norman Voyles, Commissioner
Don Adams, Commissioner

County Council

Kenneth L. Hale, President
Bryan Collier
James Hensley
Vickie Kiuett
Robert O'Neal
Paul Prather
Jeffrey Quyle

Auditor

Brenda Adams

Bond Counsel

Ice Miller LLP
Indianapolis, Indiana

Local Counsel

Foley, Foley & Peden
Martinsville, Indiana

Financial Advisor

London Witte Group, LLC
Indianapolis, Indiana

Registrar/Paying Agent

Wells Fargo Bank, N.A.
Indianapolis, Indiana

Purchaser

City Securities Corporation
Indianapolis, Indiana

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OFFICIAL STATEMENT

\$7,000,000

**Morgan County, Indiana
General Revenue Bonds of 2009**

INTRODUCTION

This Official Statement contains certain information concerning Morgan County, Indiana (the “County”) and the issuance of its General Revenue Bonds of 2009 in the amount of \$7,000,000 (the “Bonds”). The Bonds will be issued in accordance with Indiana law, including without limitation the provisions of Indiana Code 36-2-6-18 as amended, and other law supplemental thereto (collectively the “Act”), and with the authorizing Bond Ordinance No. 1-2-27 adopted by the Morgan County Council, on October 5, 2009 and as the same may be amended in accordance with its terms (the “Bond Ordinance”). See Appendix B for a copy of the Bond Ordinance.

Appendix A sets forth information concerning the County.

The summaries of and references to all documents, statutes and other instruments referred to in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the full text of each document, statute or instrument. Terms not defined in this Official Statement shall have the respective meanings set forth in their respective documents.

Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

PURPOSE OF THE ISSUE

Proceeds from the Bonds will be used to provide funds to pay a portion of the cost of the expansion of a jail facility located in the County and to pay certain incidental expenses in connection with and on account of the issuance of the Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds, related to the issuance of the Bonds and the payment of costs incidental to the sale and delivery of the Bonds, are shown below:

Sources of Funds:

Principal Amount of the Bonds	\$ 7,000,000.00
Funds on Hand	<u>1,215,000.00</u>
Total Sources	<u><u>\$ 8,215,000.00</u></u>

Uses of Funds:

Project Costs	\$ 8,076,000.00
Costs of Issuance	69,000.00
Purchaser's Discount	<u>70,000.00</u>
Total Uses	<u><u>\$ 8,215,000.00</u></u>

DESCRIPTION OF THE BONDS

General Description

The Bonds will be issued pursuant to the Bond Ordinance in fully registered form in the denomination of \$5,000 or any integral multiple thereof and will mature on the dates and in the amounts set forth on the inside cover page hereof. The Bonds will bear interest at a fixed rate as such is determined by the County prior to their delivery. Interest on the Bonds will be payable on each January 15 and July 15, commencing on July 15, 2010 (each such date, an "Interest Payment Date"). Interest will be calculated on the basis of a 360-day year consisting of twelve thirty-day months.

When issued, the Bonds will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interest in the Bonds will be made in book-entry-only form. Purchasers of beneficial interest in the Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Bonds. For so long as the Bonds are held in book-entry-only form, payments of principal of and redemption premium, if any, and interest on the Bonds will be paid by the Registrar and Paying Agent (the "Registrar" and the "Paying Agent," respectively, and collectively the "Registrar and Paying Agent"), only to DTC or its nominee. The Paying Agent will not have responsibility for a Beneficial Owner's receipt from DTC or its nominee, or from any DTC Participant (as hereinafter defined) or Indirect Participant (as hereinafter defined), of any payments of principal of or redemption premium, if any, or interest on any Bonds. (The final disbursement of any such payments to the

Beneficial Owners of the Bonds will be the responsibility of the DTC Participants and Indirect Participants, all defined and more fully described herein.) See "Book-Entry-Only System" below.

Book-Entry-Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 111 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the

actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond Ordinance. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and Paying Agent and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and debt service payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County, or the Registrar and Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar and Paying Agent, or the County subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, or the Registrar and Paying Agent, disbursements of such payments to Direct Participants will be the responsibility of DTC, and disbursements of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

Revision of Book-Entry Only System

In the event that either (i) the County receives notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a clearing agency for the Bonds or (ii) the County elects to discontinue its use of DTC as a clearing agency for the Bonds, then the County and the Registrar and Paying Agent will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the Bonds, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the Bonds, and to transfer the ownership of each of the Bonds, in accordance with the Bond Ordinance. See “General Description” and “Registration, Transfer and Exchange” in this section.

Registration, Transfer and Exchange

The Bonds will be registered at and are transferable by the registered owners at the principal office of the Registrar, upon surrender and cancellation and on presentation of a duly executed written instrument of transfer. A new Bond or Bonds of the same aggregate principal amount and maturity and in authorized denominations will be issued to the transferee or transferees in exchange there for.

If any Bond is mutilated, lost, stolen or destroyed, the Registrar may execute a new Bond, subject to indemnity satisfactory to the Paying Agent in its discretion. The Registrar may charge the owner for reasonable fees and expenses in connection with replacements.

REDEMPTION

Optional Redemption

The Bonds maturing on or after January 15, 2016, are subject to optional redemption prior to maturity, at the option of the County, in whole or in part, but in \$5,000 increments, in such order of maturities as the County shall determine and by lot within maturities, on July 15, 2015, or any date thereafter, at one hundred percent (100%) of the face value amount of each Bond to be redeemed, plus accrued and unpaid interest to the redemption date, without premium.

Notice and Effect of Redemption

Notice of redemption shall be given by the Paying Agent by mailing a copy of the redemption notice, by registered or certified mail, at least thirty (30) days and not more than sixty (60) days prior to the redemption date to the owners of the Bonds to be redeemed as the names and addresses of the owners appear on the registration record as of the date of mailing the notice. No failure or defect in that notice with respect to any Bonds shall affect the validity of the proceedings for the redemption of any other Bonds for which notice has been properly given.

If notice of redemption has been given and provisions for payment of the redemption price and accrued interest has been made, the Bonds to be redeemed shall be due and payable on the redemption date at the redemption price, and from and after the redemption date interest on the Bonds will cease to accrue, and the owners of the Bonds shall have no rights in respect thereof, except to receive payment of the redemption price including unpaid interest accrued to the redemption date.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The Bonds are being issued under the provisions of Indiana Code Title 36, Article 2, Chapter 6 and in accordance with the Bond Ordinance. The Bonds constitute legal, valid and binding obligations payable from a special ad valorem tax to be levied upon all taxable property within the boundaries of the County.

The Bonds are an obligation of Morgan County and the Bonds, together with interest thereon, shall be payable from any legally available general revenues of the County, and to the extent such revenues are not sufficient, from an ad valorem property tax to be levied annually upon all taxable property in the County. The County covenants that it will cause an ad valorem property tax for the payment of principal of and interest on the Bonds to be levied, collected and applied for that purpose. The Bonds are negotiable, subject to the registration provisions, pursuant to the laws of the State of Indiana. See “DESCRIPTION OF CIRCUIT BREAKER” herein.

PROCEDURES FOR PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION

Real and personal property in the State of Indiana (the “State”) is assessed each year as of March 1. On or before August 1 each year, each county auditor must submit to each underlying taxing unit a statement providing (i) information concerning the assessed valuation in the taxing unit as of March 1 of that year, and (ii) an estimate of the taxes to be distributed to the taxing unit during the last six months of the current fiscal year. The estimated value is based on property tax lists delivered to the county auditor by the county assessor on or before July 1.

The estimated assessed value is used when the governing body of a local taxing unit meets to establish its budget for the next fiscal year (January 1 through December 31) and to set tax rates and levies. By statute, the budget, tax rate and tax levy must be established by the County no later than September 30. The budget, tax rate and tax levy are subject to review and revision by the Department of Local Government Finance (DLGF) which, under certain circumstances, may revise, reduce or increase the budget, tax rate and tax levy of a taxing unit. The DLGF may increase the tax rate and levy if the tax rate and levy proposed by the County is not sufficient to make debt service payments in the next fiscal year. The DLGF must complete its actions on or before February 15.

On or before March 15, each county auditor prepares and delivers the tax duplicate, which is a roll of property taxes payable in that year, to the county treasurer. The county treasurer mails tax statements at least fifteen (15) days prior to the date that the first installment is due (due dates may be delayed due to a general reassessment or other factors). Property taxes are due and payable to the county treasurer in two (2) installments on May 10 and November 10, unless a later date is established by order of the DLGF. If an installment of taxes is not completely paid on or before the due date, a penalty of ten percent (10%) of the delinquent amount is added to the amount due; provided, that effective January 1, 2008, so long as the installment is completely paid within thirty (30) days of the due date and the taxpayer is not liable for delinquent property taxes first due and payable in a previous year for the same parcel, the amount of the penalty is five percent (5%) of the amount of the delinquent taxes. On May 10 and November 10 of each year thereafter, an additional penalty of ten percent (10%) of any taxes remaining unpaid is added. The penalties are imposed only on the principal amount of the delinquency. Property becomes subject to tax sale procedures after fifteen (15) months of delinquency. The county auditor distributes property tax collections to the various taxing units on or about June 30 after the May 10 payment date and December 31 after the November 10 payment date.

Pursuant to State law, real property is valued for assessment at its "true tax value" as defined in the Real Property Assessment Rule, 50 IAC 2.3, the 2002 Real Property Assessment Manual (the "Manual"), as incorporated into 50 IAC 2.3, and the 2002 Real Property Assessment Guidelines, Version A (the "Guidelines"), as adopted by the DLGF. The Manual defines "true tax value" as "the market value in use of property for its current use, as reflected by the utility received by the owner or a similar user from that property." The Manual permits assessing officials in each county to choose any acceptable mass appraisal method to determine true tax value, taking into consideration the ease of administration and the uniformity of the assessments produced by that method. The Guidelines were adopted to provide assessing officials with an acceptable appraisal method, although the Manual makes it clear that assessing officials are free to select from any number of appraisal methods, provided that they produce accurate and uniform values throughout the jurisdiction and across all classes of property. The Manual specifies the standards for accuracy and validation that the DLGF uses to determine the acceptability of any alternative appraisal method.

"Net Assessed Value" or "Taxable Value" represents the "Gross Assessed Value" less certain deductions for mortgages, veterans, the aged, the blind, economic revitalization areas, resource recovery systems, rehabilitated residential property, solar energy systems, wind power devices, coal conservation systems, hydroelectric systems, geothermal systems, inventory in enterprise zone and tax-exempt property. The "Net Assessed Value" or "Taxable Value" is the assessed value used to determine tax rates.

If an assessing official changes the assessed value of property, a notice of that change is sent by either the township assessor or County Property Tax Assessment Board of Appeals to the affected property owner. The property owner may appeal the assessment by filing a Petition for Review of Assessment within forty-five (45) days of the date the notice was mailed. While the appeal is pending, the taxpayer may pay taxes based on the current year's tax rate and previous or current year's assessed value.

Description of Circuit Breaker

In 2007, the Indiana General Assembly enacted legislation (Indiana Code 6-1.1-20.6), which provides taxpayers with a tax credit for all property taxes in an amount that exceeds the gross assessed value of real and personal property eligible for the credit ("Circuit Breaker Tax Credit"). For property assessed as a residential homestead (as defined in Indiana Code 6-1.1-20.9-1), the Circuit Breaker Tax Credit was originally the amount by which the property taxes attributable to the homestead exceed two percent (2%) of the gross assessed value of the homestead, beginning with property taxes first due and payable in 2008. On March 19, 2008, Governor Daniels signed HEA 1001 which expanded these tax credits. For property taxes payable in 2009, property taxes for residential homesteads will be limited to one and a half percent (1.5%) of the gross assessed value of the homestead; property taxes for agricultural, other residential rental property and long term care facilities will be limited to two and a half percent (2.5%) of their gross assessed value; and property taxes for all other real and personal property will be limited to three and a half percent (3.5%) of gross assessed value. Beginning with property taxes payable in 2010, property taxes for residential homesteads will be limited to one percent (1.0%) of the gross assessed value of the homestead; property taxes for agricultural, other residential rental property and long term care facilities will be limited to two percent (2.0%) of their gross assessed value; and property taxes for all other real and personal property will be limited to three percent (3.0%) of gross assessed value. Additional property tax limits have been made available to certain senior citizens.

The Circuit Breaker Tax Credit will result in a reduction of property tax collections for each political subdivision in which the Circuit Breaker Tax Credit is applied. A political subdivision may not increase its property tax levy or borrow money to make up for any property tax revenue shortfall due to the application of

the Circuit Breaker Tax Credit. HEA 1001 requires taxing units to fully fund any levies for the payment of outstanding debt service or lease rental obligations regardless of any reduction in property tax collections due to the application of the Circuit Breaker Tax Credit. If property tax collections are insufficient to fully fund debt service or lease rental levies due to the Circuit Breaker Tax Credit, taxing units must use non-property tax revenues or revenues from property tax levies for other funds (including operating) to offset revenue loss to the debt service fund. HEA 1001 also provides that if property tax revenues are not sufficient to pay debt service on bonds or leases payable from property taxes, the State may intercept local option income tax distributions and available distributions of State monies for the benefit of bondholders. This application of property tax revenues may impact the ability of political subdivisions to provide existing levels of service and, in extreme cases, the ability to make debt service or lease rental payments.

Estimated Circuit Breaker Tax Credit for the County

Legislative Services Agency (“LSA”) prepared a report which estimates the impact of HEA 1001 for all taxing units in the State of Indiana. Pursuant to LSA data as of October 5, 2009, the estimated Circuit Breaker Tax Credit allocable to the County for budget year 2009 is estimated to be approximately \$2,384, for budget year 2010, it is estimated to be \$1,834 and for budget year 2011, it is estimated to be \$3,628. Prior estimates of the Circuit Breaker Tax Credit impact on tax revenues of local governments by the LSA have been subject to significant changes.

The LSA Circuit Breaker Tax Credit analysis described above does not reflect the potential effect of any further changes in the property tax system or methods of funding local government that may be enacted by the Indiana General Assembly before 2010. The effects of these changes could affect LSA’s estimate of the Circuit Breaker Tax Credit and the impact could be material. Other future events, such as the loss of a major taxpayer, reductions in assessed value, increases in property tax rates of overlapping taxing units, or a reduction in the amount of property tax replacement credit paid by the State of Indiana could increase effective property tax rates and the amount of the lost revenue due to the Circuit Breaker Tax Credit, and the resulting increase could be material.

LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Bonds by the County are subject to the approval of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, whose approving opinion will be delivered with the Bonds. Bond Counsel has not examined or attempted to examine or verify any of the financial or statistical statements, or data contained in the Official Statement, and will express no opinion with respect thereto. Certain legal matters will be passed upon for the County by its Counsel, Foley, Foley & Peden, Martinsville, Indiana.

LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The remedies available to the bondholders upon a default under the Bond Ordinance are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the federal bankruptcy code), the remedies provided in the Bond Ordinance may not be readily available or may be limited. Under federal and State environmental laws certain liens may be imposed on property of the County from time to time, but the County has no reason to believe, under existing law, that any such lien would have priority over the lien on the general revenues and property taxes pledged to owners of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Indiana and the United States of America and bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

These exceptions would encompass any exercise of federal, State or local police powers (including the police powers of the County), in a manner consistent with the public health and welfare. Enforceability of the Bond Ordinance in a situation where such enforcement may adversely affect public health and welfare may be subject to these police powers.

LITIGATION

To the knowledge of the County, no litigation or administrative action or proceeding is pending or threatened restraining or enjoining, or seeking to restrain or enjoin the issuance of the Bonds or the authorization of the Bonds and no litigation or administrative action or proceeding is pending or threatened concerning the issuance, validity and delivery of the Bonds or the authorization of the Bonds. Certificates to such effect will be delivered by the County at the time of the original delivery of the Bonds.

TAX MATTERS

In the opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, under federal statutes, decisions, regulations and rulings existing on the date of issuance of the General Revenue Bonds of 2009 ("Bonds"), the interest on the Bonds is excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is not taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations. This opinion is conditioned on continuing compliance by Morgan County, Indiana ("County") with the Tax Covenants (as hereinafter defined). Failure to comply with the Tax Covenants could cause interest on the Bonds to lose the exclusion from gross income for federal income taxation retroactive to the date of issuance of the Bonds. In the opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is exempt from income taxation in the State of Indiana ("State"). This opinion relates only to the exemption of interest on the Bonds for State income tax purposes.

The Code imposes certain requirements which must be met subsequent to the issuance of the Bonds as a condition to the exclusion from gross income of interest on the Bonds for federal income tax purposes. The County will covenant not to take any action, within its power and control, nor fail to take any action with respect to the Bonds that would result in the loss of the exclusion from gross income for federal income tax

purposes of interest on the Bonds pursuant to Section 103 of the Code (collectively, "Tax Covenants"). The bond ordinance and certain certificates and agreements to be delivered on the date of delivery of the Bonds establish procedures to permit compliance with the requirements of the Code. It is not an event of default under the bond ordinance if interest on the Bonds is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not in effect on the issue date of the Bonds.

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

Although Bond Counsel will render an opinion that interest on the Bonds is excluded from federal gross income and exempt from State income tax, the accrual or receipt of interest on the Bonds may otherwise affect a bondholder's federal income tax or state tax liability. The nature and extent of these other tax consequences will depend upon the bondholder's particular tax status and a bondholder's other items of income or deduction. Taxpayers who may be affected by such other tax consequences include, without limitation, financial institutions, certain insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Bonds. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors with regard to the federal and State tax consequences of owning the Bonds other than those consequences set forth in the form of opinion of Bond Counsel.

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

ORIGINAL ISSUE DISCOUNT

The initial public offering price of the Bonds maturing on January 15, 2013; January 15, 2016 through and including January 15, 2018, and January 15, 2019 through and including January 15, 2020 (the "Discount Bonds") is less than the principal amount payable at maturity. As a result the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price of the Discount Bonds, as set forth on the cover page of this Official Statement (assuming it is the first price at which a substantial amount of that maturity is sold) (the "Issue Price" for such maturity), and the amount payable at maturity of the Discount Bonds will be treated as "original issue discount." A taxpayer who purchases a Discount Bonds in the initial public offering at the Issue Price for such maturity and who holds such Discount Bonds to maturity may treat the full amount of original issue discount as interest which is excludable from the gross income of the owner of that Discount Bonds for federal income tax purposes and will not, under present federal income tax law, realize taxable capital gain upon payment of the Discount Bonds at maturity.

The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Bond on the basis of the yield to maturity determined on the basis of compounding at the end of each six-month period (or shorter period from the date of the original issue) ending on January 15 and July 15 (with straight line interpolation between compounding dates).

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discount Bonds, that the amount of original issue discount accruing each period will be added to the owner's tax basis for the Discount Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale, redemption or payment at maturity). Owners of Discount Bonds who dispose of Discount Bonds prior to maturity should consult their tax advisors concerning the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bonds prior to maturity.

As described above in "Tax Matters," the original issue discount that accrues in each year to an owner of a Discount Bond may result in certain collateral federal income tax consequences. Owners of any Discount Bonds should be aware that the accrual of original issue discount in each year may result in a tax liability from these collateral tax consequences even though the owners of such Discount Bonds will not receive a corresponding cash payment until a later year.

Owners who purchase Discount Bonds in the initial public offering but at a price different from the Issue Price for such maturity should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bonds such as the Discount Bonds. Owners who do not purchase Discount Bonds in the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discount Bonds. It is possible under the applicable provisions governing the determination of state or local income taxes accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

AMORTIZABLE BOND PREMIUM

The initial offering price of the Bonds maturing on July 15, 2010 through and including July 15, 2012; July 15, 2013; January 15, 2014 and January 15, 2015 (the "Premium Bonds"), is greater than the principal amount payable at maturity or call date. As a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the "Bond Premium"). An owner who acquires a Premium Bond in the initial offering will be required to adjust the owner's basis in the Premium Bond downward as a result of the amortization of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon the disposition of the Premium Bonds (including sale, redemption or payment at maturity or call). The amount of amortizable Bond Premium will be computed on the basis of the owner's yield to maturity, with compounding at the end of each accrual period. Rules for determining (i) the amount of amortizable Bond Premium and (ii) the amount amortizable in a particular year are set forth in Section 171(b) of the Code. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Bond Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning the Premium Bonds. Owners of the Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of Premium Bonds and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Special rules governing the treatment of Bond Premium, which are applicable to dealers in tax-exempt securities, are found at Section 75 of the Code. Dealers in tax-exempt securities are urged to consult their own tax advisors concerning treatment of Bond Premium.

CONTINUING DISCLOSURE

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the "Rule"), the County will enter into a Continuing Disclosure Undertaking (the "Undertaking"), to be dated the date of the sale of the Bonds. Pursuant to the terms of the Undertaking, the County will agree to provide the following information while any of the Bonds are Outstanding:

- Audited Financial Statements. To the Municipal Securities Rulemaking Board for inclusion in its electronic municipal market access system ("EMMA"), when and if available, the audited financial statements of the County as prepared and examined by the State Board of Accounts for each twelve (12) month period ending December 31, together with the opinion of such accountants and all notes thereto, within sixty (60) days of receipt from the State Board of Accounts; and
- Financial Information in this Official Statement. To EMMA, within 180 days of each December 31, unaudited annual financial information for the County for such calendar year including (i) unaudited financial statements of the County and (ii) operating data of the type provided under the following headings in this Official Statement (collectively, the "Annual Information"):

GENERAL ECONOMIC AND FINANCIAL INFORMATION

- Schedule of Historical Net Assessed Valuation
- History of Property Taxes Levied and Collected
- Property Tax Rates
- Ten Largest Taxpayers

- Event Notices. In a timely manner, to EMMA notice of the eleven (11) events listed in the Rule, if material with respect to the Bonds (which determination of materiality shall be made by the County).
- Failure to Disclose. In a timely manner, to EMMA notice of the County failing to provide the annual financial information as described above.

The County may, from time to time, amend or modify the Undertaking without the consent of or notice to the owners of the Bonds if either (a)(i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the County, or type of business conducted; (ii) the Undertaking, as so amended or modified, would have complied with the requirements of the Rule on the date of execution of the Undertaking, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) such amendment or modification does not materially impair the interests of the holders of the Bonds, as determined either by (A) nationally recognized bond counsel or (B) an approving vote of the holders of the Bonds at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds the Undertaking) is permitted by the SEC Rule, then in effect.

The County may, at its sole discretion, utilize an agent in connection with the dissemination of any annual financial information required to be provided by the County pursuant to the terms of the Undertaking.

The purpose of the Undertaking is to enable the Underwriters to purchase the Bonds by providing for an undertaking by the County in satisfaction of the Rule. The Undertaking is solely for the benefit of the owners of the Bonds and creates no new contractual or other rights for the SEC, underwriters, brokers, dealers, municipal securities dealers, potential customers, other obligated persons or any other third party. The sole remedy against the County for any failure to carry out any provision of the Undertaking shall be for specific performance of the County's disclosure obligations under the Undertaking and not for money damages of any kind or in any amount or any other remedy. The County's failure to honor its covenants under the Undertaking shall not constitute a breach or default of the Bonds, the Bond Ordinance or any other agreement.

PURCHASER

The Purchaser of the Bonds will be City Securities Corporation, Indianapolis, Indiana. The Purchaser has agreed to purchase the Bonds at a price of \$6,930,000.00 (which represents the par amount of the Bonds, less the purchaser's discount of \$70,000.00). The Purchaser will purchase all of the Bonds. The initial offering prices may be changed from time to time by the Purchaser.

The Purchaser may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the offering prices set forth on the inside cover page hereof.

RATING

No rating has been applied for this financing.

CONCLUDING STATEMENT

The foregoing summaries and statements in this Official Statement do not purport to be complete and are expressly made subject to the exact provisions of the complete documents. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and are not presented as unqualified statement of fact. The information contained herein has been compiled from sources deemed reliable and to the best knowledge and neither belief of the County there are neither untrue statement nor omissions of material facts in the Official Statement, which would make the statements and representations therein misleading.

Certain supplemental information concerning the financial condition of the County that is exhibited hereafter is considered part of this Official Statement.

The presentation of historical and other such financial data is not intended to show recent trends. There is no intention to represent herein that such trends will continue in the future, nor that any pending improvement of diminution of local conditions is indicated thereby.

This Official Statement has been prepared from information supplied by the County and other information sources deemed reliable.

This Official Statement is deemed final and execution of this Official Statement has been duly authorized by the County.

MORGAN COUNTY, INDIANA

Brenda Adams

Brenda Adams, Auditor

APPENDIX A

APPENDIX A

GENERAL AND ECONOMIC INFORMATION ABOUT MORGAN COUNTY, INDIANA

GENERAL INFORMATION

Location

Morgan County (the "County") is located in central Indiana. It is one of the seven (7) counties contiguous to Marion County. The County is bisected by the White River Valley, whose river valley and contributing watersheds, along with the non-glaciated hills, result in topography unlike the rest of the metropolitan Indianapolis area. The main highways running through the County are Interstate 70 and State Highways 37, 44, 67, 144 and 267.

Indy Railway Services, Railway Productions, Indiana Railroad Company, and Conrail are some of the major Midwest rail lines that serve Morgan County.

Air transportation service is available within one (1) hour driving time at Indianapolis International Airport. The Indianapolis Metropolitan Airport serves as a reliever airport. Airports in the surrounding areas open to the public include Mount Comfort Airport and Eagle Creek Airport.

Natural Gas Service for the County is primarily provided by Indiana Gas/Vectren. Electric service for the County is provided by South Central Indiana REMC, Duke Energy and Indianapolis Power & Light Company. Telephone service is provided by AT&T and numerous cable providers and cable service is provided by numerous cable suppliers, most notably Insight Communications Company, Inc. Water service is provided by numerous municipally owned and not-for-profit utilities.

County Organization

A three (3) member Board of County Commissioners (the "Board") is the County Executive. Each Commissioner is elected to a four-year term by a single member district within the County. The number of members to be elected to the Board alternates between one (1) and two (2) at succeeding general elections. A seven (7) member County Council is the County fiscal body. Council members are elected to four-year terms. All council members are elected from single member districts and are elected in alternate succeeding general elections.

The other elected county officials include the Auditor, Treasurer, Recorder, Assessor, Surveyor, Coroner, Sheriff, the Clerk of the Circuit Court and the Prosecutor. These offices are established in the Indiana Constitution (except for the Assessor), and these officials are elected to four-year terms.

Municipalities in the County provide various services pursuant to statutory authorizations. Among the services provided and general powers generally exercised by the cities and towns within the State are the following: public safety, including police and fire functions; construction, maintenance and repair of street and sidewalks; certain sanitation and health activities; recreation, including parks, playgrounds and swimming pools; certain public service enterprises such as sewerage and water systems, airports and hospitals; and certain planning and zoning

functions. Some of these services and powers may also be exercised by counties within the State.

The functions of the County Council as the county fiscal body are generally centered in the areas of finance and budgeting. The general responsibilities of the Board are centered in the area of administration and management of County facilities, and to a certain extent, finance and budgeting.

The County Council: (a) fixes the rate of taxation for County purposes and the rate of taxation for other purposes whenever the rate is not fixed by statute and is required to be uniform throughout the County; (b) appropriates money to be paid out of the County treasury; (c) fixes the compensation of officers, deputies and other employees whose compensation is payable from the County general fund, County highway fund, County health fund, or any other fund from which the County Auditor issues warrants for compensation (this includes the power to fix the number of officers, deputies and other employees), describes and classifies positions and services, adopts schedules of compensation and hires or contracts with persons to assist in the development of schedules of compensation except that (i) the compensation of officers and employees of the County Department of Public Welfare must be fixed by the Indiana Personnel Board and approved by the State Budget Committee, and (ii) the board of the local health department must prescribe the duties of all of its officers and employees, recommend the number of positions, describe and classify positions and services, adopt schedules of compensation, and hire and contract with persons to assist in the development of schedules of compensation; (d) may, by ordinance, make loans for the purpose of procuring money to be used in the exercise of County powers and for the payment of County debts other than current expenses, and to issue bonds for other County obligations to refund those loans; and (e) may, by ordinance, make temporary loans to meet current expenses, in anticipation of and not in excess of County revenues for the current fiscal year, which are to be evidenced by tax anticipation warrants of the County.

General Government

Of the offices which can be grouped under the category of general government, three (3) are of particular pertinence to the financial affairs of the County.

The County Auditor is the fiscal officer of the County. The County Auditor serves as the clerk of the Board and the clerk of the County Council. The County Auditor prepares ordinances of taxation and appropriations for consideration by the County Council at its annual meeting. Except for moneys that by statute are due and payable from the County treasury to the State or to a township or municipality with the county, money may also be paid from the County treasury only upon a warrant drawn by the County Auditor. The County Auditor must also keep an accurate account current with the County Treasurer.

The County Treasurer is required to receive money to which the County is entitled and disburses it on warrants issued and attested by the County Auditor. The County Treasurer must make monthly reports showing receipts, payments and balances to the County Auditor.

The County Assessor has the power of discovering and assessing property and making a list and returns of assessments. The most recent reassessment, as mandated by law, was completed on March 1, 2002.

FINANCIAL AND DEBT INFORMATION

Property Tax Rates for Morgan County

Year Payable	<u>2009*</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
County:					
General	\$0.1733	\$0.1524	\$0.1550	\$0.1714	\$0.1603
Reassessment	0.0095	0.0076	0.0075	0.0082	0.0100
Cumulative Courthouse	0.0110	0.0110	0.0098	0.0096	0.0096
Cumulative Bridge	0.0100	0.0100	0.0100	0.0100	0.0100
Cumulative Capital Development	0.0179	0.0179	0.0179	0.0205	0.0205
Health	<u>0.0151</u>	<u>0.0112</u>	<u>0.0104</u>	<u>0.0121</u>	<u>0.0089</u>
Sub-Total County	<u>\$0.2368</u>	<u>\$0.2101</u>	<u>\$0.2106</u>	<u>\$0.2318</u>	<u>\$0.2193</u>
Welfare:					
Welfare Family and Child Services	\$0.0000	\$0.0402	\$0.0529	\$0.0456	\$0.0059
Welfare H.C.I.	0.0000	0.0102	0.0101	0.0110	0.0108
Children's Psychiatric Treatment	0.0000	0.0014	0.0022	0.0011	0.0021
Medical Assistance to Wards	0.0000	0.0027	0.0027	0.0030	0.0030
Welfare (CSHCN)	<u>0.0000</u>	<u>0.0027</u>	<u>0.0027</u>	<u>0.0029</u>	<u>0.0029</u>
Sub-Total County Welfare	<u>\$0.0000</u>	<u>\$0.0572</u>	<u>\$0.0706</u>	<u>\$0.0636</u>	<u>\$0.0247</u>
Total County Tax Rate	<u>\$0.2368</u>	<u>\$0.2673</u>	<u>\$0.2812</u>	<u>\$0.2954</u>	<u>\$0.2440</u>

Source: Morgan County Auditor

*Note: Indiana HEA 1001 - 2008 eliminated property tax rates for the State of Indiana and Welfare services.

History of Net Assessed Valuation for Morgan County

<u>Collection Year</u>	<u>Assessed Value</u>
2009*	\$2,829,728,116
2008	3,256,494,740
2007	3,340,427,452
2006	2,879,934,351
2005	2,844,727,400

Source: Morgan County Budget Order

*Note: Indiana HEA 1001 - 2008 created a Supplemental Homestead Deduction for 2009 reducing the assessed value.

Taxes Levied and Collected for Morgan County

Collection Year	<u>Levied</u>	<u>Collected</u>	<u>% Collected</u>
2009	\$6,700,696	\$3,960,656	* 59.11%
2008	8,598,262	8,338,725	96.98%
2007	9,157,262	8,600,495	93.92%
2006	8,507,326	8,023,985	94.32%
2005	6,941,135	6,512,980	93.83%

Source: Morgan County Auditor

*Note: 2009 property tax collections represent the first installment only.

Ten Largest Taxpayers in Morgan County

<u>Taxpayers</u>	<u>Type of Business</u>	2009-Pay-2010 <u>Assessed Value</u>
Wal-Mart	Retail	\$18,729,500
BP, LLC	Manufacturer	7,199,800
Home Bank	Financial Services	5,378,200
Harman Automotive	Automotive	4,582,600
Martinsville Associates, LLC	Real Estate	4,005,600
Fenneman, Craig E	Individual	3,147,800
Bull, Stanley W	Individual	3,062,800
Indianapolis Power & Light	Utility	2,779,600
CRTM Realty	Real Estate	2,693,700
Country View of Martinsville	Real Estate	2,610,100

Source: Morgan County Auditor

Direct Debt Issuance Limitation

Morgan County is limited to the issuance of direct debt based upon the assessed valuation of property within the County. As of October 31, 2009, the limitation is:

Total Assessed Valuation--2008/2009	\$2,829,728,116
Statutory Limitation - 2% of 1/3 of Net Assessed Valuation	18,864,854
Debt Subject to Limitation*	<u>7,000,000</u>
Issuance Margin	<u>\$10,864,854</u>

*This issue

Direct Debt (as of October 31, 2009)

General Obligation Bonds, Series 2009*	<u>\$7,000,000</u>	100.00%	<u>\$7,000,000</u>
Total Direct Debt			<u>\$7,000,000</u>

*This issue

Note: The County does not have any other outstanding debt at the time of this report.

Per Capita Debt Service

Population (2008)	70,668
Net Assessed Valuation (2008/2009)	\$2,829,728,116
Total Outstanding Debt*	\$7,000,000
Debt Per Capita*	\$99
Percentage of Assessed Valuation*	0.25%

*This issue

ECONOMIC INFORMATION

Population

<u>Year</u>	<u>Morgan County</u>	<u>State of Indiana</u>
2008	70,668	6,376,792
2007	69,755	6,335,862
2006	69,526	6,294,124
2005	69,174	6,248,569
2004	68,740	6,210,801

Source: STATS Indiana

Note: Population estimates for 2009 were not available at the time of this report.

Employment

The table below shows the labor force and unemployment rates in Morgan County. Annual averages are shown for the years 2005 through 2008. The levels of employment for 2009 are as of September.

<u>Year</u>	<u>Labor Force</u>	<u>Morgan County</u>		<u>Unemployment Rate</u>		
		<u>Employed</u>	<u>Unemployed</u>	<u>Morgan County</u>	<u>Indiana</u>	<u>United States</u>
2009	36,294	33,554	2,740	7.5%	9.2%	9.5%
2008	37,408	35,253	2,155	5.8%	5.9%	5.8%
2007	36,963	35,423	1,540	4.2%	4.6%	4.6%
2006	37,601	35,919	1,682	4.5%	5.0%	4.6%
2005	37,148	35,334	1,814	4.9%	5.4%	5.1%

Source: STATS Indiana

Ten Largest Employers in Morgan County

<u>Employer</u>	<u>Location</u>	<u>Employees</u>
MSD of Martinsville	Martinsville	800
Morgan County Hospital	Martinsville	575
Saint Francis Hospital	Mooreville	425
Nice-Pak Products, Inc.	Mooreville	396
TOA USA, LLC	Mooreville	350
Kroger	Martinsville	305
Morgan County	Martinsville	285
Walmart Supercenter	Martinsville	200
General Shale	Mooreville	136

Source: Indy Partnership, Morgan County Economic Development Corporation, Manta

Per Capita Income

The table below sets forth estimated per capita income figures for Morgan County, the State of Indiana, and the United States, as well as the percent change over the prior year.

<u>Year</u>	<u>Morgan County</u>	<u>% Change</u>	<u>Indiana</u>	<u>% Change</u>	<u>United States</u>	<u>% Change</u>
2007	\$33,234	2.79%	\$33,215	3.78%	\$38,615	4.95%
2006	32,331	5.78%	32,006	4.62%	36,794	6.07%
2005	30,564	2.60%	30,593	2.04%	34,690	4.62%
2004	29,790	5.60%	29,982	3.68%	33,157	5.16%
2003	28,210	3.13%	28,917	3.06%	31,530	2.24%

Source: STATS Indiana

Note: Per Capita estimates for 2008 and 2009 were not available at the time of this report.

APPENDIX B

ORDINANCE NO. 1-2-27

An Ordinance of Morgan County, Indiana authorizing the issuance of general revenue bonds for the purpose of providing funds to pay the cost of the expansion of a jail facility located in the County, providing for the safeguarding of the interests of the owners of said bonds, other matters connected therewith and repealing ordinances inconsistent herewith

WHEREAS, Morgan County, Indiana ("County") is authorized to issue bonds under the provisions of IC 36-2-6-18 to procure moneys to be used in the exercise of the powers of the County; and

WHEREAS, the County Council of the County ("Council") now determines that it is necessary and a proper exercise of powers of the County to issue bonds for the purpose of procuring funds to finance the costs of constructing a jail facility located in the County ("Project"); and

WHEREAS, the County has obtained architect's estimates of the costs for the construction of the Project and will advertise and receive bids therefor, which bids are subject to the County's obtaining funds to pay for the Project; that on the basis of said estimates, the cost of the Project, including incidental expenses, is in the maximum amount of \$8,000,000; and

WHEREAS, the Council now finds that it may have funds on hand available to apply to the cost of the Project, but that in order to maintain flexibility at this time, the entire cost of the Project shall be authorized to be financed by the issuance of general revenue bonds, in one or more series, in an amount not to exceed Eight Million Dollars (\$8,000,000) payable from any legally available general revenues of the County and, to the extent such revenues are not sufficient, from an ad valorem property tax to be levied on all taxable property in the County; and

WHEREAS, the net assessed valuation of taxable property in the County, as shown in the last final and complete assessment which was made in the year 2008 for state and county taxes collectible in the year 2009 is \$ 2,829,728,116 and outstanding indebtedness including the bonds will not exceed the County's two percent constitutional debt limit; such assessment and outstanding indebtedness amounts shall be verified at the time of the payment for and delivery of the bonds;

WHEREAS, the Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of general revenue bonds, in one or more series, have been complied with in accordance with the provisions of the IC 36-2-6-18 and IC 5-1-14-4, each as in effect on the date of delivery of the bonds authorized herein (collectively, "Act"); and

WHEREAS, the American Recovery and Reinvestment Tax Act of 2009 ("Recovery Act") authorizes the County to designate all or a portion of the bonds as Build America Bonds ("Build America Bonds"); and

WHEREAS, the County may elect to issue all or a portion of the bonds as Build America Bonds pursuant to the Recovery Act; and

WHEREAS, the Council has published notice in accordance with IC 5-3-1 and has held a public hearing on the appropriation of the proceeds of the bonds authorized herein to pay the costs of the Project;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNTY COUNCIL OF MORGAN COUNTY, INDIANA, THAT:

Section 1. Project Authorization. The County proceed with the construction and funding of the Project in accordance with the cost estimates, plans and specifications heretofore

prepared and filed by architects employed by the County, which cost estimates, plans and specifications are by reference made a part of this ordinance as fully as if the same were attached hereto and incorporated herein and two copies of which are now on file in the office of the Auditor of the County and are open for public inspection pursuant to IC 36-1-5-4, that the cost of construction and funding of the Project shall not exceed the sum of \$8,000,000, plus investment earnings on the bond proceeds, without further authorization from this Council. The Project shall be constructed in accordance with the plans and specifications heretofore mentioned, which plans and specifications are hereby approved. The Project shall be constructed and funded and the bonds herein authorized shall be issued pursuant to and in accordance with the Act.

Section 2. Issuance of Bonds. The County shall issue its "General Revenue Bonds of 2009," to be completed with the year in which issued and the appropriate series designation, if any ("Bonds"), in one or more series, in an aggregate principal amount not to exceed \$8,000,000 for the purpose of procuring funds to be applied on the cost of the Project, the payment of costs of issuance and all other costs related to the Project.

Each series of Bonds shall be sold at a price not less than 99% of the par value thereof. If any series of Bonds are issued as Build America Bonds, any premium included in the price of any Bond shall not exceed the premium permitted by the Recovery Act. The maximum premium will be set forth in the notice of sale published pursuant to Section 8. Each series of Bonds shall be issued in the denomination of Five Thousand Dollars (\$5,000) each or integral multiples thereof, numbered consecutively from 1 upward, dated as of their date of delivery or the first day of the month in which sold or issued, as determined by the Auditor, with the advice of the County's financial advisor, and shall bear interest at a rate or rates not exceeding 8% per annum

(the exact rate or rates to be determined by bidding) payable semiannually on January 15 and July 15 in each year, commencing on July 15, 2010. Interest on the Bonds shall be calculated according to a 360-day year containing twelve 30-day months. The Bonds shall mature semiannually, or be subject to mandatory sinking fund redemption, on January 15 and July 15 of each year over a period ending no later than twelve (12) years after the date of issuance of the Bonds, and in such amounts as will result in as level annual debt service as practicable with \$5,000 denominations.

Each series of Bonds shall rank on a parity with the others for all purposes, including the pledge of general revenues under this ordinance.

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

Section 3. Registrar and Paying Agent; Book-Entry Provisions. The Board of Commissioners and the Auditor are hereby authorized to contract with a qualified financial institution to serve as Registrar and Paying Agent for the Bonds ("Registrar" or "Paying Agent"). The Registrar is hereby charged with the responsibility of authenticating the Bonds. The Auditor is hereby authorized to enter into such agreements or understandings with the Registrar as will enable the institution to perform the services required of a registrar and paying agent. The

Auditor is further authorized to pay such fees as the Registrar may charge for the services it provides as Registrar and Paying Agent and such fees may be paid from the Bond Fund established under this ordinance to pay the principal of and interest on the Bonds and any fiscal agency charges. In the alternative, the Auditor of the County may serve as Registrar and Paying Agent, as determined by the Board of Commissioners and the Auditor.

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

Each Bond shall be transferable or exchangeable only upon the books of the County kept for that purpose at the principal corporate trust office of the Registrar by the registered owner in person, or by its attorney duly authorized in writing, upon surrender of such Bond together with a

written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner, or its attorney duly authorized in writing, and thereupon a new fully registered Bond or Bonds in an authorized aggregate principal amount and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. The costs of such transfer or exchange shall be borne by the County except for any tax or governmental charge required to be paid with respect to the transfer or exchange, which taxes or governmental charges are payable by the person requesting such transfer or exchange. The County, Registrar and Paying Agent for the Bonds may treat and consider the person in whose name such Bonds are registered as the absolute owner thereof for all purposes including for the purpose of receiving payment of, or on account of, the principal thereof and interest due thereon.

The Registrar and Paying Agent may at any time resign as Registrar and Paying Agent upon giving 30 days' notice in writing to the County 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 30 day period or upon the earlier appointment of a successor registrar and paying agent by the County. Any such notice to the County may be served personally or sent by registered mail. The Registrar and Paying Agent may be removed at any time as Registrar and Paying Agent by the County, in which event the County may appoint a successor registrar and paying agent. The County 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 the 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.

Upon the appointment of any successor registrar and paying agent by the County, the Auditor is authorized and directed to enter into such agreements and understandings with such successor registrar and paying agent as will enable the institution to perform the services required of a registrar and paying agent for the Bonds. The Auditor is further authorized to pay such fees as the successor registrar and paying agent may charge for the services it provides as registrar and paying agent and such fees may be paid from the fund established under this ordinance. Any predecessor registrar and paying agent shall deliver all of the Bonds and any cash or investments in its possession with respect thereto, together with the registration books, to the successor registrar and paying agent.

Interest on the Bonds shall be payable from the interest payment date to which interest has been paid next preceding the authentication date of the Bonds unless the Bonds are authenticated after the Record Date and on or before such interest payment date in which case they shall bear interest from such interest payment date, or unless the Bonds are authenticated on or before the Record Date preceding the first interest payment date, in which case they shall bear interest from the original date until the principal shall be fully paid.

The Auditor has determined that it may be beneficial to the Auditor to have the Bonds held by a central depository system pursuant to an agreement between the Auditor and The Depository Trust Company, New York, New York ("Depository Trust Company") and have transfers of the Bonds effected by book-entry on the books of the central depository system ("Book Entry System"). The Bonds may be initially issued in the form of a separate single authenticated fully registered Bond for the aggregate principal amount of each separate maturity of the Bonds. In such case, upon initial issuance, the ownership of such Bonds shall be

registered in the register kept by the Registrar in the name of CEDE & CO., as nominee of the Depository Trust Company.

With respect to the Bonds registered in the register kept by the Registrar in the name of CEDE & CO., as nominee of the Depository Trust Company, the County and the Paying Agent shall have no responsibility or obligation to any other holders or owners (including any beneficial owner ("Beneficial Owner")) of the Bonds with respect to (i) the accuracy of the records of the Depository Trust Company, CEDE & CO., or any Beneficial Owner with respect to ownership questions, (ii) the delivery to any bondholder (including any Beneficial Owner) or any other person, other than the Depository Trust Company, of any notice with respect to the Bonds including any notice of redemption, or (iii) the payment to any bondholder (including any Beneficial Owner) or any other person, other than the Depository Trust Company, of any amount with respect to the principal of, or premium, if any, or interest on the Bonds except as otherwise provided herein.

No person other than the Depository Trust Company shall receive an authenticated Bond evidencing an obligation of the County to make payments of the principal of and premium, if any, and interest on the Bonds pursuant to this ordinance. The County and the Registrar and Paying Agent may treat as and deem the Depository Trust Company or CEDE & CO. to be the absolute bondholder of each of the Bonds for the purpose of (i) payment of the principal of and premium, if any, and interest on such Bonds; (ii) giving notices of redemption and other notices permitted to be given to bondholders with respect to such Bonds; (iii) registering transfers with respect to such Bonds; (iv) obtaining any consent or other action required or permitted to be taken of or by bondholders; (v) voting; and (vi) for all other purposes whatsoever. The Paying

Agent shall pay all principal of and premium, if any, and interest on the Bonds only to or upon the order of the Depository Trust Company, and all such payments shall be valid and effective fully to satisfy and discharge the County's and the Paying Agent's obligations with respect to principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. Upon delivery by the Depository Trust Company to the County of written notice to the effect that the Depository Trust Company has determined to substitute a new nominee in place of CEDE & CO., and subject to the provisions herein with respect to consents, the words "CEDE & CO." in this ordinance shall refer to such new nominee of the Depository Trust Company. Notwithstanding any other provision hereof to the contrary, so long as any Bond is registered in the name of CEDE & CO., as nominee of the Depository Trust Company, all payments with respect to the principal of and premium, if any, and interest on such Bonds and all notices with respect to such Bonds shall be made and given, respectively, to the Depository Trust Company as provided in a representation letter from the County to the Depository Trust Company.

Upon receipt by the County of written notice from the Depository Trust Company to the effect that the Depository Trust Company is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of the Depository Trust Company hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, then the Bonds shall no longer be restricted to being registered in the register of the County kept by the Registrar in the name of CEDE & CO., as nominee of the Depository Trust Company, but may be registered in whatever name or names the bondholders transferring or exchanging the Bonds shall designate, in accordance with the provisions of this ordinance.

If the County determines that it is in the best interest of the bondholders that they be able to obtain certificates for the fully registered Bonds, the County may notify the Depository Trust Company and the Registrar, whereupon the Depository Trust Company will notify the Beneficial Owners of the availability through the Depository Trust Company of certificates for the Bonds. In such event, the Registrar shall prepare, authenticate, transfer and exchange certificates for the Bonds as requested by the Depository Trust Company and any Beneficial Owners in appropriate amounts, and whenever the Depository Trust Company requests the County and the Registrar to do so, the Registrar and the County will cooperate with the Depository Trust Company by taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the fully registered Bonds of any Beneficial Owner's Depository Trust Company account or (ii) to arrange for another securities depository to maintain custody of certificates for and evidencing the Bonds.

If the Bonds shall no longer be restricted to being registered in the name of a Depository Trust Company, the Registrar shall cause said Bonds to be printed in blank in such number as the Registrar shall determine to be necessary or customary; provided, however, that the Registrar shall not be required to have such Bonds printed until it shall have received from the County indemnification for all costs and expenses associated with such printing.

In connection with any notice or other communication to be provided to bondholders by the County or the Registrar with respect to any consent or other action to be taken by bondholders, the County or the Registrar, as the case may be, shall establish a record date for such consent or other action and give the Depository Trust Company notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

So long as the Bonds are registered in the name of the Depository Trust Company or CEDE & CO. or any substitute nominee, the County and the Registrar and Paying Agent shall be entitled to request and to rely upon a certificate or other written representation from the Beneficial Owners of the Bonds or from the Depository Trust Company on behalf of such Beneficial Owners stating the amount of their respective beneficial ownership interests in the Bonds and setting forth the consent, advice, direction, demand or vote of the Beneficial Owners as of a record date selected by the Registrar and the Depository Trust Company, to the same extent as if such consent, advice, direction, demand or vote were made by the bondholders for purposes of this ordinance and the County and the Registrar and Paying Agent shall for such purposes treat the Beneficial Owners as the bondholders. Along with any such certificate or representation, the Registrar may request the Depository Trust Company to deliver, or cause to be delivered, to the Registrar a list of all Beneficial Owners of the Bonds, together with the dollar amount of each Beneficial Owner's interest in the Bonds and the current addresses of such Beneficial Owners.

Section 4. Redemption of Bonds. (a) The Bonds of this issue are subject to optional redemption prior to maturity, at the option of the County, beginning no earlier than one year after their date of delivery, or any date thereafter, on thirty (30) days' notice, in whole or in part, in the order of maturity as determined by the County and by lot within a maturity, at face value, plus accrued interest to the date fixed for redemption, without premium. The exact redemption dates and premium, if any, shall be established by the Auditor with the advice of the County's financial advisor prior to the sale of the Bonds.

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

Each Five Thousand Dollars (\$5,000) principal amount shall be considered a separate bond for purposes of optional and mandatory redemption. If less than an entire maturity is called for redemption, the Bonds to be called shall be selected by lot by the Registrar. If some Bonds are to be redeemed by optional redemption and mandatory sinking fund redemption on the same date, the Registrar shall select by lot the Bonds for optional redemption before selecting the Bonds by lot for the mandatory sinking fund redemption.

(c) Notice of such redemption shall be given at least thirty (30) days prior to the date fixed for redemption by mail unless the notice is waived by the registered owner of a Bond.

Such notice shall be mailed to the address of the registered owners as shown on the registration records of the County as of the date which is forty-five (45) days prior to such redemption date. The notice shall specify the date and place of redemption and sufficient identification of the Bonds called for redemption. The place of redemption shall be determined by the County. Interest on the Bonds so called for redemption shall cease on the redemption date fixed in such notice if sufficient funds are available at the principal office of the Paying Agent to pay the redemption price on the date so named. Coincidentally with the payment of the redemption price, the Bonds so called for redemption shall be surrendered for cancellation.

Section 5. Execution and Negotiability; Build America Bonds. Each of the Bonds shall be executed in the name of the County by the manual or facsimile signature of the Board of Commissioners and attested by the manual or facsimile signature of its Auditor, and the seal of the County shall be affixed, imprinted or impressed to or on each of the Bonds manually, by facsimile or any other means; and these officials, by the execution of a Signature and No Litigation Certificate, shall adopt as and for their own proper signatures the facsimile signatures appearing on the Bonds. In case any officer whose signature or facsimile signature appears on the Bonds shall cease to be such officer before the delivery of the Bonds, the signature of such officer shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

The Bonds shall have all of the qualities and incidents of negotiable instruments under the laws of the State of Indiana, subject to the provisions for registration herein.

The Bonds shall also be authenticated by the manual signature of the Registrar, and no Bond shall be valid or become obligatory for any purpose until the certificate of authentication thereon has been so executed.

If any series of Bonds are issued as Build America Bonds, the Board of Commissioners is hereby authorized to make the irrevocable election required under Section 54AA(d) or (g) of the Recovery Act and the Auditor is hereby authorized to attest such election. The Board of Commissioners and the Auditor are hereby authorized to execute and deliver all agreements, certificates or other documents required to comply with the Recovery Act. Such election or agreement shall be deemed a part of this resolution for all purposes and are hereby incorporated herein by reference.

Section 6. Pledge of Revenues; Covenant to Levy Tax. The interest on and principal of the Bonds are payable from and are secured by any legally available general revenues of the County ("Revenues") and, to the extent Revenues are not sufficient, from an ad valorem property tax levied on all taxable property in the County ("Property Taxes"). The County hereby irrevocably pledges such Revenues and, to the extent such Revenues are not sufficient, Property Taxes, to the payment of the interest on and principal of the Bonds, such pledge to be effective pursuant to IC 5-1-14-4 without the filing or recording of this ordinance or any other instrument. The County shall not be obligated to pay the bonds or the interest thereon except from such Revenues and, to the extent Revenues are not sufficient, from Property Taxes, deposited in the Bond Fund established in Section 10 of this ordinance.

Section 7. Form of Bonds. The form and tenor of the Bonds shall be substantially as follows, all blanks will be filled in properly prior to delivery:

[Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Morgan County, Indiana, or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]

UNITED STATES OF AMERICA

STATE OF INDIANA

COUNTY OF MORGAN

MORGAN COUNTY, INDIANA
GENERAL REVENUE BOND OF _____

INTEREST <u>DATE</u>	MATURITY <u>DATE</u>	ORIGINAL <u>DATE</u>	AUTHENTICATION <u>DATE</u>	<u>CUSIP</u>
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REGISTERED OWNER:

PRINCIPAL SUM:

Morgan County, in the State of Indiana ("County"), for value received, hereby promises to pay to the Registered Owner named above or registered assigns, solely out of the special revenue fund hereinafter referred to, the Principal Sum set forth above on the Maturity Date set forth above (unless this bond be subject to and be called for redemption prior to maturity as hereinafter provided), and to pay interest hereon at the Interest Rate per annum stated 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 first day of the month preceding an interest payment date and on or before such interest payment date in which case it shall bear interest from such interest payment date or unless this bond is authenticated on or before _____, 20__, in which case it shall bear interest from the Original Date, until the principal is paid, which interest is payable semiannually on the fifteenth day of January and July in each year, beginning on _____, 20__.

The principal of this bond is payable at the [principal] office of _____ ("Registrar" or "Paying Agent"), in the _____ of _____, Indiana. All payments of interest on this bond shall be paid by check, mailed one business day prior to the interest payment date to the registered owner hereof as of the first day of the month preceding

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

This bond is [the only] one of an authorized issue of bonds of the County, [issued in series,] of like date, tenor and effect, except as to rates of interest [series designation] and dates of maturity; aggregating _____ Dollars (\$ _____) [for this series]; numbered consecutively from 1 up; issued for the purpose of providing funds to be applied on the costs of expansion of a jail facility located in the County ("Project"), and to pay issuance expenses. This bond is issued pursuant to an Ordinance adopted by the County Council of the County on the _____ day of _____, 2009, entitled "An Ordinance of Morgan County authorizing the issuance of general revenue bonds for the purpose of providing funds to pay the cost of the expansion of a jail facility located in the County, providing for the safeguarding of the interests of the owners of said bonds, other matters connected therewith and repealing ordinances inconsistent herewith" ("Ordinance"), and in accordance with the provisions of Indiana law, including without limitation Indiana Code 36-2-6-18 and 5-1-14-4, each as in effect on the date of delivery of the bonds of this issue (collectively, "Act"), the proceeds of which bonds are to be applied to the costs of the Project, and expenses incurred in connection therewith.

Pursuant to the provisions of the Act and the Ordinance, the principal of and interest on this bond and all other bonds of said issue are payable solely from any legally available general revenues of the County ("Revenues") and, to the extent Revenues are not sufficient from an ad valorem property tax levied and collected on all taxable property in the County.

The County irrevocably pledges the Revenues to the prompt payment of the principal of and interest on the bonds authorized by the Ordinance, of which this is one to the extent necessary for that purpose.

The bonds maturing on _____, 15, 20____, are redeemable at the option of the County on _____ 15, 20____, in whole or in part, in the date of maturity as determined by the County and by lot wherein a maturity, at face value, with no premium, plus accrued interest to the date fixed for redemption.

[The bonds maturing on _____ 15, ____ are subject to mandatory sinking fund redemption prior to maturity, at a redemption price equal to the principal amount thereof plus accrued interest on the dates and in the amounts set forth below:

Date

Amount

*

* Final Maturity

Each Five Thousand Dollars (\$5,000) principal amount shall be considered a separate bond for purposes of optional [and mandatory] redemption. If less than an entire maturity is called for redemption, the bonds to be redeemed shall be selected by lot by the Registrar. [If some bonds are to be redeemed by optional redemption and mandatory sinking fund redemption on the same date, the Registrar shall select by lot the bonds for optional redemption before selecting the bonds by lot for the mandatory sinking fund redemption.]

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

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

This bond is transferable or exchangeable only upon the books of the County kept for that purpose at the principal corporate trust 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 an authorized aggregate principal amount and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or to the registered owner, as the case may be, in exchange therefor. This bond may be transferred without cost to the registered owner except for any tax or governmental charge required to be paid with respect to the transfer. The County, the Registrar, the Paying Agent and any other registrar or paying agent for this bond may treat and consider the person in whose name this bond is registered as the absolute owner hereof for all purposes including for the purpose of receiving payment of, or on account of, the principal hereof and interest due hereon.

[The bonds shall be initially issued in a Book Entry System (as defined in the Ordinance). The provisions of this bond and of the Ordinance are subject in all respects to the provisions of the Letter of Representations between the County and The Depository Trust Company, or any substitute agreement, effecting such Book Entry System.]

This bond is subject to defeasance prior to redemption or payment as provided in the Ordinance referred to herein. THE OWNER OF THIS BOND, BY THE ACCEPTANCE HEREOF, HEREBY AGREES TO ALL THE TERMS AND PROVISIONS CONTAINED IN THE ORDINANCE. The Ordinance may be amended without the consent of the owners of the bonds as provided in the Ordinance if the County Council determines, in its sole discretion, that the amendment shall not adversely affect the rights of any of the owners of the bonds.

The bonds maturing in any one year are issuable only in fully registered form in the denomination of \$5,000 or any integral multiple thereof.

[The County has designated the bonds as qualified tax-exempt obligations to qualify the bonds for the \$30,000,000 exception from the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986 relating to the disallowance of the deduction for interest expense allocable to tax-exempt obligations.]

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the execution, issuance and delivery of this bond have been done and performed in regular and due form as provided by law.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been executed by an authorized representative of the Registrar.

IN WITNESS WHEREOF, Morgan County, Indiana has caused this bond to be executed in its corporate name by the manual or facsimile signature of its Board of Commissioners, its corporate seal to be hereunto affixed, imprinted or impressed by any means and attested manually or by facsimile by its Auditor.

BOARD OF COMMISSIONERS OF MORGAN
COUNTY, INDIANA

By _____
Commissioner

By _____
Commissioner

By _____
Commissioner

[SEAL]

Attest:

Auditor

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

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

as Registrar

By: _____
[Authorized Representative]

ASSIGNMENT

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

Dated: _____

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

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

(End of bond form)

Section 8. Bond Sale Notice. (a) Prior to the sale of any series of Bonds, the Auditor shall cause to be published either (i) a notice of bond sale in *The Reporter Times* and *The Mooresville/Decatur Times*, the only newspapers published in the County, two times, at least one week apart, the first publication made at least fifteen (15) days before the date of the sale and the

second publication being made at least three (3) days before the date of the sale, or (ii) a notice of intent to sell in *The Reporter Times* and *The Mooresville/Decatur Times* and the *Court & Commercial Record* all in accordance with IC 5-1-11 and IC 5-3-1. A notice of sale may also be published one time in the *Court & Commercial Record*, and a summary notice may also be published in *The Bond Buyer* in New York, New York. The notice shall state the character and amount of the Bonds, the maximum rate of interest thereon, the terms and conditions upon which bids will be received and the sale made, and such other information as the Auditor and the attorneys employed by the County shall deem advisable and any summary notice may contain any information deemed so advisable. The notice may provide, among other things, that each bid shall be accompanied by or only the winning bid will require a certified or cashier's check or a financial surety bond in an amount equal to 1% of the principal amount of the Bonds described in the notice to guarantee performance on the part of the bidder. If a financial surety bond is used, it must be from an insurance company licensed to issue such bond in the State of Indiana, and such bond must be submitted to the County prior to the opening of the bids. The financial surety bond must identify each bidder whose good faith deposit is guaranteed by such financial surety bond. If the Bonds are awarded to a bidder utilizing a financial surety bond, then that purchaser is required to submit to the County a certified or cashier's check (or wire transfer such amount as instructed by the County) not later than 3:30 p.m. (Martinsville Time) on the next business day following the award. In the event the successful bidder shall fail or refuse to accept delivery of the Bonds and pay for the same as soon as the Bonds are ready for delivery, or at the time fixed in the notice of sale, then said check and the proceeds thereof shall be the property of the County and shall be considered as its liquidated damages on account of such default. Bidders for the Bonds will be required to name the rate or rates of interest which the Bonds are to bear,

not exceeding the maximum rate hereinbefore fixed, and such interest rate or rates shall be in multiples of one-eighth ($1/8$) or one-twentieth ($1/20$) of one percent (1%). The 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 99% the face amount of the Bonds will be considered. The opinion of Ice Miller LLP, bond counsel of Indianapolis, Indiana, approving the legality of the Bonds, will be furnished to the purchaser at the expense of the County.

The Bonds shall be awarded by the Auditor to the best bidder who has submitted its bid in accordance with the terms of this ordinance, IC 5-1-11 and the notice of sale. The best bidder will be the one who offers the lowest net interest cost to the County, to be determined by computing the total interest on all of the Bonds to their maturities and adding thereto the discount bid, if any, and deducting the premium 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 County than the best bid received at the time of the advertised sale will be considered.

As an alternative to public sale, the Board of Commissioners is hereby authorized to negotiate terms of the sale of the Bonds to a purchaser consistent with this Ordinance.

(b) Distribution of an Official Statement (preliminary and final) for the Bonds prepared by the County's financial advisor, on behalf of the County, is hereby authorized and approved and the Board of Commissioners or the Auditor are authorized and directed to execute the Official Statement on behalf of the County in a form consistent with this ordinance. The Board of Commissioners or the Auditor are hereby authorized to designate the Official Statement as "nearly final" for purposes of Rule 15c2-12 promulgated by the Securities and Exchange

Commission. In the alternative, the Board of Commissioners may obtain an investment letter from the purchaser of the Bonds in a form satisfactory to the County Attorney and Bond Counsel.

Section 9. Authorization for Preparation and Sale of the Bonds. The Auditor is hereby authorized and directed to have the Bonds prepared, and the Board of Commissioners and Auditor are hereby authorized and directed to execute and attest the Bonds in the form and manner provided herein. The Auditor is hereby authorized and directed to deliver the Bonds to the respective purchasers thereof. At the time of delivery of the Bonds, the Auditor shall collect the full amount which the purchaser has agreed to pay therefor, which amount shall not be less than the face value of the Bonds, plus accrued interest to the date of delivery. Each series of Bonds, when fully paid for and delivered to the purchaser, shall be the binding general revenue obligations of the County payable out of the Revenues and, to the extent Revenues are not sufficient, from Property Taxes. The proper officers of the County are hereby directed to sell the Bonds, to draw all proper and necessary warrants, and to do whatever acts and things which may be necessary to carry out the provisions of this ordinance.

Section 10. Use of Proceeds and Costs of Issuance. (a) Any accrued interest shall be deposited in the Bond Fund, hereby created, and shall be used to pay interest on the Bonds on July 15, 2010. The Auditor is hereby authorized and directed to deposit the remaining proceeds of the Bonds in a separate fund ("Bond Proceeds Fund") to pay for: (1) the cost of the Project; (2) all costs and expenses incurred in connection with the Project; and (3) costs of issuance of the Bonds. Except as described in this Section, the Bond Proceeds Fund may not be used for any other purpose.

All Revenues and, to the extent Revenues are not sufficient, Property Taxes, available to pay debt service on the Bonds shall be deposited into the Bond Fund up to the amount of principal, interest and fiscal agency charges coming due on the Bonds for the next succeeding six (6) calendar months.

If all or a portion of the Bonds are issued as Build America Bonds and, pursuant to the Recovery Act, the County elects to receive the direct payment from the federal government equal to thirty-five percent (35%) of the interest payable on each interest payment date ("Federal Cash Payment"), each Federal Cash Payment shall be immediately deposited into the Bond Fund.

(b) The Bond Proceeds Fund and the Bond Fund shall be deposited, at interest, with the depository or depositories of other public funds by the County, and all interest collected on it belongs to the fund to which it is attributable. Any surplus remaining from the proceeds of the Bonds after all costs and expenses are fully paid, at the direction of the County Council, shall be paid into and become a part of the Bond Fund or to reduce the rate or amount of ad valorem property taxes imposed by the County, if any.

Section 11. Defeasance of the Bonds. If, when the 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 Bonds or a portion thereof for redemption shall have been given, and the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the Bonds or a portion thereof then outstanding shall be paid; or (i) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in (ii) below), or (ii) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America, the principal of and the interest on which when due will provide

sufficient moneys 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 the Bonds or any designated portion thereof issued hereunder shall no longer be deemed outstanding.

Section 12. Investment of Funds. (a) The Auditor is hereby authorized to invest moneys pursuant to the provisions of this ordinance and IC 5-1-14-3 (subject to applicable requirements of federal law to insure such yield is then current market rate) to the extent necessary or advisable to preserve the exclusion from gross income of interest on the Bonds under federal law.

(b) The Auditor shall keep full and accurate records of investment earnings and income from moneys held in the funds and accounts created or referenced herein. In order to comply with the provisions of the ordinance, the Auditor is hereby authorized and directed to employ consultants or attorneys from time to time to advise the County as to requirements of federal law to preserve the tax exclusion.

Section 13. Tax Covenants. In order to preserve the exclusion of interest on the Bonds from gross income for federal tax purposes under Section 103 of the Internal Revenue Code of 1986 as existing on the date of issuance of the Bonds ("Code") for any Bonds issued as tax exempt Bonds, or to comply with federal tax requirements for Build America Bonds, and as an inducement to purchasers of the Bonds, the County represents, covenants and agrees that:

(a) The Project will be available for use by members of the general public. Use by a member of the general public means use by natural persons not engaged in a trade or business. No person or entity other than the County or another state or local governmental unit will use more than 10% of the proceeds of the Bonds or property financed by the Bond proceeds other than as a member of the general public. No person or entity other than the County or another

state or local governmental unit will own property financed by Bond proceeds or will have any actual or beneficial use of such property pursuant to a lease or any other type of arrangement that conveys other special legal entitlements and differentiates that person's or entity's use of such property from use by the general public, unless such uses in the aggregate relate to no more than 10% of the proceeds of the Bonds.

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

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

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

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

of the issue (Unrelated Use) and use that is related but disproportionate to any governmental use of those proceeds (Disproportionate Use).

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

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

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

(i) The County represents that it will rebate any arbitrage profits to the United States in accordance with and to the extent required by the Code.

(j) The County represents that:

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

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

(iii) The reasonably anticipated amount of qualified tax-exempt obligations (including qualified 501(c)(3) obligations and tax-exempt leases but excluding other

private activity bonds) which will be issued by the County, and all entities subordinate to the County during 2009 or 2010 does not exceed \$30,000,000; and

(iv) The County will not designate more than \$30,000,000 of qualified tax-exempt obligations during 2009 or 2010.

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

(k) If any series of Bonds are issued as Build America Bonds, the costs of issuance shall not exceed two percent (2%) of the issuance amount of the Build America Bonds.

(l) If any series of Bonds are issued as Build America Bonds, the County hereby covenants to comply with all additional tax requirements of the Recovery Act as set forth in the tax certificates of the County.

Section 14. Continuing Disclosure. If necessary to sell the Bonds, the Board of Commissioners and the Auditor are hereby authorized and directed to complete, execute and attest on behalf of the County a Continuing Disclosure Agreement ("Agreement") that complies with the requirements of SEC Rule 15c2-12. Notwithstanding any other provisions of this ordinance, failure of the County to comply with the Agreement shall not be considered an event of default under the Bonds or this ordinance.

Section 15. Noncompliance with Tax Covenants. Notwithstanding any other provisions of this ordinance, the covenants and authorizations contained in this ordinance ("Tax Sections") which are designed to preserve the exclusion of interest on the Bonds from gross income under federal law ("Tax Exemption") need not be complied with if the County receives

an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption.

Section 16. Debt Limit Not Exceeded. The County represents and covenants that the Bonds herein authorized, when combined with other outstanding indebtedness of the County at the time of issuance of the Bonds, will not exceed any applicable constitutional or statutory limitation on the County's indebtedness.

Section 17. Conflicting Ordinances. All ordinances and parts of ordinances in conflict herewith are hereby repealed.

Section 18. Headings. The headings or titles of the several sections shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this ordinance.

Section 19. Effective Date. This ordinance shall be in full force and effect from and after its passage.

Passed and adopted by the County Council of Morgan County, Indiana this 5 day of October, 2009.

MORGAN COUNTY COUNCIL

Presiding Officer

James R. Hendricks
James R. Hendricks
Robert L. O'Neal
Vickie Kivett
B. A. Cole

APPENDIX C

FORM OF BOND COUNSEL OPINION

Upon delivery of the Bonds in definitive form, Ice Miller LLP, Bond Counsel, proposes to render the following opinion with respect to the Bonds substantially in the form set forth below.

_____, 2009

Re: Morgan County, Indiana
General Revenue Bonds of 2009
Total Issue: \$_____
Dated: _____, 2009

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Morgan County, Indiana ("Issuer") of \$_____ of its General Revenue Bonds of 2009, dated _____, 2009 ("Bonds"). We have examined the law and the certified transcript of proceedings of the Issuer had relative to the authorization, issuance and sale of the Bonds and such other papers as we deem necessary to render this opinion. We have relied upon the certified transcript of proceedings and certificates of public officials of the Issuer, including the Issuer's tax covenants and representations ("Tax Representations"), and we have not undertaken to verify any facts by independent investigation.

Based upon our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds are the valid and binding special revenue obligations of the Issuer in accordance with the terms and provisions thereof and will be secured by a pledge of and payable solely out of the special fund heretofore legally established and designated as the "Bond Fund," to which fund there has been legally pledged any legally available general revenues of the Issuer and, to the extent such revenues are not sufficient, ad valorem property taxes to be levied on all taxable property in Morgan County, Indiana; however, the Issuer's collection of the levy may be limited by operation of IC 6-1.1-20.6, which provides taxpayers with tax credits for property taxes attributable to different classes of property in an amount that exceeds certain percentages of the gross assessed value of that property. The Issuer is required by law to fully fund the payment of principal of or interest on the Bonds in an amount sufficient to pay the debt service, regardless of any reduction in property tax collections due to the application of such tax credits.

2. Under statutes, decisions, regulations and rulings existing on this date, interest on the Bonds is exempt from income taxation in the State of Indiana ("State"). This opinion relates only to the exemption of interest on the Bonds from State income taxes.

3. Under federal statutes, decisions, regulations and rulings existing on this date, the interest on the Bonds is excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986 ("Code"), is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is not taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations. This opinion is conditioned on continuing compliance by the Issuer with its Tax Representations. Failure to comply with the Tax Representations could cause interest on the Bonds to lose the exclusion from gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Official Statement or any other offering material relating to the Bonds and we express no opinion thereon.

It is to be understood that the rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium, doctrine of merger and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity. It is to be further understood that the rights of the owners of the Bonds and the enforceability thereof may be subject to the valid exercise of the constitutional powers of the Issuer, the State and the United States of America.

Very truly yours,