

ORDINANCE NO. 10-2011

PASSED 3/14/11 BY A VOTE OF 7-0

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

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

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

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

WHEREAS, the Common Council further finds that the estimates prepared and delivered by the Consulting Engineers with respect to the costs to complete the Project, including all authorized costs relating thereto, including the costs of issuance of bonds and, if necessary, bond anticipation notes on account of the financing thereof, will be in the aggregate amount not to exceed One Million Seven Hundred Ten Thousand Dollars (\$1,710,000); and

WHEREAS, pursuant to Ordinance No. 43-2000 (the "2000 Ordinance"), adopted by the Common Council on November 27, 2000, the City has previously issued its sewage works revenue bonds designated as its "Sewage Works Revenue Bonds of 2000" currently outstanding in the aggregate principal amount of Ten Million Seven Hundred Four Thousand Dollars (\$10,704,000) (the "2000 Bonds"); and

WHEREAS, pursuant to Ordinance No. 51-2006, adopted by the Common Council on December 18, 2006 (the "2006 Ordinance" and, together with the 2000 Ordinance, the "Prior Ordinances"), the City has previously issued its sewage works revenue bonds designated as its "Sewage Works Revenue Bonds of 2007" currently outstanding in the aggregate principal amount of Ten Million Nine Hundred Twenty-Five Thousand Dollars (\$10,925,000) (the "2007 Bonds" and, together with the 2000 Bonds, the "Prior Bonds"); and

WHEREAS, the Common Council finds that it is necessary for the City borrow funds to acquire, construct, install and equip the Project, to be accomplished through the issuance of sewage works revenue bonds, in the maximum aggregate principal amount of One Million Seven Hundred Ten Thousand Dollars (\$1,710,000) and, if necessary, bond anticipation notes ("BANs") in an aggregate amount not to exceed One Million Seven Hundred Ten Thousand Dollars (\$1,710,000); and

WHEREAS, the Common Council desires to authorize the issuance of sewage works revenue bonds hereunder payable from the net revenues (as hereinafter defined) of the Sewage Works to provide the necessary funds to acquire, construct, install and equip the Project; and

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

WHEREAS, this Common Council consequently seeks to authorize the issuance of revenue bonds to finance the acquisition, construction, installation and equipping of the Project pursuant to the Act and Indiana Code 5-1-14-5 and the sale of such revenue bonds to the Indiana Finance Authority (the "Authority") pursuant to the provisions of Indiana Code 4-4-11 and 13-18-13 (the "SRF Program") or at public sale pursuant to the provisions of Indiana Code 5-1-11, and the sale of BANs pursuant to the provisions of the Act and Indiana Code 5-1-14-5, subject to and dependent upon the terms and conditions hereinafter set forth; and

WHEREAS, if the bonds herein authorized will be sold to the Authority through the SRF Program, the City will file all necessary documentation with the Authority through the SRF Program, including any due diligence information, to obtain financing for the Project from the Authority through the SRF Program and the City will enter into a Financial Assistance Agreement with the Authority (the "Financial Assistance Agreement"), pertaining to the Project and the financing thereof;

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

Section 1. Acquisition, Construction, Installation and Equipping of the Project. The City, acting by and through the Board and as the owner and operator of

the Sewage Works for the collection and treatment of sewage and other wastes, hereby orders, authorizes and directs the Board to acquire any and all necessary property and to proceed with the acquisition, construction, installation and equipping of improvements and extensions to the Sewage Works, pursuant to the Act and in accordance with the revised plans, specifications and cost estimates heretofore prepared and filed with the Board by the Consulting Engineers, which revised plans, specifications and cost estimates are hereby adopted and approved and, by reference, incorporated fully into this Ordinance, and two copies of which are now on file in the office of the Board and are open for public inspection. The actions of the Board in connection with the acquisition of any and all necessary property and the acquisition, construction, installation, equipping and financing of such improvements and extensions to the Sewage Works are hereby authorized, approved, ratified and confirmed.

Where used in this Ordinance, the term "City" shall be construed also to include any department, board, commission or officer or officers of the City or of any City department, board (including the Board) or commission. The terms "Sewage Works," "sewage works," "works" and similar terms used in this Ordinance shall be construed to mean and include the existing structures and property of the Sewage Works and all enlargements, improvements, extensions and additions thereto, and replacements thereof, now or subsequently constructed or acquired, from the proceeds of the bonds authorized herein or otherwise. Such improvements and extensions shall be constructed and the bonds herein authorized shall be issued pursuant to the provisions of this Ordinance, the Act.

Section 2. Description of the Project. The Project is more fully described in Appendix A attached hereto and made a part hereof. The City, acting by and through the Board, shall proceed with the acquisition, construction, installation and equipping of the Project and shall enter into all contracts necessary or appropriate for such purpose, in conformity with and subject to the requirements and conditions set forth in this Ordinance and in the Act.

Section 3. (a) The Bonds. In accordance with the Act and for the purpose of providing funds with which to pay the costs of the Project, together with all authorized costs relating thereto, including the costs of issuance of the Bonds, as hereinafter defined, on account thereof, and refunding the BANs, if any, described below, the City shall issue and sell its sewage works revenue bonds in the aggregate principal amount not to exceed One Million Seven Hundred Ten Thousand Dollars (\$1,710,000) (the "Bonds"). The principal of, redemption premium, if any, and interest on the Bonds shall be payable solely out of the Sewage Works Sinking Fund referred to below.

The Bonds shall be designated as the "City of Valparaiso, Indiana, Sewage Works Revenue Bonds of 2011" and shall be issued in the maximum aggregate principal amount not to exceed One Million Seven Hundred Ten Thousand Dollars (\$1,710,000) (the "Bonds"). The Bonds shall be issued as fully registered bonds in denomination or denominations of Five Thousand Dollars (\$5,000) and any integral multiples thereof not exceeding the aggregate principal amount of the Bonds maturing in any one year, or in the event that the Bonds are sold to the Authority pursuant to

Section 8 of this Ordinance, shall be in multiples of One Dollar (\$1). The Bonds shall be numbered consecutively from 11R-1 upward and shall bear interest at a rate or rates not exceeding six percent (6.0%) per annum (or as provided in the Financial Assistance Agreement, if the Bonds are sold to the Authority), the exact rate or rates to be determined by negotiation with the Authority or by bidding. Said interest rate or rates shall be in multiples of one-eighth (1/8) or one-twentieth (1/20) (or one-hundredths (1/100), if the Bonds are sold to the Authority) of one percent (1%). All Bonds maturing on the same date shall bear the same rate of interest, and the interest rate on Bonds of a given maturity must be at least as great as the interest rate on the Bonds of any earlier maturity. Interest on the Bonds shall be calculated on the basis of twelve (12) thirty (30)-day months for a three hundred and sixty (360)-day year and shall be payable semiannually on February 1 and August 1 in each year (each an "Interest Payment Date"), commencing on August 1, 2011, or such other date as set forth in the Financial Assistance Agreement, or in the notice of intent to sell bonds if the Bonds are sold by public bidding, until principal is fully paid. The principal of the Bonds shall mature semiannually on February 1 and August 1 of each year with a final maturity as provided in the Financial Assistance Agreement, or no later than August 1, 2033, as reflected in the written certificate of the Clerk-Treasurer of the City (the "Clerk-Treasurer") with the advice of the City's financial advisor, prior to the publication of the notice of intent to sell bonds, in the event the Bonds are to be sold by public sale.

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

(b) The BANs. In anticipation of the issuance and sale of the Bonds authorized herein, and to provide interim financing to apply to the costs of the Project, the City is hereby authorized to have prepared and to issue and sell negotiable BANs of the City to an eligible purchaser of the BANs under Indiana Code 5-1-14-5, pursuant to a Bond Anticipation Note Purchase Agreement (the "BAN Purchase Agreement") entered into between the City and the purchaser of the BANs, in an aggregate principal amount not to exceed One Million Seven Hundred Ten Thousand Dollars (\$1,710,000), to be designated "City of Valparaiso, Indiana, Sewage Works Revenue Bond Anticipation Notes, Series 2011." The BANs shall be issued pursuant to Indiana Code 4-4-11, 13-18-13 and 13-18-21 if sold to the Authority, or pursuant to Indiana Code 5-1-14-5 if sold to an eligible purchaser thereunder. If the BANs are sold to the Authority, the Financial Assistance Agreement shall serve as the BAN Purchase Agreement. The BANs shall be issued in fully registered form, shall be numbered consecutively from 11BANR-1 upwards, shall be in multiples of One Dollar (\$1), shall be dated as of the date of issuance of the BANs, and shall bear interest at a rate not exceeding six percent (6.0%)

per annum (or as provided in the Financial Assistance Agreement if the BANs are sold to the Authority), the exact rate of interest to be determined by negotiations with the purchaser of the BANs and payable as provided in the BAN Purchase Agreement. The BANs may be sold at a discount not exceeding one percent (1.0%) of the par amount thereof (or such lower discount as provided in the Clerk-Treasurer's Certificate). The initial BANs delivered will mature on the date provided in the BAN Purchase Agreement. Each subsequent BAN delivered will bear the same maturity date as the initial BANs. The BANs shall be subject to renewal or extension, subject to the limitations set forth below, at an interest rate not to exceed six percent (6.0%) per annum (or at such rate as provided in the Financial Assistance Agreement if the BANs are sold to the Authority) with the exact rate to be negotiated with the purchaser of such BANs. The term of the BANs and all renewal BANs may not exceed five (5) years from the date of delivery of the initial BANs.

The principal of the BANs shall be refunded and retired out of the proceeds from the issuance and sale hereunder of the Bonds. The principal of the BANs, and the principal and interest of BANs prepaid in accordance with Section 4 herein shall be refunded by the issuance of the Bonds pursuant to, and in the manner prescribed by the Act. The interest on the BANs shall be payable either from the net revenues of the Sewage Works, subject to the prior lien thereon of the Prior Bonds, or from proceeds from the issuance and sale hereunder of the Bonds.

(c) Generally. In the event that the Bonds or the BANs are sold to the Authority pursuant to this Ordinance, it is understood that principal shall not be payable and interest shall not accrue on the Bonds or the BANs until such principal amount has been advanced pursuant to requests made by the City to the Authority, with advances to be allocable to the Bonds or the BANs as provided in the Financial Assistance Agreement. In the event that the total principal amount of the Bonds or the BANs is not advanced to the City, the principal amount of the Bonds or the BANs shall be reduced in an inverse order of maturity.

The Clerk-Treasurer is hereby authorized to appoint a registrar and a paying agent for the Bonds and the BANs (respectively, the "Registrar" and the "Paying Agent" and, in both such capacities, the "Registrar and Paying Agent"). The Registrar and Paying Agent shall be charged with and shall by appropriate agreement undertake the performance of all of the duties and responsibilities customarily associated with each such position, including without limitation the authentication of the Bonds and BANs. The Clerk-Treasurer is authorized and directed to enter into such agreements and understandings with the Registrar and Paying Agent and any subsequent Registrar and Paying Agent as will enable and facilitate the performance of its duties and responsibilities, and is authorized and directed to pay such fees as the Registrar and Paying Agent may reasonably charge for its services in such capacity, and such fees may be paid from the Sewage Works Sinking Fund created by this Ordinance.

If the Bonds or the BANs are registered in the name of the Authority or any other purchaser that does not object to such designation, the Clerk-Treasurer shall be designated as the Registrar and Paying Agent and shall be charged with the

performance of all of the duties and responsibilities of Registrar and Paying Agent; provided, that, the Authority may elect, in its own discretion, to require the Registrar and Paying Agent to be a bank or trust company of the Authority's choosing.

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

Principal of and any redemption premium on the Bonds shall be payable at the principal corporate trust office of the Paying Agent. Interest on the Bonds shall be paid by check or draft mailed or delivered by the Paying Agent to the registered owner thereof at the address as it appears on the registration books kept by the Registrar as of the fifteenth (15th) day of the month immediately preceding the Interest Payment Date or at such other address as may be provided to the Paying Agent in writing by such registered owner. Notwithstanding the foregoing, principal of and interest on the Bonds registered in the name of the shall be paid by wire transfer to a financial institution if and as directed by the Authority on the due date of such payment or, if such date is a day when financial institutions are not open for business, on the business day immediately preceding such due date. So long as the Authority is the registered owner of the Bonds, such Bonds shall be presented for payment as directed by the Authority. All payments on the Bonds shall be made in any coin or currency of the United States of America which, on the dates of such payments, shall be legal tender for the payment of public or private debt.

Each Bond shall be transferable or exchangeable only on the books of the City maintained for such purpose at the principal corporate trust office of the Registrar, by the registered owner thereof in person, or by his or her attorney duly authorized in writing, upon surrender of such Bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner or his or her attorney duly authorized in writing, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount and of the same maturity shall be executed and delivered in the name of the transferee or transferees or the registered

owner, as the case may be, in exchange therefor. Each Bond may be transferred or exchanged without cost to the registered owner, except for any tax or other governmental charge which may be required to be paid with respect to such transfer or exchange. The Registrar shall not be obligated to make any transfer or exchange of any Bond (i) during the fifteen (15) days immediately preceding an Interest Payment Date or (ii) after the mailing of notice calling such Bond for redemption. The City, the Registrar and the Paying Agent may treat and consider the person in whose name any Bond is registered as the absolute owner thereof for all purposes including the purpose of receiving payment of, or on account of, the principal thereof, and redemption premium, if any, and interest thereon.

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

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

During any time that the Bonds are held in book-entry form on the books of a Clearing Agency (1) any such Bond may be registered upon the books kept by the Registrar and Paying Agent in the name of such Clearing Agency, or any nominee thereof, including CEDE & Co., as nominee of The Depository Trust Company; (2) the Clearing Agency in whose name such Bond is so registered shall be, and the City and the Registrar and Paying Agent may deem and treat such Clearing Agency as, the absolute owner and holder of such Bond for all purposes of this Ordinance, including, without limitation, the receiving of payment of the principal of and interest on such Bond,

the receiving of notice, and the giving of consent; (3) neither the City nor the Registrar and Paying Agent shall have any responsibility or obligation hereunder to any direct or indirect participant, within the meaning of Section 17A of the Securities Exchange Act of 1934, as amended, of such Clearing Agency, or any person on behalf of which, or otherwise in respect of which, any such participant holds any interest in any Bond, including, without limitation, any responsibility or obligation hereunder to maintain accurate records of any interest in any Bond or any responsibility or obligation hereunder with respect to the receiving of payment of principal, premium, if any, or interest on any Bond, the receiving of notice, or the giving of consent; (4) the Clearing Agency is not required to present any Bond called for partial redemption prior to receiving payment so long as the Registrar and Paying Agent and the Clearing Agency have agreed to the method for noting such partial redemption; and (5) payment of the principal of and interest on the Bonds may be made by wire transfer or other method acceptable to the Clearing Agency.

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

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

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

Section 4. Optional Redemption of the Bonds and the BANs. The BANs are prepayable by the City, in whole or in part, at any time, no sooner than one hundred twenty (120) days from the date of delivery thereof, upon at least twenty (20) days' notice to the owner of the BANs, without any premium. In the case of prepayment, the

principal and accrued interest due on the BANs shall be paid only from proceeds of the Bonds, except that such principal and interest due on the BANs may also be paid from other revenues and funds legally available therefor; provided, however, that such funds are not pledged to the payment of the BANs.

The Bonds maturing on or after February 1, 2022, are subject to redemption prior to maturity at the option of the City, in whole or in part, upon sixty (60) days written notice to the registered owner or owners of the Bonds to be redeemed, on any date on or after August 1, 2021, in inverse order of maturity and by lot within any such maturity or maturities by the Registrar, at a redemption price expressed as a percentage of the principal amount of the Bonds to be redeemed in accordance with the following schedule, plus accrued interest to the redemption date:

<u>Redemption Period (Both Dates Inclusive)</u>	<u>Redemption Price</u>
August 1, 2021, through July 31, 2022	102%
August 1, 2022, through July 31, 2023	101%
August 1, 2023, and thereafter prior to maturity	100%

Official notice of such redemption shall be mailed by the Registrar and Paying Agent by certified or registered mail at least sixty (60) days prior to the scheduled redemption date to each of the registered owners of the Bonds called for redemption (unless waived by any such registered owner) at the address shown on the registration books of the Registrar and Paying Agent, or at such other address as is furnished in writing by such registered owner to the Registrar; provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any Bond shall not affect the validity of the proceedings for the redemption of any other Bonds. The notice shall specify the redemption price, the date and place of redemption, and the registration numbers (and, in case of partial redemption, the respective principal amounts) of the Bonds called for redemption. The place of redemption may be at the principal corporate trust office of the Registrar and Paying Agent or as otherwise determined by the City. Interest on the Bonds (or portions thereof) so called for redemption shall cease to accrue on the redemption date fixed in such notice, if sufficient funds are available at the place of redemption to pay the redemption price on the redemption date and when such Bonds (or portions thereof) are presented for payment. Any Bond redeemed in part may be exchanged for a Bond or Bonds of the same maturity in authorized denominations equal to the remaining principal amount thereof.

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

(a) If so directed by the City, each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds being redeemed.

(b) If so directed by the City, each further notice of redemption shall be sent at least thirty-five (35) days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds.

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

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

In the event the Bonds are sold by public sale, as determined by the successful bidder for the Bonds and as to be set forth in the certificate of the Clerk-Treasurer regarding the award of the Bonds (the "Award Certificate"), all or a portion of the Bonds may be aggregated into one or more term bonds payable from mandatory sinking fund redemption payments (the "Term Bonds") required to be made as set forth below. The Term Bonds shall have a stated maturity or maturities of February 1 and/or August 1, beginning no earlier than August 1, 2012, in the years to be determined by the successful bidder for the Bonds and as set forth in the Award Certificate.

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

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

sinking fund redemption dates by operation of the mandatory sinking fund requirements shall be reduced accordingly.

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

Notice of any such mandatory sinking fund redemption shall be given in the manner provided in this Section 4 of this Ordinance.

In the event any of the Bonds are issued as Term Bonds, the form of the Bonds set forth in Section 7 hereto shall be modified accordingly.

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

Section 5. Execution and Authentication of the Bonds. The Bonds shall be executed in the name of the City by the manual or facsimile signature of the Mayor of the City (the "Mayor") and attested by the manual or facsimile signature of the Clerk-Treasurer. The Bonds shall be authenticated by the manual signature of the Registrar, and no Bond shall be valid or become obligatory for any purpose until the certificate of authentication thereon has been so executed. In case any official whose signature appears on any Bond shall cease to be such official before the delivery of such Bond, the signature of such official shall nevertheless be valid and sufficient for all purposes, the same as if such official had been in office at the time of such delivery. Subject to the provisions of this Ordinance regarding the registration of the Bonds, the Bonds shall be fully negotiable instruments under the laws of the State of Indiana.

Section 6. Security and Sources of Payment for the Bonds. The Bonds, as and to the extent paid for and delivered to the purchaser or purchasers thereof, together with the outstanding Prior Bonds, and together with any bonds hereafter issued on a parity with the Bonds (to be referred to hereinafter collectively as the "bonds," unless the context otherwise requires), as to both principal and interest, shall be valid and binding special, limited revenue obligations of the City, payable solely from and secured by an irrevocable pledge of and constituting a charge upon all of the net revenues (herein defined as gross revenues after deduction only for the payment of the proper and reasonable expenses of Operation and Maintenance (as defined in the Financial Assistance Agreement) derived from the Sewage Works, including all such net revenues from the existing works, the Project and all additions and improvements thereto and replacements thereof subsequently constructed or acquired, to be set aside into the Sewage Works Sinking Fund as herein provided. The City shall not be obligated to pay the Bonds or the interest thereon except from the net revenues of the Sewage Works, and the Bonds shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana.

Section 7. Form of the Bonds. The form and tenor of the Bonds shall be substantially as follows (with all blanks to be filled in properly and all necessary additions and deletions to be made prior to the delivery thereof):

[FORM OF BOND]

UNITED STATES OF AMERICA
STATE OF INDIANA, CITY OF VALPARAISO
SEWAGE WORKS REVENUE BOND OF 2011

No. 11R-1

	<u>Interest Rate</u>	<u>Original Date</u>	<u>Authentication Date</u>
2011	_____ %	_____, 2011	_____ ,

Registered Owner: INDIANA FINANCE AUTHORITY

Principal Amount: \$ _____

The City of Valparaiso (the "City"), Porter County, State of Indiana, for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, upon surrender hereof, solely out of the special revenue fund hereinafter referred to, the Principal Amount stated above, or so much thereof as may be advanced from time to time and be outstanding as evidenced by the records of the registered owner making payment for this bond, or its assigns, on February 1 and August 1 on the dates and in the amounts as set forth on Schedule A attached hereto (unless this bond be subject to and shall have been called for redemption prior to maturity as hereinafter provided), and to pay interest hereon until the Principal Amount is fully paid at the Interest Rate per annum specified above from the interest payment date to which interest has been paid next preceding the Authentication Date of this bond unless this bond is authenticated after the fifteenth day of the month 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 July 15, 2011, it shall bear interest from the Original Date specified above, which such interest is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2011. Interest shall be calculated on the basis of twelve (12) thirty (30)-day months for a three hundred sixty (360)-day year.

The principal of and premium, if any, on this bond is payable at the corporate trust office of _____, or of any successor registrar and paying agent appointed by the City pursuant to the Ordinance hereinafter mentioned (the "Registrar" and the "Paying Agent"). All payments of interest hereon will be paid by cash or draft mailed or delivered to the Registered Owner hereof at the

address as it appears on the registration books of the Registrar as of the fifteenth day of the month immediately preceding the applicable interest payment date or at such other address as is furnished to the Paying Agent in writing by such Registered Owner. All payments on this bond shall be made in any coin or currency of the United States of America which, on the dates of such payments, shall be legal tender for the payment of public and private debts.

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

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

This bond and the other bonds of this issue, together with the interest payable hereon and thereon, are payable solely from and secured by an irrevocable pledge of and constitute a charge upon all of the net revenues (defined to be gross revenues after deduction only for the payment of the proper and reasonable expenses of Operation and Maintenance (as defined in the hereinafter described Financial Assistance Agreement) derived from the sewage works of the City, including the existing works, the improvements and extensions acquired or constructed out of the proceeds of this bond and the issue of which it is a part, and all additions and improvements thereto subsequently acquired or constructed (the "Sewage Works"); and rank on a parity basis with other bonds of the City designated (i) "Sewage Works Revenue Bonds of 2000," outstanding on the issuance date of this bond in the principal amount of Ten Million Seven Hundred Four Thousand Dollars (\$10,704,000), and payable over a period ending _____ 1, 20____ (the "2000 Bonds"), and (ii) "Sewage Works Revenue Bonds of 2007," outstanding on the issuance date of this bond in the principal amount of Ten Million Nine Hundred Twenty-Five Thousand Dollars (\$10,925,000), and payable over a period ending _____ 1, 20____ (the "2007 Bonds" and, together with the 2000 Bonds, the "Prior Bonds"). The City shall not be obligated to pay the principal of or interest on this bond except from the special fund, entitled the "Sewage Works Sinking Fund" heretofore created by ordinance of the City (the "Prior Ordinance"), and continued by ordinance of the City provided from the net revenues of such sewage works, and neither this bond nor any of the bonds of the issue of which this bond is a part shall constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana.

This bond is one of an authorized issue of bonds of the City of like tenor and effect, except as to numbering, interest rate and date of maturity, in a maximum aggregate principal amount of _____ Dollars

(\$ _____) numbered from 11R-1 upward, issued for the purpose of providing funds to pay the costs of the Project (as defined in the hereafter mentioned Ordinance) and all expenses necessarily incurred in connection with the issuance of such bonds, as authorized by an Ordinance adopted by the Common Council of the City on the _____ day of _____, 2011, entitled "AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF VALPARAISO, INDIANA, AUTHORIZING THE ISSUANCE OF SEWAGE WORKS REVENUE BONDS TO PROCURE FUNDS TO FINANCE THE ACQUISITION, CONSTRUCTION, INSTALLATION AND EQUIPPING OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE SEWAGE WORKS OF THE CITY, THE ISSUANCE AND SALE OF BOND ANTICIPATION NOTES IN ANTICIPATION OF THE ISSUANCE AND SALE OF SUCH BONDS, AND THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SUCH SEWAGE WORKS AND OTHER RELATED MATTERS" (the "Ordinance"), and in strict compliance with the provisions of Indiana Code, Title 36, Article 9, Chapter 23, and the laws amendatory thereof and supplemental thereto (the "Act").

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

This bond is issuable only in fully registered form in the denomination of \$1 or any integral multiple thereof not exceeding the aggregate principal amount of the bonds of this issue maturing in any one year.

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

The City irrevocably pledges the entire net revenues of the Sewage Works to the extent necessary for such purposes, to the prompt payment of the principal of and interest on the bonds of this issue authorized pursuant to the Ordinance, including this bond and any bonds hereafter issued on a parity herewith, and the now outstanding Prior Bonds heretofore issued ranking on a parity basis hereto and thereto. The City covenants that it will to the fullest extent permitted by law cause to be fixed, maintained and collected such rates and charges for services rendered by such works as are sufficient in each year for the payment of the proper and reasonable expenses of Operation and Maintenance of said works and for the payment of the sums required to

be paid into said Sinking Fund under the provisions of said Act and said Ordinance. In the event the City, or the proper officers thereof, shall fail or refuse to so fix, maintain and collect such rates or charges, or if there be a default in the payment of the principal or interest on this bond, the Registered Owner of this bond shall have all of the rights and remedies provided for in the Act.

The City further covenants that it will set aside and pay into its Sewage Works Sinking Fund a sufficient amount of the net revenues of the Sewage Works to meet (a) the interest on all bonds payable from the revenues of the Sewage Works, as such interest shall fall due, (b) the necessary fiscal agency charges for paying all bonds and interest, (c) the principal of all bonds payable from the revenues of the Sewage Works, and (d) an additional amount as a margin of safety to create the reserve required by the Ordinance.

The bonds of this issue maturing on or after February 1, 2022, are subject to redemption prior to maturity, at the option of the City, in whole or in part, on August 1, 2021, or at any time thereafter, upon sixty (60) days notice, in inverse order of maturity and by lot within any such maturity or maturities by the Registrar at a redemption price expressed as a percentage of the principal amount of each bond to be redeemed in accordance with the following schedule, plus accrued interest to the date of redemption:

<u>Redemption Period (Both Dates Inclusive)</u>	<u>Redemption Price</u>
August 1, 2021, through July 31, 2022	102%
August 1, 2022, through July 31, 2023	101%
August 1, 2023, and thereafter prior to maturity	100%

Notice of any such redemption shall be sent by registered or certified mail to the Registered Owner of this bond at least sixty (60) days prior to the date fixed for redemption, unless such notice is waived by the Registered Owner; provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any such bond will not affect the validity of any proceedings for redemption of any other such bonds. The notice shall specify the redemption price, the date and place of redemption and the registration numbers (and in case of partial redemption, the respective principal amounts) of the bonds called for redemption. Interest on bonds so called for redemption shall cease to accrue on the redemption date fixed in such notice, so long as sufficient funds are available at the place of redemption to pay the redemption price on the redemption date or when presented for payment.

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

shall have received the items required by the Ordinance with respect to any mutilated, lost, stolen or destroyed bond.

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

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

All bonds which have been redeemed shall be canceled and cremated or otherwise destroyed and shall not be reissued and a counterpart of the certificate of cremation or other destruction evidencing such cremation or other destruction shall be furnished by the Registrar to the City; provided, however, that one or more new registered bonds shall be issued for the unredeemed portion of any bond without charge to the holder thereof.

Subject to the provisions of the Ordinance regarding the registration of such bonds, this bond and all other bonds of this issue of which this bond is a part are fully negotiable instruments under the laws of the State of Indiana. This bond is transferable or exchangeable only on the books of the City maintained for such purpose at the principal office of the Registrar, by the Registered Owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the Registered Owner or his attorney duly authorized in writing, and thereupon a new fully registered bond or bonds in the same aggregate principal amount and of the same maturity shall be executed and delivered in the name of the transferee or transferees or the Registered Owner, as the case may be, in exchange therefor. This bond may be transferred or exchanged without cost to the Registered Owner or his attorney duly authorized in writing, except for any tax or other governmental charge which may be required to be paid with respect to such transfer or exchange. The Registrar shall not be obligated to make any exchange or transfer of this bond (i) during the fifteen (15)

days immediately preceding an interest payment date on this bond or (ii) after the mailing of any notice calling this bond for redemption. The City, the Registrar and any Paying Agent for this bond may treat and consider the person in whose name this bond is registered as the absolute owner hereof for all purposes including for the purpose of receiving payment of, or on account of, the principal hereof and the redemption premium, if any, and interest due hereon.

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

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

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

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

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

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

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

CITY OF VALPARAISO, INDIANA

By: _____
Mayor

ATTEST:

Clerk-Treasurer

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This bond is one of the City of Valparaiso, Indiana, Sewage Works Revenue Bonds of 2011 issued and delivered pursuant to the provisions of the within-mentioned Ordinance.

_____, as Registrar

By: _____

ASSIGNMENT

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

Dated: _____
Signature Guarantee: _____

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

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

SCHEDULE A

Bonds Maturing (Date)	Principal Amount	Bonds Maturing (Date)	Principal Amount

[End of Bond Form.]

Section 8. Issuance, Sale and Delivery of the Bonds and the BANs. (a) **Generally.** The Clerk-Treasurer is hereby authorized and directed to have the Bonds and the BANs prepared, and the Mayor and the Clerk-Treasurer are each hereby authorized and directed to execute and attest, respectively, the Bonds and the BANs in the form and manner herein provided. The Clerk-Treasurer is hereby authorized and directed to deliver the Bonds and the BANs to the purchaser or purchasers thereof after sale made in accordance with the provisions of the Act and this Ordinance, provided

that at the time of said delivery the Clerk-Treasurer shall collect the full amount which the purchaser or purchasers have agreed to pay therefor, which shall be not less than ninety-nine percent (99.0%) of the par amount of the Bonds (or such higher percentage of the par value of the Bonds as the Clerk-Treasurer, with the advice of the financial advisor of the City, shall determine), plus accrued interest thereon to the date of delivery, if any, and in the case of the BANs, shall not be less than ninety-nine percent (99.0%) of the par amount of the BANs. The City may receive payment for the Bonds and BANs in installments. The proceeds derived from the sale of the Bonds (or, instead, the BANs, if such BANs are issued), shall be and are hereby set aside for application to the costs of the Project, including all authorized costs relating thereto, including the respective costs of issuance of the Bonds and the BANs. The authorized officers of the City are hereby authorized and directed to draw all proper and necessary warrants and to do whatever other acts and things that may be necessary or appropriate to carry out the provisions of this Ordinance.

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

(c) Issuance, Sale and Delivery of the Bonds. (i) Public Sale. The Bonds may, in the discretion of the Clerk-Treasurer, be sold by public sale. In the event the Bonds are sold by public sale, Prior to the sale of the Bonds, the Clerk-Treasurer, on behalf of the City, shall cause to be published a notice of intent to sell two times at least one week apart in the Vidette Times, and the Court & Commercial Record. The notice must state that any person interested in submitting a bid for the Bonds may furnish in writing, at the address set forth in the notice, the person's name, address, and telephone number, and that any such person may also furnish a facsimile number. The notice must also state: (1) the amount of the Bonds to be offered; (2) the denominations; (3) the dates of maturity; (4) the maximum rate or rates of interest; (5) the place of sale; and (6) the time within which the name, address and telephone number must be furnished, which must not be less than seven (7) days after the last publication of the notice. Each person so registered shall be notified of the date and time bids will be received not less than twenty-four (24) hours before the date and time

of sale. The notification shall be made by telephone at the number furnished by the person, and also by telex if the person furnishes a telex number. Such notice may also include such other information as the Clerk-Treasurer shall deem necessary and the attorneys employed by the City shall deem necessary or advisable.

Bids may be submitted electronically via BidUmbaugh, the website of the Financial Advisor. Such notice shall also provide, among other things, that each bid shall be accompanied by A good faith deposit (the "Deposit") in the form of cash, check certified, cashier's check or wire transfer in the amount of one percent (1%) of the principal amount of the Bonds made payable to the order of the City is required to be submitted by the successful purchaser (the "Purchaser") not later than 3:00 p.m. (EST) on the next business day following the award. If such Deposit is not received by that time, the City may reject the bid. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its accepted bid, the Deposit will be retained by the City as liquidated damages.

All bids for Bonds shall be sealed and shall be presented to the Clerk-Treasurer on behalf of the City at the Clerk-Treasurer's office or at some other location determined by the Clerk-Treasurer prior to the publication of said notice of intent, and the Clerk-Treasurer shall continue to receive all bids offered until the hour fixed for the sale of the Bonds, at which time and place the Clerk-Treasurer shall open and consider each bid. Bidders for the Bonds shall be required to name the rate or rates of interest which the Bonds are to bear, not exceeding seven percent (7.0%) per annum or such lesser rate as may be set forth in the Issuer's Certificate. Such interest rate or rates shall be in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%). Bids specifying more than one interest rate shall also specify the amount and maturities of the Bonds bearing each rate, and all Bonds maturing on the same date shall bear the same rate of interest. The interest rate on Bonds of a given maturity must be at least as great as the interest rate on Bonds of any earlier maturity.

Subject to the provisions set forth below, the Clerk-Treasurer shall award the Bonds to the bidder offering the lowest net interest cost to the City, to be determined by computing the total interest on all of the Bonds from the date thereof to their maturities and deducting therefrom the premium bid, if any, or adding thereto the amount of any discount. No bid for less than ninety-nine percent (99.0%) of the par value of the Bonds (or such higher percentage of the par value of the Bonds as shall be set forth in the Issuer's Certificate), plus accrued interest at the rate or rates named to the date of delivery, will be considered. The Clerk-Treasurer shall have full right to reject any and all bids for and on behalf of the City. In the event no acceptable bid is received at the time fixed for the sale of the Bonds, the Clerk-Treasurer shall be authorized to continue to receive bids from day to day thereafter for a period not to exceed thirty (30) days, without readvertising, pursuant to Indiana law.

The Clerk-Treasurer is hereby authorized to determine, in her discretion, to sell the Bonds pursuant to the general provisions of Indiana Code 5-1-11 (rather than Section 2(b) thereof), and in the event of such a determination, those portions of this Section 8 which conflict with such provisions shall be deemed inapplicable.

(ii) Sale to the Authority. The Bonds may, in the discretion of the Clerk-Treasurer, be sold to the Authority, pursuant to the SRF Program. The Mayor and the Clerk-Treasurer are hereby authorized to submit an application to the Authority for participation in the SRF Program. As a part of the SRF Program, the Financial Assistance Agreement for the Bonds shall be executed by the City and the Authority. The substantially final form of Financial Assistance Agreement attached as Appendix B hereto and incorporated herein as if set forth in this place is hereby approved by the Common Council, and the Mayor is hereby authorized to execute the same on behalf of the City, and to approve any changes in form or substance to the Financial Assistance Agreement, such approval to be conclusively evidenced by its execution. The Financial Assistance Agreement may set forth the definitive terms and conditions for such sale including the purchase price and interest rate, but all of such terms and conditions must be consistent with the terms and conditions of this Ordinance, including, without limitation, the interest rates on the Bonds which shall not exceed the maximum rate of interest for the Bonds authorized pursuant to this Ordinance. The Bonds sold to the Authority shall be accompanied by all documentation required by the Authority pursuant to Indiana Code 4-4-11 and 13-18-13 and the Financial Assistance Agreement, including, without limitation, an approving opinion of a nationally recognized bond counsel, certification and guarantee of signatures and certification as to no litigation pending, as of the date of delivery of the Bonds to the Authority, challenging the validity or issuance of the Bonds. In the event the Clerk-Treasurer determines to sell the Bonds to the Authority, the entry by the City into the Financial Assistance Agreement and the execution of the Financial Assistance Agreement by the Mayor, in accordance with this Ordinance are hereby authorized, approved and ratified. For purposes of any provision of this Ordinance applicable in the event the Bonds are owned by the Authority, such provision shall be equally applicable if the Bonds are owned by the Authority as a part of the SRF Program. In addition, any reference herein to the SRF Program as the purchaser of the Bonds shall be deemed to include circumstances in which the Authority (or any other nominal owner of the Bonds) is the registered owner of the Bonds for the benefit of the SRF Program.

Prior to the delivery of the Bonds, the Clerk-Treasurer, subject to the direction of the Common Council, (i) shall be authorized to investigate, negotiate and obtain bond insurance, other forms of credit enhancement and/or credit ratings on the Bonds, and (ii) shall obtain a legal opinion as to the validity of the Bonds from Baker & Daniels LLP, Indianapolis, Indiana, bond counsel for the City, with such opinion to be furnished to the purchaser of the Bonds at the expense of the City. The costs of obtaining any such insurance, other credit enhancement and/or credit ratings, together with bond counsel's fee in preparing and delivering such opinion and in the performance of related services in connection with the issuance, sale and delivery of the Bonds, shall be considered as a part of the cost of the Project and shall be paid out of the proceeds of the Bonds.

Section 9. Disposition of Proceeds of the Bonds; Construction Account. The proceeds of the Bonds shall be deposited in a bank or banks which are legally qualified depositories for the funds of the City. The proceeds of the Bonds will be deposited in the special account designated as the "City of Valparaiso, 2011 Sewage

Works Construction Account" (the "Construction Account"). Amounts in the Construction Account shall be expended only for the purpose of paying the costs of the Project to be financed with the proceeds of the Bonds, as described in the Ordinance and in the Act, together with all authorized costs relating thereto, including the costs of issuance of the Bonds, and as otherwise permitted or required by the Act. Any balance or balances remaining unexpended in the Construction Account after completion of the Project, which are not required to meet unpaid obligations incurred in connection with the acquisition, construction or installation of the Project to be financed with the proceeds of the Bonds, shall be used solely for one or more of the purposes permitted under the provisions of Indiana Code 5-1-13, as amended. Pursuant to the Act, the owners of the Bonds shall be entitled to a lien on the proceeds of the Bonds until such proceeds are applied as required by this Ordinance and by Indiana law.

With respect to any Bonds sold to the Authority, to the extent that the total principal amount of the Bonds is not paid by the purchaser or drawn down by the City, the City shall reduce the principal amounts of the Bonds in an inverse order of maturity as described in Section 3 of this Ordinance.

Section 10. Segregation and Application of Sewage Works Revenues. All revenues derived from the operation of the Sewage Works and from the collection of sewage rates and charges shall be deposited in a special fund of the City continued by the Prior Ordinances and continued further hereby (the "Revenue Fund") and segregated and kept separate and apart from all other funds and bank accounts of the City. Out of said revenues the proper and reasonable expenses of operation, repair and maintenance of the Sewage Works shall be paid, the principal and interest of all bonds and fiscal agency charges of bank paying agents shall be paid, and the costs of replacements, extensions, additions and improvements shall be paid as hereinafter provided. On the last day of each month, a sufficient amount of moneys shall be transferred from the Revenue Fund to the Operation and Maintenance Fund continued by the Prior Ordinances and continued further hereby (the "O & M Fund") to pay the expenses of operation, repair and maintenance of the Sewage Works for the next succeeding two (2) calendar months. The moneys credited to the O & M Fund shall be used for the payment of the reasonable and proper operation, repair and maintenance expenses of the Sewage Works on a day-to-day basis, but none of the moneys in said O & M Fund shall be used for depreciation, replacements, improvements, extensions or additions. Any balance in said O & M Fund in excess of the expected expenses of operation, repair and maintenance for the next succeeding month may be transferred to the Sewage Works Sinking Fund if necessary to prevent a default in the payment of principal of or interest on any outstanding bonds.

Section 11. (a) Sewage Works Sinking Fund. The special fund designated the "Sewage Works Sinking Fund," continued under the Prior Ordinances is hereby continued and designated as the special fund for the payment of the interest on and principal of the Bonds and the payment of any fiscal agency charges in connection with the payment of the Bonds and interest thereon. There shall be set aside and paid into the Sinking Fund, as available, and as hereinafter provided, a sufficient amount of the net revenues of said Sewage Works to meet the requirements of the Bond and

Interest Account and of the Reserve Account hereby continued in said Sinking Fund. Such payments shall continue until the balance in the Bond and Interest Account, plus the balance of the Reserve Account hereinafter described, equals the amount needed to redeem all of the then outstanding bonds.

(b) Bond and Interest Account. There is hereby continued, within said Sinking Fund, the Bond and Interest Account and there shall be set aside and paid into said Account monthly, on the last day of each month as available, an amount equal to at least one-sixth (1/6) of the interest and at least one-sixth (1/6) of the principal on all then outstanding bonds payable from the Sinking Fund on the then next succeeding interest and principal payment date, until such time as said Bond and Interest Account shall equal the interest payable during the next succeeding six (6) calendar months.

There shall similarly be credited to the account any amount necessary to pay the bank fiscal agency charges for paying principal and interest on the bonds as the same become payable. The City shall, from the sums deposited in the Sinking Fund and the funds in and credited to the Bond and Interest Account, remit promptly to the registered owner or to the bank fiscal agency sufficient moneys to pay the principal and interest on the due dates thereof together with the amount of bank fiscal agency charges.

(c) Reserve Account. There is hereby continued, within the Sinking Fund, the Reserve Account ("Reserve Account"). The amount on deposit in the Reserve Account shall be equal to the aggregate maximum annual debt service on the Bonds, the Prior Bonds and any other bonds of the City payable from the net revenues of its sewage works that may be hereafter issued on parity with the Bonds (the "Reserve Requirement"). On the date of delivery of the Bonds, funds on hand of the Sewage Works, Bond proceeds or a combination thereof may be deposited in the Reserve Account to satisfy the Reserve Requirement. Alternatively, the Reserve Requirement, with respect to the Bonds, shall be deemed to be satisfied if there is on deposit in the Reserve Account any surety bond, insurance policy, guaranty, letter of credit or other credit facility in any amount equal to such portion, the issuer of which credit facility is rated at least "AAA" by Standard & Poor's Ratings Group or "Aaa" By Moody's Investor Service. If the initial deposit into the Reserve Account does not cause the balance therein to equal the Reserve Requirement or if no deposit is made, the monthly deposits shall be equal in amount and sufficient to accumulate the Reserve Requirement within five (5) years of the date of delivery of the Bonds.

The Reserve Account shall constitute the margin for safety and a protection against default in the payment of principal of and interest on said Bonds, the Prior Bonds and any bonds hereafter issued on a parity therewith, and the moneys in the Reserve Account shall be used only to pay current principal and interest on said Bonds, the Prior Bonds and any bonds hereafter issued on a parity therewith to the extent that moneys in the Bond and Interest Account are insufficient for that purpose. Any deficiencies in credits to the Reserve Account shall be promptly made up from the next available Net Revenues remaining after credits into the Bond and Interest Account. In the event moneys in the Reserve Account are transferred to the Bond and Interest Account to pay principal and interest on the Bonds or the Prior Bonds, then such

depletion of the balance in the Reserve Account shall be made up from the next available Net Revenues after the credits into the Bond and Interest Account hereinbefore provided for. The balance in the Reserve Account shall not exceed the Reserve Requirement and any excess herein generated by interest earnings shall be treated as revenues of the sewage works.

(d) Depository Agreements. The Sinking Fund, containing the Bond and Interest Account and the Reserve Account, and/or the Construction Account may be held by a financial institution acceptable to the Authority, pursuant to terms acceptable to the Authority. If the Sinking Fund and the accounts therein are held in trust, the City shall transfer the monthly required amounts of net revenues to the Bond and Interest Account and the Reserve Account, and the financial institution holding such funds in trust shall be instructed to pay the required payments in accordance with the payment schedules for the City's outstanding bonds. The Common Council hereby authorizes the Mayor to execute and deliver an agreement with a financial institution to reflect this trust arrangement for the Sinking Fund and/or the Construction Account.

Section 12. Sewage Works Improvement Fund. In the event that all required payments into the O & M Fund and the Sinking Fund have been met to date, then any excess revenues of the Sewage Works available may be placed in the separate fund heretofore created and designated as the Sewage Works Improvement Fund and hereby continued (the "Sewage Works Improvement Fund"). Moneys in the Sewage Works Improvement Fund may be used to pay the costs of improvements, betterments, extensions, enlargements and additions to the Sewage Works. No revenues of the Sewage Works shall be deposited in or credited to the Sewage Works Improvement Fund which will interfere with the requirements of the Sinking Fund, the accumulation of the required reserve therein. All or any portion of the funds accumulated and reserved in the Sewage Works Improvement Fund shall be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal of or interest on the bonds payable from the Sinking Fund or to eliminate any deficiencies in credits to or minimum balance in the Reserve Account for the bonds issued hereunder. Moneys in the Sewage Works Improvement Fund also may be transferred to the O & M Fund to meet unforeseen contingencies in the operation, repair and maintenance of the Sewage Works.

Section 13. Investment of Funds. All of the amounts in the funds and accounts created pursuant to this Ordinance shall be deposited in lawful depositories of the State of Indiana, and shall be continuously held and secured or invested as provided by the laws of the State of Indiana relating to the depositing, securing, holding and investing of public funds, including particularly Indiana Code 5-13-9 and Indiana Code 4-4-11 and Indiana Code 13-18-13. The amounts in the Bond and Interest Account, the Reserve Account and all other funds and accounts created pursuant to this Ordinance shall be kept in separate bank accounts apart from all other bank accounts of the City. In no event shall any of the revenues of the Sewage Works be transferred or used for any purpose not authorized by this Ordinance so long as any of the bonds of the Sewage Works issued pursuant to the provisions of this Ordinance shall be outstanding. Investment income earned on moneys in the funds and accounts

established by this Ordinance shall become a part of the funds and accounts invested (except as otherwise provided in Section 11(c) hereof) and shall be used only as provided in this Ordinance.

Section 14. Books of Record and Accounts. The City shall keep proper books of record and accounts, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues collected from said works and deposited in said funds, and all disbursements made therefrom on account of the operation of the works, and to meet the requirements of the Sewage Works Sinking Fund, and all other financial transactions relating to said works. There shall be prepared and furnished, upon written request, to any owner of the Bonds at the time then outstanding, not more than ninety (90) days after the close of each fiscal year, complete financial statements of the works, covering the preceding fiscal year. Copies of all such statements and reports shall be kept on file in the office of the Clerk-Treasurer. Any owner or owners of the Bonds then outstanding shall have the right at all reasonable times to inspect the works and all records, accounts and data of the City relating thereto. Such inspections may be made by representatives duly authorized by written instrument.

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

Section 15. Rates and Charges. The City covenants and agrees that it will establish and maintain just and equitable rates or charges for the use of and the services rendered by said works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses said Sewage Works by or through any part of the Sewage Works system of the City, or that in any way uses or is served by such works, at a level adequate to produce and maintain sufficient revenue (including user and other charges, fees, income or revenues available to the City) to provide for the proper Operation and Maintenance of the works, to comply with and satisfy all covenants contained in this Ordinance and the Financial Assistance Agreements, and for the payment of the sums required to be paid into the Sewage Works Sinking Fund by the Act and this Ordinance.

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

Section 16. Defeasance. If, when any of the Bonds issued hereunder shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call any Bonds for redemption

shall have been given, and the whole amount of the principal and the interest and the premium, if any, so due and payable upon such Bonds then outstanding shall be paid; or (i) sufficient moneys, or (ii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, the principal of and the interest on which when due will provide sufficient moneys, or (iii) time certificates of deposit fully secured as to both principal and interest by obligations of the kind described in (ii) above of a bank or banks the principal of and interest on which when due will provide sufficient moneys, shall be held in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case such Bonds issued hereunder shall no longer be deemed outstanding or entitled to the pledge of the net revenues of the City's Sewage Works.

Section 17. Additional and Bonds. The City reserves the right to authorize and issue additional bonds, payable out of the net revenues of its Sewage Works, ranking on a parity with the bonds authorized by this Ordinance, for the purpose of financing the cost of future additions, extensions and improvements to the Sewage Works, subject to the following conditions:

(a) All required payments into the Sinking Fund shall have been made in accordance with the provisions of this ordinance, and the interest on and principal of all outstanding bonds shall have been paid in accordance with their terms. The Reserve Requirement shall be satisfied for the additional parity bonds proposed to be issued either at the time of delivery of such additional parity bonds or over a five (5) year period or shorter period, in a manner which is commensurate with the requirements established in Section 11 of this Ordinance.

(b) The net revenues of the Sewage Works in the fiscal year immediately preceding the issuance of any such bonds ranking on a parity with the bonds authorized by this Ordinance shall be not less than one hundred twenty-five percent (125%) of the maximum annual interest and principal requirements of the then outstanding bonds and the additional parity bonds proposed to be issued; or, prior to the issuance of said parity bonds, the sewage rates and charges shall be increased sufficiently so that said increased rates and charges applied to the previous fiscal year's operations would have produced net revenues for said year equal to not less than one hundred twenty-five percent (125%) of the maximum annual interest and principal requirements of the then outstanding bonds and the additional parity bonds proposed to be issued. For purposes of this subsection, the records of the Sewage Works shall be analyzed and all showings shall be prepared by a certified public accountant retained by the City for that purpose.

(c) The interest on said additional parity bonds shall be payable semiannually on the first days of February and August and the principal of said additional parity bonds shall be payable annually on the first day of February and August in the years in which both principal and interest are payable.

(d) If the Bonds are sold to the Authority, (i) the City has obtained the consent of the Authority, (ii) the City has faithfully performed and is in compliance with

each of its obligations, agreements, and covenants contained in the Financial Assistance Agreement and this Ordinance, and (iii) the City is in compliance with its Sewage Works permits, except for non-compliance for which the bonds are issued, including refunding bonds issued prior to, but part of, the overall plan to eliminate such non-compliance.

Section 18. Additional Covenants of the City. For the purpose of further safeguarding the interests of the owners of the Bonds herein authorized, it is specifically provided as follows:

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

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

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

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

(e) So long as any of the Bonds are outstanding, the City shall not mortgage, pledge or otherwise encumber such works, or any part thereof, nor shall it sell, lease or otherwise dispose of any portion thereof except to replace equipment which may become worn out or obsolete, without the prior written consent of the Authority if the Bonds are sold to the Authority.

(f) If the Bonds are sold to the Authority to finance Eligible Costs (as defined in the Financial Assistance Agreement), the City shall not borrow any money,

enter into any contract or agreement or incur any other liabilities in connection with the Sewage Works, other than for normal operating expenditures, without the prior written consent of the Authority if such undertaking would involve, commit, or use the revenues of the Sewage Works.

(g) Except as hereinbefore provided in Section 17 hereof, so long as any of the bonds herein authorized are outstanding, no additional bonds or other obligations pledging any portion of the revenues of said sewage works shall be authorized, executed or issued by the City except such as shall be made subordinate and junior in all respects to the bonds herein authorized, unless all of the bonds herein authorized are redeemed, retired or defeased pursuant to Section 16 hereof coincidentally with the delivery of such additional bonds or other obligations.

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

(i) The provisions of this Ordinance shall constitute a contract by and between the City and the owners of the sewage works revenue bonds herein authorized, and after the issuance of said bonds, subject to the rights of the City under Section 22 hereof, this Ordinance shall not be repealed or amended in any respect which will adversely affect the rights of the owners of said bonds, nor shall the Common Council adopt any law, ordinance or resolution which in any way adversely affects the rights of such owners so long as any of said bonds or the interest thereon remains unpaid. The Common Council reserves the right, however, to amend this Ordinance from time to time to preserve the Tax Exemption described in Section 21 hereof without the approval of any owner of the bonds so long as the Common Council certifies that such amendment does not violate this subsection (i) of Section 18; provided, however, that if the Bonds are sold to the Authority, the City shall obtain the prior written consent of the Authority.

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

Section 19. Permitted Actions Relating to Preservation of Exclusion of Interest from Federal Gross Income.

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

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

Section 20. Tax Covenants. In order to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes and as an inducement to purchasers of the Bonds, the City represents, covenants and agrees that:

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

(b) No Bond proceeds will be loaned to any entity or person. No Bond proceeds will be transferred, directly or indirectly, or deemed transferred to a nongovernmental person in any manner that would in substance constitute a loan of the Bond proceeds.

(c) The City will not take, or cause or permit to be taken by it or by any party under its control, or fail to take or cause or permit to fail to be taken by it or by any party under its control, any action with respect to the Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Bonds pursuant to Section 103 of the Code, nor will the City act in any other manner which would adversely affect such exclusion. The City further covenants that it will not make any investment or do any other act or thing during the period that any Bond is

outstanding hereunder which would cause any Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code and the regulations applicable thereto as in effect on the date of delivery of the Bonds.

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

Section 21. Compliance with Tax Sections. Notwithstanding any other provisions of this Ordinance, the covenants and authorizations contained in this Ordinance ("Tax Sections") which are designed to preserve the tax exempt status of interest on the Bonds or the exclusion of interest on the Bonds from gross income under federal law ("Tax Exemption") need not be complied with if the City receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption.

Section 22. Supplemental Ordinances. Without notice to or consent of the owners of the bonds herein authorized, the City may, from time to time and at any time, adopt an ordinance or ordinances supplemental hereto (which supplemental ordinance or ordinances shall thereafter form a part hereof) for any of the following purposes:

(i) To cure any ambiguity or formal defect or omission in this Ordinance or in any supplemental ordinance or to make any other change authorized herein;

(ii) To grant to or confer upon the owners of the bonds herein authorized any additional benefits, rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the owners of the bonds herein authorized or to make any change which, in the judgment of the City, is not to the prejudice of the owners of the bonds herein authorized;

(iii) To modify, amend or supplement this Ordinance to permit the qualification of the bonds herein authorized for sale under the securities laws of the United States of America or of any of the states of the United States of America or to obtain or maintain bond insurance or other credit enhancement with respect to payments of principal of and interest on bonds herein authorized;

(iv) To provide for the refunding or advance refunding of the bonds herein authorized;

(v) To procure a rating on the bonds herein authorized from a nationally recognized securities rating agency or agencies designated in such supplemental ordinance if such supplemental ordinance will not

adversely affect the owners of the bonds herein authorized or any other bonds ranking on a parity with such bonds; or

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

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

Subject to the terms and provisions contained in this Section 22 and Section 18(i) of this Ordinance, and not otherwise, the owners of not less than seventy-five percent (75%) in aggregate principal amount of the bonds issued pursuant to this Ordinance and then outstanding shall have the right, from time to time, anything contained in this Ordinance to the contrary notwithstanding, to consent to and approve the adoption by the City of such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this Ordinance, or in any supplemental ordinance; provided, however, that if the Bonds are sold to the Authority to finance Eligible Costs, the City shall obtain the prior written consent of the Authority; and provided, further, that nothing herein contained shall permit or be construed as permitting:

(a) An extension of the maturity of the principal of or interest on any bond issued pursuant to this Ordinance; or

(b) A reduction in the principal amount of any bond or the redemption premium or the rate of interest thereon; or

(c) The creation of a lien upon or a pledge of the net revenues of the sewage works ranking prior to the pledge thereof created by this Ordinance; or

(d) A preference or priority of any bond or bonds issued pursuant to this Ordinance over any other bond or bonds issued pursuant to the provisions of this Ordinance; or

(e) A reduction in the aggregate principal amount of the bonds required for consent to such supplemental ordinance; or

(f) A reduction in the Debt Service Reserve Requirement; or

(g) The extension of mandatory sinking fund redemption dates, if any.

The owners of not less than seventy-five percent (75%) in aggregate principal amount of the bonds outstanding at the time of adoption of such supplemental ordinance shall have consented to and approved the adoption thereof by written instrument to be maintained on file in the office of the Clerk-Treasurer. No owner of any

bond issued pursuant to this Ordinance shall have any right to object to the adoption of such supplemental ordinance or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City or its officers from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental ordinance pursuant to the provisions of this Section, this Ordinance shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Ordinance of the City and all owners of bonds issued pursuant to the provisions of this Ordinance then outstanding, shall thereafter be determined, exercised and enforced in accordance with this Ordinance, subject in all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this Ordinance, the rights and obligations of the City and of the owners of the bonds authorized by this Ordinance, and the terms and provisions of the bonds and this Ordinance, or any supplemental ordinance, may be modified or altered in any respect with the consent of the City and the consent of the owners of all the bonds issued pursuant to this Ordinance then outstanding.

Notwithstanding anything in this Section 22 of this Ordinance, in the event the Bonds are sold to the Authority pursuant to Section 8 of this Ordinance, no supplemental ordinance shall be adopted unless consented to in writing by the Authority.

Section 23. Repeal of Conflicting Ordinances. All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that nothing contained herein shall be deemed to affect the rights of the holders of the outstanding Prior Bonds.

Section 24. Disclosure. If the Bonds are sold by public sale and if required by the Rule (as hereinafter defined), the Bonds shall be offered and sold pursuant to an Official Statement with respect to the Bonds (the "Official Statement"), to be made available and distributed in such manner, at such times, for such periods and in such number of copies as may be required pursuant to Rule 15c2-12 promulgated by the United States Securities and Exchange Commission (the "Rule") and any and all applicable rules and regulations of the Municipal Securities Rulemaking Board. The Common Council hereby authorizes the Mayor or the Clerk-Treasurer (a) to authorize and approve a Preliminary Official Statement, as the same may be appropriately confirmed, modified and amended for distribution as the Preliminary Official Statement of the City; (b) on behalf of the City, to designate the Preliminary Official Statement a "final official statement" (as defined in the Rule) with respect to the Bonds, subject to completion as permitted by and otherwise pursuant to the Rule; and (c) to authorize and approve the Preliminary Official Statement to be placed into final form and to enter into such agreements or arrangements as may be necessary or advisable in order to provide for the distribution of a sufficient number of copies of the Official Statement under the Rule. The Mayor is further authorized to execute an agreement in connection with the offering of the Bonds in accordance with the Rule by which the City agrees to undertake such continuing disclosure obligations as may be required under the Rule.

Section 25. Payments on Holidays. If the date of making any payment or the last date for performance of any act or the exercising of any right, as provided in this Ordinance, shall be a legal holiday or a day on which banking institutions in the City or the city in which the Registrar and Paying Agent is located are typically closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are typically closed, with the same force and effect as if done on the nominal date provided in this Ordinance, and no interest shall accrue for the period after such nominal date. Notwithstanding the foregoing, with respect to the Bonds sold to the Authority pursuant to Section 8 of this Ordinance, if the date for making any payment is a day when financial institutions are not open for business, such payment shall be made on the business day immediately preceding such payment date.

Section 26. Separability. If any section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

Section 27. Captions. The captions in this Ordinance are inserted only as a matter of convenience and reference, and such captions are not intended and shall not be construed to define, limit, establish, interpret or describe the scope, intent or effect of any provision of this Ordinance.

Section 28. Effectiveness. This Ordinance shall be in full force and effect from and after its passage.

* * *

PASSED by the Common Council of the City of Valparaiso, Indiana, by a _____
vote of all members present and voting this _____ day of _____, 2011.

Jon Costas, Mayor

ATTEST:

Sharon Swihart, Clerk-Treasurer

Presented by me to the Mayor of the City of Valparaiso, Indiana, this _____
day of _____, 2011, at _____ o'clock p.m.

Sharon Swihart, Clerk-Treasurer

This Ordinance approved and signed by me this _____ day of _____,
2011, at _____ o'clock p.m.

Jon Costas, Mayor

APPENDIX A

PROJECT DESCRIPTION

The Project is more particularly described in the approval letter dated _____, 2010, from the Department to the City hereby incorporated herein by reference thereto.

APPENDIX B

FINANCIAL ASSISTANCE AGREEMENT

