

Sponsor Brown/Hensler

ORDINANCE NO. 59-14

AN ORDINANCE AUTHORIZING THE ISSUANCE OF AN ELECTRIC SYSTEM REVENUE REFUNDING BOND, SERIES 2014 PURSUANT TO ARTICLE XVII OF THE CONSTITUTION OF THE STATE OF OHIO IN THE PRINCIPAL AMOUNT OF \$2,680,000 FOR THE PURPOSE OF DEFEASING AND REFUNDING THE CITY'S OUTSTANDING ELECTRIC SYSTEM REVENUE IMPROVEMENT BONDS, SERIES 2006; PROVIDING FOR THE OPTIONAL REDEMPTION OF THE SERIES 2006 BONDS; PLEDGING NET REVENUES OF THE ELECTRIC UTILITY FOR THE PAYMENT OF THE SERIES 2014 BONDS AND PARITY BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW AGREEMENT; AUTHORIZING THE APPROPRIATION OF CERTAIN MONEYS TO THE ELECTRIC REVENUE FUND AND THE CLOSING OF CERTAIN FUNDS; AND DECLARING AN EMERGENCY.

WHEREAS, pursuant to the provisions of Article XVIII of the Ohio Constitution (the "Act"), the City of Jackson, Ohio (the "City") now owns and operates, as a public utility, a municipal electric distribution system (the "Utility") the services of which are, and will be, supplied to users within and outside the corporate limits of the City; and

WHEREAS, pursuant to Ordinance No. 186-06 (the "Series 2006 Ordinance") passed by this Council on August 14, 2006 and a certificate of award dated August 16, 2006 (the "Certificate of Award" , and together with the Series 2006 Ordinance, the "Series 2006 Legislation"), the City issued its \$6,495,000 Electric System Revenue Refunding Bonds, Series 2006 (the "Series 2006 Bonds") to pay costs of improving the Utility, including constructing, installing and equipping a new substation; and

WHEREAS, pursuant to the Series 2006 Legislation, the City entered into a Trust Agreement dated as of August 1, 2006 (the "Series 2006 Trust Agreement") with The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Series 2006 Trustee"); and

WHEREAS, \$3,340,000 of the Series 2006 Bonds maturing on December 1 in the years 2014 through 2030 are outstanding (the "Outstanding Bonds"); and

WHEREAS, the Outstanding Bonds may be optionally redeemed at a redemption price of \$3,340,000, plus accrued interest, upon notice to the Trustee and the holders of the Series 2006 Bonds; and

WHEREAS, pursuant to the Series 2006 Trust Agreement, upon the deposit with the Trustee of sufficient moneys to pay for the redemption of the Series 2006 Bonds, the Trust Agreement will be released and the Series 2006 Bonds shall be deemed paid, discharged and defeased; and

WHEREAS, Robert W. Baird & Co., Inc. (the "Placement Agent") has advised that the City would achieve savings by defeasing and refunding the Outstanding Bonds with the proceeds from the sale of the Series 2014 Bonds (as defined in Section 1) and other moneys available to the City;

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Jackson, Ohio, that:

Section 1. Definitions and Interpretation. In addition to the words and terms elsewhere defined in this Ordinance, unless the context or use clearly indicates another or different meaning or intent:

"Additional Bonds" means any bonds, notes or other obligations of the City issued after the issuance of the Series 2014 Bond and are secured by a pledge of the Net Revenues and the amounts on deposit in the Electric Revenue Fund (to the extent those amounts constitute Net Revenues) on a parity with the pledge of the Net Revenues and the amounts on deposit in the Electric Revenue Fund (to the extent those amounts constitute Net Revenues) to the Series 2014 Bond and the OMEGA JV5 Debt Service.

"Auditor" means the Auditor of the City.

"Bond proceedings" means, collectively, this Ordinance and such other proceedings of the City, including the Series 2014 Bond, that provide collectively for, among other things, the rights of the owners of the Series 2014 Bond.

"Bond Register" means the books and records necessary for the registration, exchange and transfer of the Series 2014 Bond as provided in this Ordinance.

"Bond Registrar" means the authenticating agent, bond registrar, transfer agent and paying agent for the Series 2014 Bond, initially the Auditor.

"Bond Counsel" means Benesch, Friedlander, Coplan & Aronoff, LLP.

"Bond Service Charges" means the principal (as payable at stated maturity or pursuant to mandatory redemption) and interest required to be paid on the Series 2014 Bond or any Parity Obligations.

"Clerk" means the Clerk of this Council.

"Closing Date" means the date of physical delivery of, and payment of the purchase price for, the Series 2014 Bond.

"Code" means the Internal Revenue Code of 1986, the Regulations (whether temporary or final) under that Code or the statutory predecessor of that Code, and any amendments of, or successor provisions to, the foregoing and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable.

Unless otherwise indicated, reference to a Section of the Code includes any applicable successor section or provision and such applicable Regulations, rulings, announcements, notices, procedures and determinations pertinent to that Section.

“Council” means the Council of the City.

“Electric Revenue Fund” means the Electric Revenue Fund (Fund No. 731) previously established by this Council and to be applied hereafter as provided in this Ordinance.

“Electric Utility Reserve Fund” means the Electric Utility Reserve Fund (Fund No. 734) established pursuant to the Series 2006 Ordinance.

“Escrow Agreement” means the Escrow Agreement between the City and the Escrow Trustee authorized by this Ordinance.

“Escrow Fund” means the Series 2006 Bonds Escrow Fund established pursuant to the Escrow Agreement.

“Escrow Trustee” means The Bank of New York Mellon Trust Company, N.A. as escrow trustee pursuant to the Escrow Agreement.

“Interest Payment Dates” means June 1 and December 1 of each year that the Series 2014 Bonds are outstanding, commencing on December 1, 2014.

“Law Director” means the Law Director of the City.

“Mandatory Redemption Requirement” means the principal amounts of the Term Bonds required to be paid pursuant to the mandatory redemption provisions set forth in Section 3(e).

“Mayor” means the Mayor of the City.

“Net Revenues” means Revenues minus Operating Reserve minus Operating Expenses.

“OMEGA JV5 Agreement” means the Joint Venture Agreement regarding the Ohio Municipal Electric Generation Agency Joint Venture 5 among Ohio municipal corporations, including the City, dated as of January 1, 1993, as amended and supplemented from time to time.

“OMEGA JV5 Debt Service” means the payment of the principal and interest on the City’s obligations incurred pursuant to the OMEGA JV5 Agreement.

“Operating Expenses” means all expenses for the operation, maintenance, administration and ordinary current repairs of the Utility necessary in order to maintain and operate the Utility in a reasonable and prudent manner, and including items normally included as essential expenses in the operating budget of municipally owned electric systems, and further including, without limitation, insurance premiums, the City’s administrative expenses allocable to the Utility (including, without limitation, engineering, architectural, legal, consulting and accounting fees and expenses), any taxes

or assessments, whether general or special, that are lawfully imposed on the Utility or on the revenue or income derived from the operation of the Utility, charge for electricity, telephone and other public or private utility services, any penalty or fine imposed on the City by any governmental or regulatory authority arising from the City's manner of operation of the Utility (except to the extent, if any, such penalty or fine is subordinated to the payment of Operating Expenses and Bond Service Charges), and fees and expenses of the Bond Registrar and any authenticating and paying agents, and other expenses related to the foregoing, all as determined (except as otherwise specified in this definition) in accordance with standard principles of municipal utility accounting. Operating Expenses shall not include: (1) Bond Service Charges; or (2) any allowance for amortization or depreciation of the Utility; or (3) expenditures for capital replacements having an estimated life or usefulness and cost that exceeds minimum standards established by the City's accounting policies, and engineering, architectural, legal, consulting and accounting fees and expenses incurred in connection with those expenditures.

"Operating Reserve" means an amount to be on deposit in the Electric Revenue Fund equal to one-sixth of the Operating Expenses incurred by the Utility in the immediately preceding calendar year that may be used to pay Operating Expenses.

"Parity Obligations" means, collectively, the OMEGA JV5 Debt Service and any Additional Bonds.

"Principal Payment Dates" means December 1 of each year the Series 2014 Bonds are outstanding, commencing on December 1, 2014.

"Purchaser" means Branch Banking and Trust Company established pursuant to the laws of the State of North Carolina.

"Purchaser Counsel" means Calfee, Halter & Griswold LLP.

"Record Date" means the fifteenth day of the calendar month immediately preceding an Interest Payment Date or Principal Payment Date, as applicable.

"Revenues" means all revenues received by the City from or in connection with the ownership, operation, use and services of the Utility, including without limitation, all rates, charges, rentals and other income related to the Utility and received by the City or accrued to the City, to be deposited into the Electric Revenue Fund, all as determined in accordance with standard principles of municipal utility accounting, together with any other money of the City deposited in the Electric Revenue Fund except proceeds from the sale of bonds, notes or other obligations of the City. Revenues do not include (a) proceeds from the sale of any bonds, notes or other obligations of the City, (b) proceeds from the sale of any portion of the Utility or the profit or loss from the sale or other designation, not in the ordinary course of business, of any fixed or capital assets of the Utility, (c) proceeds of insurance (other than insurance that provides for lost revenue when the Utility is unable to function) or proceeds from a taking pursuant to eminent domain, or (d) any investment income realized from any investment made from any money in the Electric Revenue Fund.

“*Series 2006 Bond Reserve Fund*” means the Bond Reserve Fund established pursuant to the Series 2006 Trust Agreement and held by the Series 2006 Trustee.

“*Series 2006 Bond Service Fund*” means the Bond Service Fund established pursuant to the Series 2006 Trust Agreement and held by the Series 2006 Trustee.

“*Series 2006 Continuing Disclosure Agreement*” means the Continuing Disclosure Agreement authorized by the Series 2006 Ordinance.

“*Series 2014 Bond*” means the \$2,680,000 Electric System Revenue Refunding Bond, Series 2014 authorized by this Ordinance.

The captions and headings in this Ordinance are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Sections, subsections, paragraphs, subparagraphs or clauses hereof. Reference to a Section means a section of this Ordinance unless otherwise indicated.

Section 2. Authorized Principal Amount and Purpose; Application of Proceeds. It is necessary and determined to be in the City’s best interest to issue an electric system revenue refunding bond of this City in the principal amount of \$2,680,000 (the “Series 2014 Bond”) for the purpose of refunding the Outstanding Bonds and paying costs of the issuance of the Series 2014 Bond.

The proceeds from the sale of the Series 2014 Bond are appropriated and shall be used, allocated and deposited as follows:

First, \$2,629,983.46 shall be delivered to the Escrow Trustee and deposited into the Escrow Fund to be used in accordance with the Escrow Agreement; and

Second, the remaining proceeds (\$50,016.54) shall be deposited into the Electric Revenue Fund and used to, first, pay the fees of Bond Counsel, the Placement Agent and the Escrow Trustee, and the fee of Purchaser’s Counsel in an amount not to exceed \$2,500, incurred in connection with the issuance of the Series 2014 Bond, and, second, for any lawful purpose.

Section 3. Denominations; Dating; Principal and Interest Payment and Redemption Provisions. The Series 2014 Bond shall be issued as a single fully registered bond, in the denomination of \$2,680,000. The Series 2014 Bond shall be dated as of the Closing Date.

(a) Interest Rates and Payment Dates. The Series 2014 Bond shall bear interest at the rate of 2.450% per year (computed on a 360-day per year basis). Interest on the Series 2014 Bond shall be payable on the Interest Payment Dates until the principal amount has been paid or provided for. The Series 2014 Bond shall bear interest from the most recent date to which interest has been paid or provided for or, if no interest has been paid or provided for, from its date.

(b) Principal Payment Schedule. The Series 2014 Bond shall mature on December 1, 2026, and will be payable pursuant to Mandatory Redemption Requirements on the Principal Payment Dates as provided in this Ordinance.

(c) Bond Registrar; Bond Register. (i) The Auditor is appointed to act as the Bond Registrar. The Auditor may resign as Bond Registrar, or may be removed as Bond Registrar by this Council, at any time after this Council has appointed a banking institution to succeed the Auditor as the Bond Registrar, which banking institution shall then be the Bond Registrar for all purposes of this Ordinance and the Series 2014 Bond.

(ii) The Bond Registrar will complete the Series 2014 Bond to be originally delivered to the Purchaser by inserting the appropriate information into the Series 2014 Bond form and will record the name and address of the Purchaser in the Bond Register.

(iii) The Bond Registrar will sign the Certificate of Authentication on the Series 2014 Bond to be originally delivered to the Purchaser.

(iv) The Bond Registrar shall hold in safekeeping the Series 2014 Bond forms not originally delivered to the Purchaser, and shall notify the City of any need for additional Series 2014 Bond forms in sufficient time to permit an adequate supply to be available for exchange or transfer.

(v) So long as the Series 2014 Bond remains outstanding, the Bond Registrar will maintain and keep at its office the Bond Register. The person or entity in whose name a Series 2014 Bond is registered on the Bond Register shall be regarded as the absolute owner of that Series 2014 Bond for all purposes of this Ordinance. Payment of or on account of the principal of and interest on any Series 2014 Bond shall be made only to or upon the order of that person; and neither the City nor the Bond Registrar shall be affected by any notice to the contrary, but the registration may be changed as provided in this Section 3(c). All such payments shall be valid and effectual to satisfy and discharge the City's liability upon the Series 2014 Bond, including interest, to the extent of the amount or amounts so paid.

(vi) The Series 2014 Bond may be exchanged for another Bond upon presentation and surrender at the office of the Bond Registrar, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Bond Registrar. The Series 2014 Bond may be transferred only on the Bond Register and only upon presentation and surrender of the Series 2014 Bond at the office of the Bond Registrar together with an assignment signed by the owner of the Series 2014 Bond or by a person legally empowered to do so in a form satisfactory to the Bond Registrar. Upon such exchange or transfer, the Bond Registrar shall complete, authenticate and deliver a new Bond equal to the then unmatured principal amount of the Series 2014 Bond.

(vii) If manual signatures on behalf of the City are required, the Bond Registrar shall undertake the exchange or transfer of the Series 2014 Bond only after the new Bond is

signed by the Mayor and the Auditor. In all cases of an exchanged or transferred Bond, the City shall sign and the Bond Registrar shall authenticate and deliver a Bond in accordance with the provisions of this Ordinance. The exchange or transfer shall be without charge to the owner, except that the City and Bond Registrar may make a charge sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to the exchange or transfer. The City or the Bond Registrar may require that those charges, costs and expenses, if any, be paid before the procedure is begun for the exchange or transfer. Any Series 2014 Bond issued and authenticated upon any exchange or transfer shall be valid obligations of the City, evidencing the same debt, and entitled to the same security and benefit under this Ordinance, as the Series 2014 Bond surrendered upon that exchange or transfer.

(viii) The Bond Registrar shall complete, authenticate, deliver and register a new Series 2014 Bond to replace a Series 2014 Bond lost, stolen, destroyed or mutilated upon receiving written instructions to do so from the Auditor of the City together with evidence of indemnification, from the owner of the Series 2014 Bond, of the City and the Bond Registrar in a form satisfactory to the City and the Bond Registrar.

(ix) The Bond Registrar shall cancel any Series 2014 Bond surrendered to it pursuant to this ordinance for payment or retirement or for exchange, replacement or transfer. Written reports of surrender and cancellation of the Series 2014 Bonds shall be made to the Auditor by the Bond Registrar at least once each calendar year. Unless otherwise directed by the City or other lawful authority, canceled Bonds shall be retained and stored by the Bond Registrar for a period of seven years. After that time, or at any earlier time as authorized by the City, the canceled Series 2014 Bonds may, at the direction of the Auditor, be either returned to the City or destroyed by the Bond Registrar by shredding or cremation, and certificates of that destruction (describing the manner of that destruction) shall be provided by the Bond Registrar to the Auditor.

(x) The Bond Registrar shall retain and store the Bond Register for seven years after payment of the Series 2014 Bond. At any time and upon request by the City, the Bond Registrar shall permit the City to inspect the Bond Register and will provide the City with a copy of the Bond Register. Pursuant to Section 9.96 of the Revised Code the Bond Register is not a "public record" under Ohio law. In the event of a request to the Bond Registrar by any person other than the City for inspection of the Bond Register, the Bond Registrar shall notify the Auditor and will not permit that inspection unless it is approved by the Auditor, except that the Bond Registrar may permit an inspection pursuant to an order of a court of competent jurisdiction.

(xi) The Bond Registrar shall pay the principal of and interest on the Series 2014 Bond in accordance with this Ordinance, but only from money available to the Bond Registrar for that purpose. The City shall cause funds to be available in an amount sufficient and available to pay the interest, or principal and interest, then to be due no later than 10:00 a.m. (Ohio time) on the day on which that payment is to be made.

(d) Payment of Principal and Interest. Payment of the principal of and interest on the Series 2014 Bond shall be payable in lawful money of the United States of America without deduction of the services of the Bond Registrar as paying agent. The principal of and interest on the Series 2014 Bond due on December 1, 2026 shall be payable upon presentation and surrender of the Series 2014 Bond at the office of the Bond Registrar. The principal of and interest on the Series 2014 Bond due on any other Interest Payment Date or Principal Payment Date shall be paid on each such Interest Payment Date or Principal Payment Date by check or draft to the owner in whose name the Series 2014 Bond was registered, and to that owner's address appearing on the Bond Register at the close of business on the Record Date. Payment of principal of the Series 2014 Bond on any Principal Payment Date other than December 1, 2026 shall be noted on the Bond Register by the Bond Registrar.

(e) Redemption Provisions. The Series 2014 Bond shall be subject to redemption prior to stated maturity as follows:

(i) Mandatory Redemption. The Series 2014 Bond shall be subject to mandatory redemption and be redeemed pursuant to Mandatory Redemption Requirements on the following Principal Payment Dates and in the following principal amounts (with the remaining \$85,000 of the principal amount of the Series 2014 Bond to be paid on December 1, 2026):

<u>Principal Payment Date</u>	<u>Principal Amount</u>	<u>Principal Payment Date</u>	<u>Principal Amount</u>
December 1, 2014	\$100,000	December 1, 2020	\$205,000
December 1, 2015	415,000	December 1, 2021	185,000
December 1, 2016	185,000	December 1, 2022	215,000
December 1, 2017	200,000	December 1, 2023	220,000
December 1, 2018	210,000	December 1, 2024	225,000
December 1, 2019	200,000	December 1, 2025	235,000

(ii) Optional Redemption. The Series 2014 Bond is subject to optional redemption by and at the sole option of the City in whole on December 1, 2020 or any date thereafter at a redemption price equal to 100% of the then unmatured amount of the Series 2014 Bond, plus accrued interest to the redemption date. The Series 2014 Bond shall be redeemed only upon written notice from the Auditor to the Bond Registrar, given upon the direction of this Council by adoption of an Ordinance. That notice shall specify the redemption date and shall be given at least 45 days prior to the redemption date or such shorter period as shall be acceptable to the Bond Registrar.

There shall be deposited with the Bond Registrar on or prior to the redemption date, moneys that, in addition to any other money available therefore and held by the Bond Registrar, will be sufficient to redeem the Series 2014 Bond for which notice of redemption has been given.

A notice of the call for redemption of the Series 2014 Bond shall identify (A) by designation, letters, numbers or other distinguishing marks, the Series 2014 Bond, (B) the redemption price to be paid, (C) the date fixed for redemption, and (D) the place or places where the amounts due upon redemption are payable. The notice shall be given by the Bond Registrar on behalf of the City by mailing a copy of the redemption notice by first class mail, postage prepaid, at least 30 days prior to the date fixed for redemption, to the registered owner of the Series 2014 Bond at the registered owner's address shown on the Bond Register at the close of business on the fifteenth day preceding that mailing. Failure to receive such notice shall not affect the validity of the proceedings for the redemption of the Series 2014 Bond.

Notice having been mailed in the manner provided in the preceding paragraph hereof, the Series 2014 Bond shall become due and payable on the redemption date, and, upon presentation and surrender thereof at the place or places specified in that notice, shall be paid at the redemption price, plus interest accrued to the redemption date. If money for the redemption of the Series 2014 Bond, together with interest accrued thereon to the redemption date, is held by the Bond Registrar on the redemption date, so as to be available therefore on that date and, if notice of redemption has been deposited in the mail as aforesaid, then from and after the redemption date the Series 2014 Bond shall cease to bear interest and no longer shall be considered to be outstanding. If that money shall not be so available on the redemption date, or that notice shall not have been deposited in the mail as aforesaid, the Series 2014 Bond shall continue to bear interest, until it is paid, at the same rate as it would have borne had it not been called for redemption. All money held by the Bond Registrar for the redemption of the Series 2014 Bond shall be held in trust for the account of the registered owner thereof and shall be paid to such owner upon presentation and surrender of the Series 2014 Bond.

Section 4. Execution and Authentication of the Series 2014 Bond. The Series 2014 Bond shall be signed by the Mayor and the Auditor, in the name of the City and in their official capacities, provided that either or both of those signatures may be a facsimile. The Series 2014 Bond shall be numbered as determined by the Auditor in order to distinguish each Series 2014 Bond from any other Series 2014 Bond, and shall express upon their faces the purpose, in summary terms, for which it is issued and that it is issued pursuant to this Ordinance.

Section 5. Sale of the Series 2014 Bond.

(a) To the Original Purchaser. The Series 2014 Bond is awarded and sold to the Purchaser at a purchase price equal to 100% of the principal amount of the Series 2014 Bond, in accordance with law and the provisions of this Ordinance.

The Auditor shall cause the Series 2014 Bond to be prepared and signed and delivered, together with a true transcript of proceedings with reference to the issuance of the Series 2014 Bond, to the Purchaser upon payment of the purchase price. The Mayor, the Auditor, the Clerk, the Law Director and other City officials, as appropriate, each are authorized and directed to sign any transcript certificates, financial statements and other documents and instruments and to take such

actions as are necessary or appropriate to consummate the transactions contemplated by this Ordinance.

Section 6. Security for the Series 2014 Bond. The Series 2014 Bond shall be a special obligation of the City. The Bond Service Charges shall be payable equally and ratably solely from the Net Revenues, and the Net Revenues are pledged for the payment of Bond Service Charges on the Series 2014 Bond and all Parity Obligations. The payment of Bond Service Charges on the Series 2014 Bond and all Parity Obligations shall be secured by a lien on the Net Revenues on deposit in the Electric Revenue Fund.

The City covenants that it will promptly pay from such sources the Bond Service Charges on the Series 2014 Bond at the places, on the dates and in the manner provided in this Ordinance and the Series 2014 Bond, according to the true intent and meaning thereof.

Nothing in this Ordinance or the Series 2014 Bond shall constitute a general obligation debt or tax-supported bonded indebtedness of the City; the general resources of the City shall not be required to be used, and neither the general credit nor taxing power or full faith and credit of the City are or shall be pledged, for the performance of any duty under this Ordinance or the Series 2014 Bond. Nothing in this Ordinance gives the owner of the Series 2014 Bond, and it does not have, the right to have excises or taxes levied by the Council for the payment of Bond Service Charges or Operating Expenses, but the Series 2014 Bond is payable solely from the Net Revenues, as provided in this Ordinance, and the Series 2014 Bond shall contain a statement to that effect; provided, however, that nothing shall be deemed to prohibit the City, of its own volition, from using to the extent it is lawfully authorized to do so, any other resources or revenues for the fulfillment of any of the terms, conditions or obligations of this Ordinance or the Series 2014 Bond.

Section 7. Application of Revenues. From and after the Closing Date, and so long as the Series 2014 Bond remains outstanding, all Revenues of the Utility shall be deposited promptly in the Electric Revenue Fund. Moneys on deposit in the Electric Revenue Fund shall be used as follows:

FIRST, to pay all Operating Expenses; then

SECOND, after reserving the Operating Reserve, to pay the Bond Service Charges; then

THIRD, for any other lawful purpose.

Section 8. Refunding and Redemption of the Outstanding Bonds. (a) The City finds and determines that the refunding of the Outstanding Bonds results in savings for the City. The Auditor is authorized to (i) determine the date for the redemption of the Outstanding Bonds and (ii) give any necessary notices of the refunding and redemption of the Outstanding Bonds required by the Series 2006 Trust Agreement or the Series 2006 Continuing Disclosure Agreement.

(b) The Escrow Agreement now on file with this Council is approved, and the Auditor is authorized to sign and deliver, in the name and on behalf of the City, the Escrow Agreement with such changes that are not inconsistent with this resolution, are not materially adverse to the City,

and are approved by the Auditor. That any such changes are not materially adverse to the City and are approved by the Auditor shall be evidenced conclusively by the signing of the Escrow Agreement by the Auditor.

Section 9. Application of Amounts in Funds. Amounts on deposit in the Series 2006 Bond Service Fund and the Series 2006 Bond Reserve Fund shall be deposited in the Escrow Fund and used pursuant to the Escrow Agreement. Any amounts held by the Series 2006 Trustee after the defeasance of the Outstanding Bonds shall be applied as provided in the Series 2006 Trust Agreement.

Upon the payment or release of all encumbrance of amounts now on deposit in the Electric Utility Reserve Fund, the amounts then on deposit in the Electric Utility Reserve Fund are appropriated to be transferred and deposited into the Electric Revenue Fund. The Auditor is directed upon the transfer and deposit of such amounts to close and terminate the use of the Electric Utility Reserve Fund in accordance with the laws of the State of Ohio.

Section 10. Covenants of the City. The City, by issuance of the Series 2014 Bond, covenants and agrees with their holders to perform its applicable covenants and agreements set forth in this Ordinance. The City particularly covenants that it will:

(a) Operate the Utility as a public utility under the Act, including all extensions thereof and improvements thereto.

(b) Subject to applicable requirements and restrictions imposed by law, at all times prescribe and charge such rates, charges and rentals for the services and facilities of the Utility, and so restrict Operating Expenses, as shall be necessary in order to produce Net Revenues in each year not less than 100% of the Bond Service Charges due in that year.

(c) The City shall not issue any Additional Bonds unless prior to such issuance the Auditor certifies that the Net Revenues during the two years immediately preceding the year of the passage of the ordinance authorizing the Additional Bonds, adjusted to reflect, if necessary, rates, charges and rentals of the Utility enacted by Council prior to the effective date of the ordinance authorizing the Additional Bonds, will aggregate in an amount not less than 100% of the Bond Service Charges on the Series 2014 Bond, all outstanding Parity Obligation and the Additional Bonds in each subsequent year.

(d) Segregate, for accounting purposes, the Revenues and the Electric Revenue Fund from all other revenues and funds of the City.

(e) At any and all times, cause to be done all such further acts and things and cause to be signed and delivered all such further instruments as may be necessary to carry out the purpose of the Series 2014 Bond and this Ordinance or as may be required by the Act, and comply with all requirements of law applicable to the Utility and its operation.

(f) Observe and perform faithfully at all times all covenants, agreements, authority, actions, undertakings, stipulations and provisions to be observed or performed on its part under this Ordinance, the Series 2014 Bond and the Bond Proceedings.

Each of those obligations is binding upon the City, and upon each City officer or employee as from time to time may have the authority under law to take any action on behalf of the City that may be necessary to perform all or any part of that obligation, as a duty of the City and of each of those officers and employees resulting from an office, trust or station within the meaning of Section 2731.01 of the Revised Code, providing for enforcement by writ of mandamus.

Section 11. Federal Tax Considerations. The City covenants that it will use, and will restrict the use and investment of, the proceeds of the Series 2014 Bond in such manner and to such extent as may be necessary so that (a) the Series 2014 Bond will not (i) constitute a private activity bond, arbitrage bond or hedge bond under Section 141, 148 or 149 of the Code, or (ii) be treated other than as a bond to which Section 103(a) of the Code applies, and (b) the interest thereon will not be treated as an item of tax preference under Section 57 of the Code.

The City further covenants that (a) it will take or cause to be taken such actions that may be required of it for the interest on the Series 2014 Bond to be and to remain excluded from gross income for federal income tax purposes, (b) it will not take or authorize to be taken any actions that would adversely affect that exclusion, and (c) it, or persons acting for it, will, among other acts of compliance, (i) apply the proceeds of the Series 2014 Bond to the governmental purposes of the borrowing, (ii) restrict the yield on investment property, (iii) make timely and adequate payments to the federal government, (iv) maintain books and records and make calculations and reports, and (v) refrain from certain uses of the proceeds of the Series 2014 Bond and, as applicable, of property financed with such proceeds, all in such manner and to the extent necessary to assure such exclusion of that interest under the Code.

The Auditor, as the fiscal officer, or any other officer of the City having responsibility for issuance of the Series 2014 Bond is hereby authorized (a) to make or effect any election, selection, designation, choice, consent, approval, or waiver on behalf of the City with respect to the Series 2014 Bond as the City is permitted or required to make or give under the federal income tax laws, including, without limitation thereto, any of the elections provided for in Section 148(f)(4)(C) of the Code or available under Section 148 of the Code, for the purpose of assuring, enhancing or protecting favorable tax treatment or status of the Series 2014 Bond or interest thereon or assisting compliance with requirements for that purpose, reducing the burden or expense of such compliance, reducing the rebate amount or payments or penalties, or making payments of special amounts in lieu of making computations to determine, or paying, excess earnings as rebate, or obviating those amounts or payments, as determined by that officer, which action shall be in writing and signed by the officer, (b) to take any and all other actions, make or obtain calculations, make payments, and make or give reports, covenants and certifications of and on behalf of the City, as may be appropriate to assure the exclusion of interest from gross income and the intended tax status of the Series 2014 Bond, and (c) to give one or more appropriate certificates of the City, for inclusion in the transcript of proceedings for the Series 2014 Bond, setting forth the reasonable expectations of the City regarding the amount and use of all the proceeds of the Series 2014 Bond, the facts,

circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of the interest on and the tax status of the Series 2014 Bond.

The Series 2014 Bond is hereby designated as a “qualified tax-exempt obligation” for purposes of Section 265(b)(3) of the Code. In that connection, the City hereby represents and covenants that it, together with all its subordinate entities or entities that issue obligations on its behalf, or on behalf of which it issues obligation, in or during the calendar year in which the Series 2014 Bond is issued, (i) have not issued and will not issue tax-exempt obligations designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code, including the Series 2014 Bond, in an aggregate amount in excess of \$10,000,000, and (ii) have not issued, do not reasonably anticipate issuing, and will not issue, tax-exempt obligations (including the Series 2014 Bond, but excluding obligations other than qualified 501(c)(3) bonds as defined in Section 145 of the Code, that are private activity bonds as defined in Section 141 of the Code and excluding refunding obligations that are not advance refunding obligations as defined in Section 149(d)(5) of the Code) in an aggregate amount exceeding \$10,000,000 unless the City first obtains a written opinion of nationally recognized bond counsel that such designation or issuance, as applicable, will not adversely affect the status of the Series 2014 Bond as a “qualified tax-exempt obligation”. Further, the City represents and covenants that, during any time or in any manner as might affect the status of the Series 2014 Bond as a “qualified tax-exempt obligation”, it has not formed or participated in the formation of, or benefitted from or availed itself of, any entity in order to avoid the purposes of subparagraph (C) or (D) of Section 265(b)(3) of the Code, and will not form, participate in the formation of, or benefit from or avail itself of, any such entity. The City further represents that the Series 2014 Bond is not being issued as part of a direct or indirect composite issue that combines issues or lots of tax-exempt obligations of different issuers.

Section 12. Bond Counsel. This Council determines it is in the interest of the City to retain Bond Counsel to represent the City in connection with its proposed issuance of the Series 2014 Bonds. This Council approves the form of the engagement letter from Bond Counsel now on file with this Council and authorizes the Mayor to sign and accept that engagement letter with such changes as the Mayor deems necessary.

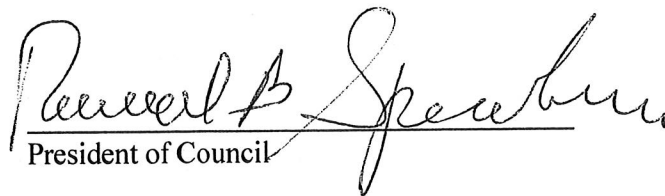
Section 13. Other Determinations. This Council determines that all acts and conditions necessary to be performed by the City or to have been met precedent to and in the issuing of the Series 2014 Bond in order to make it a legal, valid and binding special obligation of the City have been performed and have been met, or will at the time of delivery of the Series 2014 Bond have been performed and have been met, in regular and due form as required by law.


Section 14. Compliance with Open Meeting Requirements. This Council finds and determines that all formal actions of this Council concerning and relating to the passage of this Ordinance, and that all deliberations of this Council and of any committees that resulted in those formal actions, were taken in meetings open to the public in compliance with the law.

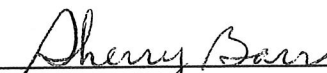
Section 15. Emergency Clause. This Ordinance is declared to be an emergency measure necessary for the immediate preservation of the public peace, health and safety of the City, and for the further reason that this Ordinance is required to be immediately effective in order to issue and sell the Series 2014 Bond, which is necessary to enable the City to timely refund the Outstanding

Obligations and achieve substantial financial savings by taking advantage of favorable municipal market rates; wherefore, this Ordinance shall be in full force and effect immediately upon its passage.


Passed: August 25, 2014


President of Council

Attest: 


Clerk of Council

Approved: _____


Mayor

Offered by: Brown

Second by: Hensler

August 25, 2014

City of Jackson, Ohio
145 Broadway Street
Jackson, Ohio 45640
Attention: Randy Heath, Mayor

Dear Mayor Heath:

Benesch, Friedlander, Coplan & Aronoff LLP ("Benesch") is pleased to have the opportunity to represent the City of Jackson, Ohio (the "City") as bond counsel with the issuance by the City of its Electric System Revenue Bond, Series 2014 (the "Bond").

Benesch's primary service will be to draft the proceedings authorizing the Bond and to render an opinion in connection with the issuance of the Bond by the City to the purchaser of the Bond as to the legal, valid and enforceable nature of the Bond.

Under the rules of the Ohio Supreme Court governing the practice of law, by which Benesch is bound, Benesch will represent the City under this engagement. Benesch will not represent any City official regarding his or her individual relationships with the City. Benesch's allegiance is to the City, and, as a general rule, Benesch would not be able to represent any City official in matters adverse to the City.

Consistent with the rules by which Benesch is bound, Benesch requires a written Engagement Agreement with all new clients, as well as for new matters that Benesch undertakes for existing clients. The Engagement Agreement between the City and Benesch consists of this letter and the accompanying Terms and Conditions of Engagement (the "Terms and Conditions"). The Engagement Agreement describes the responsibilities between the City and Benesch and sets forth certain other matters regarding the attorney-client relationship between the City and Benesch.

To avoid any misunderstanding as to Benesch's billing and collection practices as to this matter in which Benesch may represent the City, the Terms and Conditions describe the basis on which Benesch will provide and bill for such legal services. In addition to fees, the statements will include charges for expenses incurred, as more fully described in the Terms and Conditions. Should the City have any questions regarding these practices, please call me immediately.

If the Engagement Agreement is acceptable, please confirm the City's acceptance by signing, dating and returning a copy of this letter to me (a .pdf of the signed letter will suffice).

Please do not hesitate to call me to discuss any questions the City may have regarding the Engagement Agreement. Furthermore, the City may wish to consult the City's Law Director to advise the City respecting the provisions of the Engagement Agreement.

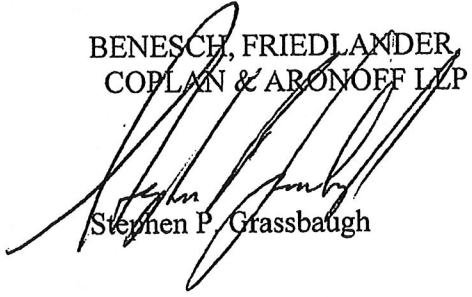
In conformance with the Benesch's policy, Benesch cannot commence or continue work for the City until Benesch has received the City's acceptance of the Engagement Agreement.

If the City has any questions about, or if the City does not agree with, one or more of the Terms and Conditions, please communicate with me so that Benesch can try to address the City's concerns. I can recommend changes that will be effective once the City receives written notice of approval of any revisions, which, depending on the nature of the request, will be made by a Partner in Benesch's management or by a Benesch Ethics Partner. Thank you.

Benesch looks forward to a mutually beneficial relationship.

Sincerely,

BENESCH, FRIEDLANDER
COPLAN & ARONOFF LLP



Stephen P. Grassbaugh

The Engagement Agreement (including the Terms and Conditions) is hereby accepted.

CITY OF JACKSON, OHIO

Date: _____, 2014

By: _____
Mayor Randy Heath

Enclosure

Benesch, Friedlander, Coplan & Aronoff LLP
Terms and Conditions of Engagement

This document contains the terms and conditions (the "Terms and Conditions") under which the City of Jackson, Ohio (the "City") is engaging Benesch, Friedlander, Coplan & Aronoff LLP ("Benesch") to provide legal services in connection with the issuance by the City of its Electric System Revenue Bond, Series 2014 (the "Bond").

Communications and Confidentiality

Benesch will keep the City informed of the status of the issuance of the Bond, and Benesch will consult with the City when Benesch believes it necessary or appropriate. In the event that the City needs to reach Benesch and the person sought is unavailable, please leave a message for the person concerned disclosing the nature and urgency of the call.

The City understands and agrees that, in order for Benesch to represent the City effectively, it is necessary for the City to assist and cooperate with Benesch during this engagement. The City agrees to be available to discuss issues as they arise, to attend in person or by conference call and participate in meetings and other activities in connection with Benesch's representation, and to provide complete and accurate information and documents to Benesch on a timely basis. The City's non-cooperation will be grounds for Benesch's withdrawal from representing the City, and thus, it is essential that Benesch and the City maintain open communications.

Benesch is always mindful of Benesch's central obligation to preserve the precious trust that Benesch's clients repose in Benesch – their secrets and confidences. To that end, it is important that Benesch agrees from the outset what kinds of communications technology Benesch will employ in the course of this engagement. For instance, depending on the degree of security that the City wishes to maintain, it may not be appropriate to use email or to speak using cellular telephones (or at least not to do so where substantive information is being discussed). Similarly, the exchange of documents using the Internet, or even direct computer-to-computer data transfer, may involve some risk that information will be retrieved by third parties with no right to see it. Even the use of fax machines can cause problems if documents are sent to numbers where the documents sit in open view. Nevertheless, Benesch will use high tech communication devices such as cellular telephones, the Internet, unencrypted e-mail and fax machines, unless the City instructs Benesch not to use one or more of these devices, generally or in specific instances.

Whom Does Benesch Represent?

Benesch's client is the City. No one except the City is entitled to rely on any advice or other communication Benesch gives to the City, unless Benesch and the City otherwise mutually agree, in writing.

Benesch's Fees

In connection with Benesch's services, Benesch's fee will be \$20,000, plus any charges for expenses, including but not limited to photocopying, travel (transportation, lodging and meals), computerized legal research, facsimiles sent from Benesch's office, messenger and courier services, long distance telephone charges, and filing fees and a statement will be rendered at the time of the issuance of the Bond; provided, however, if the issuance of the Bond is postponed for substantial length of time for reasons not within Benesch's control, Benesch reserves the right to request partial payment for services rendered. Benesch's fee may vary from the amount stated above only if (a) the principal amount of the Bond changes significantly, (b) the manner in which the Bond is marketed (private placement, public offering, etc.) changes, (c) material changes in the structure occurs, or (d) unusual and unforeseen circumstances arise that require a significant increase in Benesch's time or responsibilities. If any circumstances require an adjustment of any fee estimate, Benesch will consult with the City prior to any adjustment.

Payment to Benesch is expected upon receipt of Benesch's statement. If at any time during Benesch's relationship with the City, the City finds that the City is unable to meet the payment arrangement, Benesch urges the City to contact Benesch immediately.

Payment Obligations

The City acknowledges that the City is obligated to pay Benesch's fees and other charges for Benesch's services in the matter, unless Benesch and the City have agreed otherwise in writing.

Termination of Representation

Benesch's relationship with the City may be terminated by either Benesch or the City by giving written notice to the other party. If the City terminates this representation at any time, the City will have the obligation to pay any outstanding and final billing from Benesch. Benesch may withdraw from this representation at any time consistent with applicable rules of ethical conduct, on reasonable notice, without the City's consent. Benesch's withdrawal may be based upon, but is not limited to: (a) the City's failure to cooperate with Benesch as provided above; (b) the City's failure to pay any of Benesch's bills when due; (c) any fact or circumstance that would render Benesch's continuing representation unlawful or unethical; (d) the City's failure to follow Benesch's advice; or (e) when Benesch and the City have reached an irreconcilable difference of views on the handling of the City's matter(s). Any termination by Benesch of Benesch's representation of the City will be subject to such approval as may be required from any court or other body before which Benesch may be appearing on the City's behalf.

In the event of termination of Benesch's relationship with the City, the City agrees that the City will take all necessary steps to free Benesch of any obligation to perform further, including the execution of any documents necessary or reasonably requested to complete Benesch's withdrawal.

When Benesch completes its services, Benesch's attorney-client relationship with the City for that matter will be terminated. Unless previously terminated by the completion of Benesch's services or otherwise, Benesch's representation will terminate no later than the date of Benesch's final statement for services and expenses for this matter. If the City later retains Benesch to perform further or additional services, Benesch's attorney-client relationship with the City will commence again.

After termination of Benesch's attorney-client relationship with the City regarding this matter, changes may occur in applicable laws that could impact the City's future rights and liabilities. Unless the City actually engages Benesch, in writing, to provide additional advice on issues arising from this matter after its completion, Benesch will have no continuing obligation to advise the City with respect to future legal developments.

Client Files

When Benesch no longer represents the City in this matter, or at the City's request at any time during the course of Benesch's representation, Benesch will take steps, to the extent reasonably practicable, to promptly deliver to the City or to whomever the City designates, in writing, the City's papers and property to which the City is entitled. As to the City's client files, this means that the City is entitled to copies of all correspondence, pleadings, deposition transcripts, exhibits, physical evidence, expert reports, and other items reasonably necessary to the City's representation. The foregoing obligation, however, is also subject to any attorney lien under applicable law that may be available to Benesch to secure payment of Benesch's outstanding fees and other charges, and is also subject to Benesch's right, after completion of any matter for the City, to destroy the City's files that Benesch has maintained for such matter, so long as such destruction is consistent with Benesch's then current file retention policies and is consistent with applicable law and ethical requirements. The City agrees that Benesch will be entitled to be paid at Benesch's then current rates for all attorney and paralegal time spent and that Benesch will be entitled to be reimbursed for all expenses incurred in connection with such delivery of the City's personal property, except for copying costs.

Entire Agreement

The Engagement Agreement represented by the Terms and Conditions and the accompanying letter supersedes all prior or other contemporaneous written or oral agreements and understandings between Benesch and the City, and constitutes the entire agreement between Benesch and the City. The Engagement Agreement may be modified only in a writing signed by the City and by Benesch. The City acknowledges that no promises have been made to the City other than those contained in the Engagement Agreement.

Governing Law

Unless otherwise specified in the accompanying letter, all questions arising under the Engagement Agreement or concerning rights and duties between Benesch and the City will be governed by the laws of State of Ohio. If any provision of the Engagement Agreement is held by

any court or tribunal to be unenforceable, the remainder of the Engagement Agreement shall not be affected thereby and shall be enforced.

Miscellaneous

The City understands, of course, that Benesch cannot guarantee the outcome of any aspect of this or any other matter as to which Benesch may represent the City. Benesch's services and advice will be based on the law at the time of such services and advice and on the extent of Benesch's actual knowledge of the applicable facts.

ESCROW AGREEMENT

between

City of Jackson, Ohio

and

The Bank of New York Mellon Trust Company, N.A.

Dated as of

September 12, 2014

Relating to the Defeasance and Refunding of the

**CITY OF JACKSON, OHIO
ELECTRIC SYSTEM REVENUE IMPROVEMENT BONDS, SERIES 2006**

ESCROW AGREEMENT

between

City of Jackson, Ohio

and

The Bank of New York Mellon Trust Company, N.A.

THIS ESCROW AGREEMENT (this "Agreement") is made as of August 27, 2014, by and between the **CITY OF JACKSON, OHIO** (the "City"), a municipal corporation and political subdivision existing under and by virtue of the Constitution and laws of the State of Ohio, and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.** (the "Escrow Trustee"), a national banking association duly organized and validly existing under the laws of the United States and authorized to exercise trust powers under the laws of the State of Ohio, in its capacity as successor trustee pursuant to a Trust Agreement dated as of August 1, 2006 (the "Series 2006 Trust Agreement") with the City related to the City's Electric System Revenue Improvement Bonds, Series 2006 (the "Series 2006 Bonds") and in its capacity as escrow trustee under this Agreement. (Capitalized words and terms used but not defined herein have the meanings assigned to them in Section 1.)

WITNESSETH:

WHEREAS, pursuant to the Series 2006 Bond Legislation and the Series 2006 Trust Agreement, the City previously issued the Series 2006 Bonds; and

WHEREAS, pursuant to the Series 2006 Bond Legislation and the Series 2006 Trust Agreement, the Defeased Bonds may be optionally redeemed on or after June 1, 2014; and

WHEREAS, the City is issuing and delivering the Series 2014 Bond for the purpose of defeasing and refunding the Defeased Bonds, all pursuant to the Series 2014 Bond Ordinance; and

WHEREAS, it is the intent and purpose of this Agreement, entered into pursuant to the Act, to provide for the application of a portion of the proceeds of the Series 2014 Bond and other funds available to the City for the purpose to be deposited into the Escrow Account in such manner as to provide for the payment of the Accruing Bond Service Charges on the Defeased Bonds and thereby cause the Defeased Bonds to be paid or deemed to be paid, defeased and no longer to be considered outstanding in accordance with the Series 2006 Trust Agreement;

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, and for the purposes stated in the preambles, the City and the Escrow Trustee covenant, agree and bind themselves as follows:

Section 1. Definitions and References. In addition to the terms "Agreement", "City", "Escrow Trustee", "Series 2006 Trust Agreement" and "Series 2006 Bonds" defined above, the following terms as used in this Agreement shall have the following meanings:

“Act” means the Constitution of the State of Ohio, in particular Article XVIII thereof, and any applicable laws of the State of Ohio.

“Accruing Bond Service Charges” means principal and interest payable on the Defeased Bonds on the Redemption Date, all as shown on attached Exhibit A.

“Auditor” means the Auditor of the City.

“Bond Insurer” means Ambac Assurance Corporation.

“Defeased Bonds” means the City’s Series 2005 Bonds maturing on December 1 in the following years and amounts:

<u>Year</u>	<u>Amount</u>
2014	\$340,000
2015	355,000
2016	130,000
2018	300,000
2020	305,000
2022	300,000
2024	355,000
2027	590,000
2030	665,000

“Electric Revenue Fund” means the City’s Electric Revenue Fund (Fund No. 731).

“Escrow Fund” means the Series 2006 Bond Escrow Fund established pursuant to Section 2 and the Escrow Account Deposits therein.

“Escrow Account Deposits” means the money in the Escrow Fund.

“Moody’s” means Moody’s Investor Service, Inc.

“MSRB” means the Municipal Rulemaking Board.

“Redemption Date” means October 13, 2014.

“Series 2006 Bond Reserve Fund” means the Bond Reserve Fund established pursuant to the Series 2006 Trust Agreement.

“Series 2006 Bond Service Fund” means the Bond Service Fund established pursuant to the Series 2006 Trust Agreement.

“Series 2006 Bonds Legislation” means Ordinance No. 184-06, passed by the City Council on August 14, 2006, and the certificate of award related to the Series 2006 Bonds signed by the Auditor on August 16, 2006, providing for the issuance and sale of the Series 2006 Bonds.

“Series 2014 Bond” means the City’s \$2,680,000 Electric System Revenue Refunding Bond, Series 2014, dated September 12, 2014, identified in and issued or to be issued pursuant to the Series 2014 Bond Ordinance.

“Series 2014 Bond Ordinance” means Ordinance No. ____-14, passed by the City Council on August 25, 2014 providing for the sale and issuance of the Series 2014 Bond.

“State” means the State of Ohio.

Any reference to:

- The City, or to the City’s officers, or to other public officers, City Councils, Issuers, departments, institutions, agencies, bodies or entities, shall include those succeeding to their functions, duties or responsibilities by operation of law, and also those at the time legally acting in their place.
- A section or provision of the Revised Code, or to the laws of Ohio, shall include that section or provision and those laws as from time to time amended, modified, revised or superseded, and where and as applicable, any predecessor section or sections.
- A Section, unless otherwise stated, is to that section of this Agreement.

Unless otherwise provided in this Agreement and unless the context or use indicates another or different meaning or intent, capitalized words and terms used in but not defined in this Agreement shall have the same meanings as those words and terms are given in the Series 2014 Bonds Legislation.

Section 2. Escrow Fund. In accordance with and for the purposes of the Series 2014 Bond Ordinance and this Agreement there is hereby established with the Escrow Trustee a trust fund to be designated the “Series 2006 Bonds Escrow Fund” to be maintained as a separate account. The Escrow Fund shall be held in the custody of the Escrow Trustee, separate and apart from all other funds of the Escrow Trustee, and is to be held in trust for and pledged for the benefit, equally and ratably, of the holders of the Defeased Bonds, and shall be used and applied, and is irrevocably committed, to pay the Accruing Bond Service Charges, all as provided in this Agreement.

Section 3. Application of Money to and Investment of Escrow Fund. At the time of delivery of and payment for the Series 2014 Bond, (i) the amount of \$2,629,983.46 from the proceeds of the Series 2014 Bonds shall be delivered by the City to the Escrow Trustee in immediately available funds and deposited in the Escrow Fund and (ii) the amounts of \$289,389.04 and \$471,064.79 shall be transferred by the Escrow Trustee from the Series 2006 Bond Service Fund and the Series 2006 Bond Reserve Fund, respectively, and deposited in the Escrow Fund. The entire amount deposited in the Escrow Fund (\$3,390,437.29) shall be held in cash and not invested. Promptly following receipt of the amounts described above, the Escrow Trustee shall provide to the City a certificate substantially in the attached Exhibit B.

Section 4. Amounts in Escrow Fund. The City and the Escrow Trustee find and determine that the amounts held in the Escrow Fund are sufficient for the payment when due of the Accruing Bond Service Charges on the Defeased Bonds.

Section 5. Application of Escrow Fund. (a) Subject to the provisions of this Agreement, the Escrow Account shall be held by the Escrow Trustee in trust for and irrevocably committed to pay, and shall be used solely to pay, the Accruing Bond Service Charges when due.

(b) Money in the Escrow Account shall be, and the Escrow Trustee agrees that money will be, used solely for the purposes as described in this Agreement, and the deposit of the money in the Escrow Account shall be irrevocable.

(c) Subject to the above requirements for the use of the Escrow Fund, and except as otherwise provided in this Agreement, the City and the Escrow Trustee covenant and agree that the Escrow Trustee shall have and exercise full and complete control and authority over the Escrow Fund, and the City will not have or exercise any control or authority over and with respect to the Escrow Fund.

(d) On or before the Redemption Date (the date on which Accruing Bond Service Charges are due and payable), the Escrow Trustee shall transmit from moneys then on deposit in the Escrow Fund to the registered owners of the Defeased Bonds amounts sufficient to pay the Accruing Bond Service Charges on the Defeased Bonds then due and payable.

(e) The Escrow Trustee agrees that it will, promptly following the payment (or reserving money in the Escrow Fund for the payment) when due of all Accruing Bond Service Charges as provided for in this Agreement, pay to the City for crediting to the Electric Revenue Fund any money then remaining in the Escrow Account.

(f) Any money that remains unclaimed by any holder of a Refunded Bond not presented for payment within a period of four years from the date that amount has become due or payable (whether at maturity or upon call for redemption), shall be free of any trust or lien under this Agreement in favor of that holder, and shall be paid upon written request to do so by the Escrow Trustee to the City.

Section 6. Defeasance and Prior Redemption Notices. (a) The Escrow Trustee is hereby authorized and directed, and agrees to give on the date hereof notice in the form attached hereto as Exhibit C to: (i) the MSRB in an electronic format and containing such identifying information as prescribed by the MSRB, through the Electronic Municipal Market Access, (ii) to the Bond Insurer, and the registered holders of the Defeased Bonds in accordance with the Series 2006 Trust Agreement, and (iii) to Moody's by U.S. Mail.

(b) The City and the Escrow Trustee hereby acknowledge and agree that, as of the date hereof, the City has given or caused to be given to the Escrow Trustee irrevocable written notice of the call for optional redemption of the Defeased Bonds in a form satisfactory to the Escrow Trustee in its capacity as trustee pursuant to the Series 2006 Trust Agreement.

Section 7. Pledge. The trust and fiduciary relationship created by this Agreement is irrevocable and intended for the benefit of the holders from time to time of the then unpaid

Defeased Bonds as provided in this Agreement. The amounts on deposit in the Escrow Fund are hereby dedicated to and assigned and transferred absolutely by the City to the Escrow Trustee for the payment when due of the Accruing Bond Service Charges as provided in this Agreement. That assignment and transfer shall be valid and binding against all parties having claims of any kind against the City or the Escrow Trustee, and the amounts on deposit in the Escrow Fund shall be used solely for the purposes stated in this Agreement. The assignment and transfer pursuant to this Agreement shall be effective on the date of delivery of and payment for the Series 2014 Bond without regard to the date of actual signing and delivery of this Agreement or deposit of money in the Escrow Fund. This Agreement shall remain in full force and effect until the terms of this Agreement have been satisfied and the amounts have been applied as provided for in this Agreement.

Section 8. Expenses. (a) The City shall pay a one-time fee of \$500.00 within 15 days of the date hereof to the Escrow Trustee. The Escrow Trustee acknowledges that this provision for payment is satisfactory to it, and that it does not have and will not have any lien on or other interest in the Escrow Fund or the amounts deposited therein for the payment of any fees, charges and expenses payable by the City pursuant to this Agreement. The Escrow Trustee acknowledges that provision satisfactory to it has been made for paying all amounts payable to it in its capacity as Escrow Trustee pursuant to this Agreement and as Trustee pursuant to the Series 2006 Trust Agreement in connection with the Defeased Bonds and this Agreement.

(b) Notwithstanding the provisions of paragraph (a), if and to the extent that the Escrow Trustee is required to provide extraordinary services and incurs extraordinary fees or expenses (including counsel fees, if any) in connection with the provision of those services, being additional or substantially different services and fees or expenses than are reasonably anticipated by the City or the Escrow Trustee to be provided or incurred by the Escrow Trustee pursuant to this Agreement, then the City shall be responsible for the payment or reimbursement of such extraordinary fees and expenses (including counsel fees, if any) reasonably incurred by the Escrow Trustee, if notified in writing prior to the performance of those services or the incurring of those fees and expenses subject to the City's appropriation of sufficient funds for their payment. In addition, the Escrow Trustee shall be entitled to reimbursement of any out-of-pocket costs reasonably incurred by the Escrow Trustee in connection with the provision of any notices hereunder.

Section 9. Successor Escrow Trustee. (a) Neither this Agreement nor the trust created under it may be assigned by the Escrow Trustee without the prior written consent of the City, unless the Escrow Trustee is required by law to divest itself of its interest in this Agreement or its corporate trust department or unless the Escrow Trustee sells or otherwise assigns all or substantially all of its corporate trust business, in either of which events the trust shall be continued by the Escrow Trustee's successor in interest, so long as that successor is a corporate trustee authorized to exercise trust powers under the laws of the State.

(b) The Escrow Trustee may resign as the Escrow Trustee at any time by giving sixty (60) days written notice of resignation to the City.

(c) If the Escrow Trustee resigns or is removed from acting under this Agreement, or is dissolved or otherwise becomes incapable of acting under this Agreement (except as provided

in paragraph (a) above), or is taken under the control of any public officer or of a receiver appointed by a court, the City shall select a successor Escrow Trustee. If the City does not appoint a successor by the resignation date, the resigning Escrow Trustee may petition any court of competent jurisdiction for the appointment of a successor Escrow Trustee.

(d) Any successor Escrow Trustee shall sign, acknowledge and deliver to its predecessor and to the City an instrument in writing accepting that appointment, and thereupon that successor without any further act shall become fully vested with all the documents, rights, power, trusts, duties and obligations, and immunities, interests and causes of action, of its predecessor. The predecessor Escrow Trustee shall transfer to the successor all amounts on deposit in the Escrow Fund, and on the written request of its successor or of the City sign and deliver an instrument transferring to the successor Escrow Trustee all the rights, powers, and trusts of the predecessor Escrow Trustee under this Agreement. The City shall, on request, sign and deliver any instrument in writing from the City required by any successor Escrow Trustee for more fully and certainly vesting in it the rights, powers and duties vested or intended by the City to be vested in the predecessor.

Section 10. Amendments. (a) The duties and obligations of the Escrow Trustee as Escrow Trustee shall be determined solely by the express provisions of this Agreement as this Agreement may from time to time be amended in accordance with its terms by the Escrow Trustee and the City.

(b) This Agreement may be amended or modified, by written agreement of the City and Trust Company, only:

- (i) To cure any ambiguity, inconsistency or formal defect in it or in its application.
- (ii) To delete any provision of this Agreement deemed by both to be illegal.
- (iii) To confer upon the Escrow Trustee for the benefit of the holders of the Defeased Bonds any additional rights, remedies, powers or authority.
- (iv) In any respect which in the Escrow Trustee's judgment is not materially adverse to the interests of the owners of the Defeased Bonds or of the Escrow Trustee and is not prejudicial to the purposes of this Agreement.
- (v) To evidence any successor to the Escrow Trustee as Escrow Trustee.

In the case of an amendment or modification contemplated by clauses (i) through (iv) of the preceding sentence, the Escrow Trustee shall first have received an opinion of nationally recognized bond counsel that the amendment or modification will not cause the interest on the Defeased Bonds or on the Series 2014 Bonds to become included in the gross income of holders for federal income tax purposes.

Section 11. Severability. In case any section or provision of this Agreement, or any covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken under this Agreement, or any application thereof, is for any reason held to be illegal or invalid, that illegality or invalidity shall not affect the remainder thereof or any other

section or provision of this Agreement or any other covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken under this Agreement, which shall be construed and enforced as if the illegal or invalid portion were not contained in it.

Any such illegality, invalidity, or inoperability or any application thereof shall not affect any legal and valid application thereof, and each such section, provision, covenant, agreement, stipulation, obligation, act or action, or part thereof, shall be deemed to be effective, operative, made, assumed, entered into or taken in the manner and to the full extent from time to time permitted by law.

Section 12. Benefit of Agreement; Rights and Responsibilities. This Agreement shall inure to the benefit of and shall be binding upon the City and the Escrow Trustee, and their respective successors, and the holders of the Defeased Bonds and their respective assigns, all subject to the provisions of this Agreement.

The Escrow Trustee shall be protected, in the absence of bad faith on its part in the performance of its services under this Agreement, in acting upon any notice, request, certificate, affidavit, letter, telegram or other paper or document believed reasonably by it to be genuine and correct and to have been signed or sent by the proper party or parties, and shall not be held to have notice of any change of authority of any person, until receipt of written notice thereof from the City. The Escrow Trustee may apply at any time to the City for instructions, and may consult with counsel for the City, or in the discretion of the Escrow Trustee with its own counsel, as to anything arising in connection with its service as Escrow Trustee under this Agreement (the fees and expenses for which, if reasonably incurred, shall constitute extraordinary fees and expenses to be paid by the City), and the Escrow Trustee shall not be liable for any action taken or omitted to be taken in good faith in reliance upon such instructions or upon the opinions of such counsel. The Escrow Trustee may execute any of its trusts or powers and perform any of its duties under this Agreement by or through attorneys, agents or employees. The Escrow Trustee shall not be liable for any action taken or omitted under this Agreement so long as it shall have acted in good faith and without negligence. None of the provisions contained in this Agreement shall require the Escrow Trustee to use or advance its own funds in the performance of any of its duties or the exercise of any of its rights or powers hereunder.

Section 13. Termination. This Agreement shall terminate at such time as all money in the Escrow Account has been paid out as provided in this Agreement.

Section 14. Notices. Notice from one of the parties to the other under this Agreement will be sufficient for the purpose if it is contained in a writing mailed by first class mail, postage prepaid, or otherwise appropriately transmitted, to the following respective addresses:

City:	City of Jackson, Ohio
	145 Broadway Street
	Jackson, Ohio 45640
	Attn: Auditor

Escrow Trustee: The Bank of New York Mellon Trust Company, N.A.
6525 West Campus Oval
New Albany, Ohio 43054
Attn: Corporate Trust Department

Section 15. Counterparts. This Agreement may be signed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(signature page follows)

IN WITNESS WHEREOF, the City has caused this Agreement to be signed in its name and on its behalf by its indicated officer, and the Escrow Trustee, in token of its acceptance of the trusts created under this Agreement, has caused this Agreement to be signed in its name by its authorized officer, on the dates stated below but all as of _____, 2014.

Date of Signing:

CITY OF JACKSON, OHIO

_____, 2014

By: _____
Auditor

Date of Signing:

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.

_____, 2014

By: _____
Title: _____

EXHIBIT A

ACCRUING BOND SERVICE CHARGES ON THE DEFEASED BONDS

<u>Payment Date</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Principal Redeemed</u>	<u>Redemption Premium</u>	<u>Total</u>
10/13/2014	\$ -0-	\$50,437.29	\$3,340,000.00	\$ -0-	\$3,390,437.29

EXHIBIT B

CERTIFICATE OF ESCROW TRUSTEE

As a duly authorized officer of The Huntington National Bank (the "Escrow Trustee"), as escrow trustee under the Escrow Agreement dated as of September 12, 2014 (the "Escrow Agreement"), between the City of Jackson, Ohio (the "City"), and the Escrow Trustee, and with all capitalized terms being used as defined in the Escrow Agreement, I certify that:

1. The Escrow Trustee has received from the City the amount of \$2,629,983.46, and the Escrow Trustee has transferred the amount of \$289,389.04 from the Series 2006 Bond Service Fund and the amount of \$471,064.79 from the Series 2006 Bond Reserve Fund, and has deposited all those amounts in the Escrow Fund. All amounts in the Escrow Fund are being held in cash, uninvested.

2. The Escrow Trustee, as representative of the beneficial owners of the Defeased Bonds, presently holds that cash in the Escrow Fund in trust for and irrevocably committed to the payment of Accruing Debt Charges.

3. The Escrow Trustee will this day give the notices required by Section 6(a) of the Escrow Agreement.

4. The Escrow Agreement has been duly authorized, executed and delivered by and in the name and on behalf of the Escrow Trustee.

THE HUNTINGTON NATIONAL BANK,
Escrow Trustee

Dated: August 27, 2014

By: _____
Vice President

EXHIBIT C

NOTICE OF DEFEASANCE AND REDEMPTION

CITY OF JACKSON, OHIO
ELECTRIC SYSTEM REVENUE IMPROVEMENT BONDS, SERIES 2006
DATED AUGUST 30, 2006

Notice is hereby given that the City of Jackson, Ohio (the "City") has exercised its option to call for optional redemption on October 13, 2014 all of its outstanding Electric System Revenue Improvement Bonds, Series 2014 as further identified as follows (the "Defeased Bonds"):

Principal Amount	Maturity Date (December 1)	CUSIP Number (No. 468560)	Bond Number
\$340,000	2014	CM7	9
355,000	2015	CN5	10
130,000	2016	CP0	11
300,000	2018	CQ8	12
305,000	2020	CR6	13
300,000	2022	CS4	14
355,000	2024	CT2	15
593,000	2027	CU9	16
665,000	2030	CV7	17

On September 12, 2014, there was deposited with The Bank of New York Mellon Trust Company, N.A., as Escrow Trustee pursuant to an Escrow Agreement dated September 12, 2014 between the City and the Escrow Trustee, sufficient cash for the payment of the redemption price for the Defeased Bonds on October 12, 2014. Irrevocable instructions have been given by the City to the Escrow Trustee that the Defeased Bonds shall be called for optional redemption on October 12, 2014 at a redemption price equal to 100% of the principal amount of the Defeased Bonds plus accrued interest to the redemption date.

The redemption price for the Defeased Bonds will be payable upon presentation and surrender of the Defeased Bonds at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A. located in [Cincinnati], Ohio.

Dated: September 12, 2014

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Escrow Trustee and as the
Trustee for the Defeased Bonds