

ORDINANCE NO. 6-2018

AN ORDINANCE OF THE CITY OF VALPARAISO, INDIANA, AUTHORIZING THE ISSUANCE OF WATERWORKS REFUNDING REVENUE BONDS FOR THE PURPOSE OF REFUNDING THE WATERWORKS REVENUE BONDS, SERIES 2010, AND ADDRESSING OTHER MATTERS CONNECTED THEREWITH

WHEREAS, the City of Valparaiso, Indiana (the “City”), has heretofore constructed and now owns and operates a municipal waterworks utility system (the “Waterworks”) by and through the Board of Directors (the “Board”) of the City’s Department of Water Works (the “Department”) furnishing the public water supply to the City and its inhabitants pursuant to the provisions of Indiana Code 8-1.5, as amended; and

WHEREAS, pursuant to Ordinance No. 11-2010, adopted by this Common Council on March 22, 2010 (the “Refunded Bond Ordinance”), the City has heretofore issued revenue bonds payable from the net revenues of the Waterworks, designated “City of Valparaiso, Indiana, Waterworks Revenue Bonds, Series 2010” (the “2010 Bonds”), currently outstanding in the amount of Two Million One Hundred Thousand Dollars (\$2,100,000), bearing interest at per annum rates ranging from 3.50% to 4.25%, inclusive, and maturing or subject to mandatory sinking fund redemption payments in various amounts on April 1 and October 1 in the years 2018 to 2026, inclusive; and

WHEREAS, pursuant to Ordinance No. 25, 2013, adopted by this Common Council on October 28, 2013 (the “2013 Ordinance”), the City has heretofore issued revenue bonds payable from the net revenues of the Waterworks, designated “City of Valparaiso, Indiana, Waterworks Refunding Revenue Bonds, Series 2013” (the “2013 Bonds”), currently outstanding in the amount of Two Million Six Hundred Twenty-Five Thousand Dollars (\$2,625,000), bearing interest at per annum rate of 2.17%, and maturing or subject to mandatory sinking fund redemption payments in various amounts on April 1 and October 1 in the years 2018 to 2022, inclusive; and

WHEREAS, pursuant to Ordinance No. 19, 2014, adopted by this Common Council on July 28, 2014 (the “2014 Ordinance” and, together with the 2013 Ordinance, the “Prior Ordinances”), the City has heretofore issued revenue bonds payable from the net revenues of the Waterworks, designated “City of Valparaiso, Indiana, Waterworks Revenue Bonds, Series 2014A” (the “2014A Bonds”), currently outstanding in the amount of Nine Million Nine Hundred Eighty Thousand Dollars (\$9,980,000), bearing per annum rates ranging from 3.500% to 3.625%, inclusive, and maturing or subject to mandatory sinking fund redemption payments in various amounts on April 1 and October 1 in the years 2029 to 2035, inclusive; and

WHEREAS, pursuant to the 2014 Ordinance, the City has also heretofore issued revenue bonds payable from the net revenues of the Waterworks, designated “City of Valparaiso, Indiana, Waterworks Revenue Bonds, Series 2014B” (the “2014B Bonds” and, together with the 2013 Bonds and the 2014A Bonds, the “Prior Bonds”), currently outstanding in the amount of Six Million Six Hundred Forty Thousand Dollars (\$6,640,000), bearing interest at a per annum rate of 2.70%, and maturing or subject to mandatory sinking fund redemption payments in various amounts on April 1 and October 1 in the years 2018 to 2028, inclusive; and

WHEREAS, Indiana Code Section 5-1-5, as amended, provides that the common council of a city may by ordinance provide for the issuance of bonds to refund outstanding bonds issued at any time by such city, and to pay redemption premiums and costs of refunding, to effect a savings to such city; and

WHEREAS, the Common Council desires to authorize the issuance of refunding bonds for the purposes of providing funds for the refunding of all of the 2010 Bonds outstanding on the date hereof (the "Refunded Bonds"), including the payment of any redemption premiums, if any, and costs of refunding, the payment of accrued interest on such refunding bonds, the funding of a reasonably required debt service reserve, if determined to be necessary by the Clerk-Treasurer of the City (the "Clerk-Treasurer") prior to the sale of such refunding bonds, to secure the payment of such refunding bonds, and the payment of costs of issuance of such refunding bonds and any other fees and charges associated with the issuance of such refunding bonds, including the payment of any fees and charges associated with obtaining credit enhancement for such refunding bonds; and

WHEREAS, the Common Council, after consideration of the estimated or known interest payable to the fixed maturities of such refunding bonds, the interest payable on the Refunded Bonds, the costs of issuance of such refunding bonds, including any sale discount, the redemption premiums, if any, to be paid, and the probable earned income from the investment of the proceeds of such refunding bonds pending redemption of the Refunded Bonds, has determined that a saving to the City will be effected by such a refunding; and

WHEREAS, the Refunded Bond Ordinance provides that, if irrevocable instructions to call the Refunded Bonds for redemption shall have been given, and (i) sufficient cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described below), or (ii) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of Treasury of the United States of America, the principal of and the interest on which when due will provide sufficient moneys to pay the whole amount of the principal of and interest on and the premium, if any, due and payable upon all of the Refunded Bonds then outstanding, 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 such event the Refunded Bonds shall no longer be deemed outstanding or entitled to the pledge of the revenues of the Waterworks; and

WHEREAS, the Refunded Bond Ordinance provides that the Refunded Bonds are currently redeemable at the option of the City on any date, at a redemption price of one hundred percent (100%) of the principal amount of each Refunded Bond to be redeemed, plus accrued interest to the redemption date, and without any premium; and

WHEREAS, the Common Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of refunding bonds have been complied with in accordance with the provisions of Indiana Code 5-1-5, as amended, and 8-1.5, as amended (collectively, the "Act"); and

WHEREAS, the Common Council consequently seeks to authorize the issuance of refunding bonds pursuant to the Act and the sale of such refunding bonds pursuant to the provisions of the Act, which refunding bonds shall be issued on a parity with the Prior Bonds;

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

Section 1. Refunding; Redemption of Refunded Bonds. The Common Council, after consideration of the estimated or known interest payable to the fixed maturities of the Bonds (as hereinafter defined), the interest payable on the Refunded Bonds, the costs of issuance of the Bonds, including any sale discount, the redemption premiums, if any, to be paid, and the probable earned income from the investment of the proceeds of the Bonds pending redemption of the Refunded Bonds, hereby determines that a savings to the City will be effected by the Refunding (as hereinafter defined).

The Refunded Bonds shall be redeemed on any date upon not less than thirty (30) days' notice (or such shorter period as permitted by the holders of the Refunded Bonds), at a redemption price equal to the principal amount of such Refunded Bonds to be redeemed, plus accrued interest to the redemption date, and without premium. Notice of such redemption shall be mailed not less than thirty (30) days prior to the scheduled redemption date to each of the registered owners of the Refunded Bonds called for redemption (unless waived by any such registered owner), at the address shown on the registration books of the Registrar (as hereinafter defined) as of the date which is forty-five (45) days prior to such redemption date. The notice shall specify the date and place of redemption, and sufficient identification of the Refunded Bonds called for redemption. The place of redemption may be determined by the City.

Section 2. The Bonds. In accordance with the Act and for the purpose of providing funds for the refunding of the Refunded Bonds, including the costs of refunding, together with authorized expenses relating thereto, including the costs of issuance of the Bonds (as hereinafter defined) (such refunding, including the payment of any redemption premiums and costs of refunding, and other related costs, collectively, the "Refunding"), the City shall issue and sell its waterworks refunding revenue bonds pursuant to the provisions of the Act and this Ordinance, which bonds shall be payable only out of the revenues of the Waterworks on deposit from time to time in the Bond Redemption Account, as defined herein, or as otherwise provided herein.

The bonds authorized by this Ordinance shall be designated as "City of Valparaiso, Indiana, Waterworks Refunding Revenue Bonds, Series 2018" (the "Bonds"), shall be issued in an aggregate principal amount not to exceed Two Million Two Hundred Forty Thousand Dollars (\$2,240,000), shall be issued in the denominations of Five Thousand Dollars (\$5,000) or integral multiples thereof in excess thereof (or such higher denominations as the Clerk-Treasurer of the City may determine prior to the sale of the Bonds) not exceeding the aggregate principal amount of the Bonds maturing on any one date, shall be numbered consecutively from 18R-1 upward, and shall bear interest at a rate or rates not exceeding five percent (5.00%) per annum (the exact rate or rates to be determined either by competitive sale or by negotiation, as determined by the Clerk-Treasurer of the City (the "Clerk-Treasurer")). Interest on the Bonds shall be payable semiannually on the first day of April and the first day of October of each year beginning on October 1, 2018 (each an "Interest Payment Date"), and such interest shall be calculated on the

basis of twelve (12) thirty (30)-day months for a three hundred and sixty (360)-day year. The Bonds shall mature serially beginning on October 1, 2018, and semiannually on April 1 and October 1 of each year thereafter in the principal amounts and on the dates to be determined by the Clerk-Treasurer, based upon the advice of H.J. Umbaugh & Associates, the municipal advisor of the City (the "Municipal Advisor"), with the final maturity of the Bonds to be no later than October 1, 2026, all of which is to be indicated in the Clerk-Treasurer's Certificate (as hereinafter defined).

The Bonds shall bear an original issue date which shall be the date of delivery thereof, and each Bond shall also bear the date of its authentication. Any Bond authenticated on or before September 15, 2018, 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 month immediately preceding an Interest Payment Date and on or before such Interest Payment Date, in which case interest thereon shall be paid from such Interest Payment Date.

Principal of and redemption premium, if any, and final interest payment on the Bonds shall be payable at the principal corporate trust office of the Paying Agent, as defined and described herein. All other payments of interest on the Bonds shall be paid by check or draft mailed one business day before the Interest Payment Date or delivered on the Interest Payment Date by the Paying Agent to the registered owner thereof at the address as it appears on the registration books kept by the Registrar, as defined and described herein, 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. All payments of 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.

The Bonds may, in compliance with all applicable laws, be issued and held in book-entry form on the books of the central depository system, The Depository Trust Company, its successors, or any successor central depository system appointed by the City from time to time (the "Clearing Agency"). The City and the Registrar may, in connection therewith, do or perform or cause to be done or performed any acts or things not adverse to the rights of the holders of the 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 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, premium, if any, on and interest on such Bond, the receiving of notice and giving of consent; (3) neither the City nor the Registrar or 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 Bonds, 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, as indicated in the Clerk-Treasurer's Certificate.

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 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 Bond has been obtained, the Registrar or Paying Agent shall be entitled to treat the beneficial owners of the Bonds as the Bondholders.

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

Section 3. Registrar and Paying Agent. A registrar and a paying agent for the Bonds (the "Registrar" and the "Paying Agent" and, in both such capacities, the "Registrar and Paying Agent") shall be appointed by the Controller of the Department (the "Controller"). The Registrar and Paying Agent shall be charged with and shall by appropriate agreement undertake the performance of all of the duties and responsibilities customarily associated with each such position, including without limitation the authentication of the Bonds. The Controller is further authorized and directed to enter into such agreements and understandings with the 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.

If the Bonds are registered in the name of a purchaser that does not object to such designation, the Clerk-Treasurer shall be designated the Registrar and Paying Agent for the Bonds and shall be charged with the performance of all of the duties and responsibilities of the Registrar and Paying Agent.

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 registered 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 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 Controller 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.

Section 4. Transfer, Exchange, and Non-Presentment of Bonds. 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 or his or her 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 transfer or exchange of any Bond (i) during the fifteen (15) days immediately preceding an Interest Payment Date, (ii) during the fifteen (15) days immediately preceding the mailing of a notice of redemption of such Bond to be redeemed, or (iii) 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, 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 indemnification 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.

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 5. Optional Redemption of the Bonds; Term Bonds.

The Bonds shall not be subject to optional redemption prior to maturity. The Bonds may be subject to mandatory sinking fund redemption as provided below.

Official notice of such redemption shall be mailed by the Registrar and Paying Agent by certified or registered mail at least thirty (30) days and not more than sixty (60) days prior to the scheduled redemption date to each of the registered owners of the 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 Bond. The notice shall specify the redemption price, the date and place of redemption, and the registration numbers (and, in case of partial redemption, the respective principal amounts) of the 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.

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.

At the option of the placement agent for the Bonds selected by the Clerk-Treasurer of the City (the "Placement Agent") pursuant to a bond placement agreement between the City and the Placement Agent (the "Bond Placement Agreement"), or at the option of the winning bidder for the Bonds if competitively sold, 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 April 1 and/or October 1, beginning no earlier than February 1, 2019, in the years to be determined by the Clerk-Treasurer at the request of the Placement Agent or the winning bidder.

If the Placement Agent (or the winning bidder, as appropriate) 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 April 1 and October 1 as set forth in the Bond Placement Agreement or the Clerk-Treasurer's Certificate (as defined below), as appropriate.

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 minimum authorized denomination 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 April 1 and October 1 of each year.

Notice of any such mandatory sinking fund redemption shall be given in the manner provided in this Section 5 of this Ordinance.

In the event any of the Bonds are issued as Term Bonds, the form of the Bonds set forth in Appendix A 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 6. 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 shall be attested by the manual or facsimile signature of the Clerk-Treasurer, with the seal of the City or a facsimile thereof to be affixed to each of the Bonds. 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 7. Form of the Bonds. The form and tenor of the Bonds shall be substantially as set forth in Appendix A attached hereto and incorporated herein as if set forth at this place (with all blanks to be properly completed prior to the preparation of the Bonds).

Section 8. Issuance, Sale and Delivery of the Bonds (a) . (a) Generally. The Clerk-Treasurer is hereby authorized and directed to have the Bonds prepared, and the Mayor and the Clerk-Treasurer are each hereby authorized and directed to execute and attest, respectively, the Bonds in the form and manner herein provided. The Clerk-Treasurer is hereby authorized and directed to deliver the Bonds 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 and five-tenths percent (99.5%) 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 Municipal Advisor of the City, shall determine), plus accrued interest thereon to the date of delivery, if any. The proceeds derived from the sale of the Bonds shall be and are hereby set aside for application to the costs of the Refunding, including all authorized costs relating thereto, including the costs of issuance of the Bonds. 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 Bonds. (i) (i) The Bonds shall be sold in the manner and upon the terms and conditions set forth in the Bond Placement Agreement (or, if the Bonds are sold competitively, in the Clerk-Treasurer's Certificate). The Common Council hereby approves the sale of the Bonds pursuant to the Bond Placement Agreement (or by competitive sale, as determined by the Clerk-Treasurer prior to the sale of the Bonds), and authorizes the Mayor and the Clerk-Treasurer, for and on behalf of the City, to execute and deliver, and to perform the obligations of the City under, the Bond Placement Agreement, in the form the Mayor and the Clerk-Treasurer, with the advice of counsel, determine to be necessary or appropriate, such determination to be conclusively evidenced by such Mayor's and such Clerk-Treasurer's execution thereof.

(ii) 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 Barnes & Thornburg 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 Refunding and shall be paid out of the proceeds of the Bonds.

Section 9. Security and Sources of Payment for the Bonds. The Bonds, together with the Prior Bonds and any other bonds hereafter issued on a parity therewith (to be referred to hereinafter collectively as the “bonds,” unless the context otherwise requires), as to both principal and interest, shall be valid and binding special revenue obligations of the 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 reasonable expenses of operation, repair and maintenance, but excluding transfers to the City as payments in lieu of taxes) derived from the Waterworks, including all such net revenues from the existing works, and all additions and improvements thereto and replacements thereof subsequently constructed or acquired, to be set aside into the Bond Redemption Account as herein provided. The City shall not be obligated to pay the Bonds or the interest thereon except from the net revenues of the Waterworks, 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 10. Disposition of Proceeds of Bonds. The net proceeds received by the City from the sale of the Bonds shall be applied by the City, in accordance with instructions delivered by the Clerk-Treasurer to the Registrar and Paying Agent, as follows:

(a) The accrued interest on the Bonds shall be deposited into the Bond Redemption Account;

(b) An amount equal to the estimated costs of issuance of the Bonds and other fees and charges associated with the issuance of the Bonds, including any fees and charges associated with obtaining credit enhancement for the Bonds, shall be deposited into the Waterworks Costs of Issuance Fund; and

(c) An amount equal to the remaining net proceeds from the sale of the Bonds, together with any available amounts attributable to the Refunded Bonds, may be deposited into the Reserve Subaccount of the Bond Redemption Account or the Refunded Bonds Account of the Waterworks 2018 Refunding Fund.

All funds deposited to the credit of the Bond Redemption Account, the Waterworks Costs of Issuance Fund or the Waterworks 2018 Refunding Fund shall be deposited, held, secured, invested and expended in accordance with the laws of the State of Indiana relating to the depositing, holding, securing, investing and expending of public funds, including, particularly, applicable provisions of Indiana Code 5-13. Any interest or income derived from any such investments shall become a part of the moneys in the fund or account so invested. 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.

Section 11. Waterworks 2018 Refunding Fund. A special fund, designated as the “Waterworks 2018 Refunding Fund,” and an account within such fund designated “Refunded Bonds Account,” are hereby created. All amounts deposited into the Refunded Bonds Account

of the Waterworks 2018 Refunding Fund shall be deposited, held, secured, invested and expended in accordance with an escrow agreement between the City and a financial institution selected by the Mayor and the Clerk-Treasurer to serve as escrow agent (the "Escrow Agent") (such escrow agreement, the "Escrow Agreement"). The Common Council hereby approves, and authorizes and directs the Mayor and the Clerk-Treasurer, for and on behalf of the City, to execute or deliver, and to perform the obligations of the City under, the Escrow Agreement, in such form as the Mayor and the Clerk-Treasurer, with the advice of counsel, determine to be necessary or appropriate, such determination to be conclusively evidenced by the Mayor's and the Clerk-Treasurer's execution thereof. If the holders of the Refunded Bonds waive notice of redemption, rather than executing an Escrow Agreement, the Clerk-Treasurer of the City may determine to apply amounts in the Refunded Bonds Account to the immediate redemption of the Refunded Bonds on the date of issuance thereof.

Section 12. Costs of Issuance Fund. A special fund, designated as the "Waterworks Costs of Issuance Fund," is hereby created. All amounts in the Waterworks Costs of Issuance Fund shall be expended only for the purpose of paying the costs of issuance of the Bonds and any other fees and charges associated with the issuance of the Bonds, including any fees and charges associated with obtaining credit enhancement for the Bonds. Any balance remaining unexpended in the Waterworks Costs of Issue Fund after payment of all such costs, fees and charges shall, not later than thirteen (13) months after the date of issuance of the Bonds, be transferred into the Bond Redemption Account and shall be used solely for the purposes of such fund or as otherwise permitted by Indiana Code 5-1-13.

Section 13. Segregation and Application of Waterworks Revenues. All revenues derived from the operation of the Waterworks and from the collection of water rates and charges shall be segregated and kept separate and apart from all other funds and bank accounts of the City. Out of such revenues the proper and reasonable expenses of operation, repair and maintenance of the Waterworks 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.

(a) Special Fund. The City shall segregate, deposit and keep in a special fund, separate and apart from all other funds of the City, all gross revenues received on account of the Waterworks, which special fund is hereby continued and designated as the "City of Valparaiso, Waterworks Special Fund" (hereinafter the "Special Fund") to be used and applied (i) in the operation, repair and maintenance thereof; (ii) in the payment of the principal of and interest on the Bonds, the Prior Bonds and any other bonds issued hereafter and payable from the revenues of the Waterworks, and in establishing a reserve for such payments; (iii) in establishing an improvement account; and (iv) for all other purposes of the Waterworks.

(b) Operation and Maintenance Account. On the last day of each calendar month, there shall be credited from the Special Fund to the "City of Valparaiso, Waterworks Operation and Maintenance Account" previously established and continued hereby (the "Operation and Maintenance Account"), a sufficient amount of the revenues of the Waterworks so that the balance in said fund shall be sufficient to pay the expenses of operation, repair and maintenance of the works for the next succeeding two (2) calendar months. The moneys credited to this fund

shall be used for the payment of the reasonable and proper operation, repair and maintenance expenses of the Waterworks on a day-to-day basis, but none of the moneys in such fund shall be used for depreciation, replacements, improvements, extensions or additions, or for transfers to the City for payments in lieu of taxes. Any balance in said fund in excess of the expected expenses of operation, repair and maintenance for the next succeeding two (2) calendar months may be transferred to the Bond Redemption Account if necessary to prevent a default in the payment of principal or interest on outstanding bonds of the Waterworks.

(c) Bond Redemption Account. An account of the Special Fund designated “City of Valparaiso, Waterworks Bond and Interest Redemption Account,” is hereby continued for the payment of the Bonds (hereinafter, the “Bond Redemption Account”) and hereby designated and constituted as the special account of the Special Fund for the payment of the principal of and interest on the Bonds and the payment of any fiscal agency charges in connection with the payment of principal of or interest on the Bonds. The Bond Redemption Account shall be continued until all of the bonds issued under this Ordinance have been paid. The Bond Redemption Account shall consist of a Debt Service Subaccount and a Reserve Subaccount.

(i) Debt Service Subaccount. On the last day of each calendar month, after making all required deposits to the Operation and Maintenance Account, there shall be set aside and paid into the Debt Service Subaccount of the Bond Redemption Account, as available, a sufficient amount of the net revenues of the Waterworks for the payment of (A) the interest on the Bonds and any other bonds which by their terms are payable from the revenues of the Waterworks, as such interest shall come due, (B) the necessary fiscal agency charges for paying such bonds and interest, and (C) the principal of all Bonds and any other bonds which by their terms are payable from the revenues of the Waterworks, as such principal shall come due. The monthly payments into the Bond Redemption Account shall be in an amount equal in the aggregate to at least one-sixth (1/6th) of the amount required for interest payments on the Bonds and any other bonds which by their terms are payable from the revenues of the Waterworks during the next succeeding six (6) calendar months and an amount equal to one-sixth (1/6th) of the amount required for principal payments on the Bonds and any other bonds which by their terms are payable from the revenues of the Waterworks during the next succeeding six (6) calendar months; provided that such fractional amounts shall be appropriately increased to provide for the first interest and first principal payments. There shall similarly be credited to such account the amount necessary to pay the bank fiscal agency charges, if any, for paying principal and interest on outstanding bonds of the Waterworks as the same become payable. The City shall, from the sums deposited in the Bond Redemption Account and credited to the Debt Service Subaccount, remit promptly to the registered owners of the outstanding bonds of the Waterworks or to the bank fiscal agency sufficient moneys to pay the principal and interest on the due dates thereof together with the amount of any bank fiscal agency charges.

(ii) Reserve Subaccount. On the last day of each calendar month, after making the credits to the Debt Service Subaccount, there shall be credited from available net revenues to the Reserve Subaccount previously created and continued hereby in amounts sufficient to produce, in equal monthly installments over a sixty (60) month period, an amount equal to the least of (i) the maximum annual debt service on all outstanding bonds of the Waterworks, (ii) one hundred twenty-five percent (125%) of the average annual debt service on all outstanding bonds of the Waterworks, or (iii) ten percent (10%) of the proceeds of all outstanding bonds of the

Waterworks (the "Reserve Requirement"); provided, however, that the Clerk-Treasurer, based upon the advice of the Municipal Advisor, may elect to satisfy all or a portion of the Reserve Requirement on the date of issuance of the Bonds from other available funds of the City. Said credits to the Reserve Subaccount shall continue until the balance therein shall equal the Reserve Requirement. The Reserve Subaccount shall constitute the margin for safety as a protection against default in the payment of principal of and interest on the Bonds, the Prior Bonds and any other parity bonds of the City payable from the net revenues of its Waterworks hereafter issued so long as the Reserve Requirement has been increased proportionately, and the moneys in the Reserve Subaccount shall be used to pay current principal and interest on the Bonds, the Prior Bonds and any other bonds of the City payable from the net revenues of the Waterworks to the extent that moneys in the Debt Service Subaccount are insufficient for that purpose. Any deficiencies in credits to the Reserve Subaccount shall be promptly made up from the next available net revenues remaining after credits into the Debt Service Subaccount. In the event moneys in the Reserve Subaccount are transferred to the Debt Service Subaccount to pay principal and interest on bonds, then such depletion of the balance in the Reserve Subaccount shall be made up from the next available net revenues after the credits into the Debt Service Subaccount hereinbefore provided for. Any moneys in the Reserve Subaccount in excess of the Reserve Requirement shall be transferred to the Waterworks Improvement Account, and in no event shall such excess moneys be held in the Reserve Subaccount.

Moneys in the Bond Redemption Account shall not be used for any other purpose whatsoever except as provided in this Ordinance.

(d) Waterworks Improvement Account. After making all required payments into the Operation and Maintenance Account and the Bond Redemption Account, then any excess net revenues may be credited to the Waterworks Improvement Account previously established and continued hereby. Said account shall be used for improvements, replacements, additions and extensions of the Waterworks, including transfers to the City as payments in lieu of taxes. Moneys in the Waterworks Improvement Account shall be transferred to the Bond Redemption Account if necessary to prevent a default in the payment of principal and interest on the then outstanding bonds or if necessary to eliminate any deficiencies in credits to or minimum balance in the Reserve Subaccount of the Bond Redemption Account. Moneys in the Waterworks Improvement Account also may be transferred to the Operation and Maintenance Account to meet unforeseen contingencies in the operation, repair and maintenance of the Waterworks.

Any revenues remaining after meeting the requirements of the Operation and Maintenance Account, the Bond Redemption Account and the Waterworks Improvement Account may be used with the approval of the Board for any lawful purpose, including payments in lieu of taxes which would be payable if the City's Waterworks were privately owned and transfers to the City's General Fund or any other fund of the City.

Section 14. Investment of Funds. All of the amounts in the funds and accounts created pursuant to this Ordinance shall be deposited in lawful depositories of the State and shall be continuously held and secured or invested as provided by the laws of Indiana relating to the depositing, securing, holding and investing of public funds, including particularly Indiana Code 5-13-9. The amounts in the Bond Redemption Account and all other funds, accounts and subaccounts created or continued 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 Waterworks be transferred or used for any purpose not authorized by this Ordinance so long as any of the bonds of the Waterworks 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 13(c)(ii) hereof) and shall be used only as provided in this Ordinance.

Section 15. 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 the Waterworks and deposited in the special accounts established pursuant to this Ordinance and all disbursements made therefrom and all transactions relating to the Waterworks. 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 of the Waterworks, complete operating and income statements of the Waterworks, in reasonable detail covering such fiscal year, which statements shall be certified by the Controller or a certified public accountant retained for the purpose of making an accounting study of the records of the Waterworks. Copies of all such statements and reports shall at all times be kept on file and available for inspection in the office of the Board. Any owner of at least five percent (5%) in aggregate principal amount of the then-outstanding Bonds shall have the right at all reasonable times to inspect the Waterworks and the records, accounts and data of the City and the Board relating thereto.

Section 16. Rates and Charges. The City, by and through the Board and to the fullest extent permitted by law, shall establish, fix, maintain and collect reasonable and just rates and charges for the use of and the services rendered by the Waterworks, which rates and charges shall produce revenues at least sufficient in each year to (a) pay all the legal and other necessary expenses incident to the operation of the Waterworks, including maintenance costs, operating charges, upkeep, repairs, and interest charges on bonds or other obligations, including leases; (b) provide a sinking fund for the liquidation of bonds or other obligations, including leases; (c) provide a debt service reserve on bonds or other obligations, including leases, as required by the terms of such obligations; (d) provide adequate money for working capital; (e) provide adequate money for making extensions and replacements; and (f) provide money for the payment of any taxes that may be assessed against the Waterworks.

So long as any of the Bonds are outstanding, none of the facilities and services afforded by the Waterworks shall be furnished without a reasonable and just charge being made therefor. The reasonable cost and value of any facility or service rendered to the City, or to any department, agency, or instrumentality thereof by the Waterworks by furnishing water for public purposes or by maintaining hydrants and other facilities for fire protection shall be (i) charged against the City; and (ii) paid for in monthly installments as the service accrues, out of the current revenues of the City, collected or in the process of collection, and the tax levy of the City made by it to raise money to meet its necessary current expenses. The revenue so received shall be deemed to be revenue derived from the operation of the Waterworks and shall be used and accounted for in the same manner as other revenues derived from the operation of the Waterworks.

Section 17. Additional Bonds. The City reserves the right to authorize and issue additional bonds payable out of the net revenues of the Waterworks, 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 Waterworks and/or to refund outstanding bonds, subject to the following conditions:

(a) The interest on and principal of all bonds payable from the revenues of the Waterworks shall have been paid to date in accordance with the terms thereof, and all required payments into the Bond Redemption Account shall have been made in accordance with the provisions of this Ordinance.

(b) (i) The net operating revenues of the Waterworks in the fiscal year immediately preceding the issuance of any such additional parity bonds shall be not less than one hundred twenty-five percent (125%) of the maximum annual principal and interest requirements of all of the then outstanding bonds payable from revenues of the Waterworks and the additional parity bonds proposed to be issued; or

(b) (ii) Prior to the issuance of such additional parity bonds, the water rates and charges shall be increased sufficiently so that such increased water rates and charges, if realized and when applied to the previous calendar year's operations, would have produced net operating revenues in an amount equal to not less than one hundred twenty-five percent (125%) of the maximum annual principal and interest requirements of all of the then outstanding bonds payable from the revenues of the Waterworks and the additional parity bonds proposed to be issued.

For purposes of this Subsection 17(b), the records of the Waterworks shall be analyzed and all showings shall be prepared by an independent certified public accountant retained by the City for that purpose.

(c) The principal of such additional parity bonds shall be payable semiannually on April 1 and October 1, and the interest thereon shall be payable semiannually on April 1 and October 1, in the years in which such principal and interest are payable.

For purposes of this Section 17, the term "bonds" shall be construed to include lease obligations and other forms of obligations, and the terms "principal" and "interest" shall be construed to include any lease payments or other payment obligations, as appropriate and as the context requires.

Section 18. Additional Covenants of the City. For purposes of further safeguarding the interests of the owners of the Bonds, the City additionally covenants, represents and agrees as follows:

(a) All construction contracts let by the City in connection with the construction of additions and improvements to the Waterworks shall be let to responsible contractors who shall be required to furnish construction bonds running to the City in an amount equal to one hundred percent (100%) of the amount of such contracts to ensure

the completion of such contracts in accordance with their terms, and such contractors shall be required to carry such amounts of 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) Any additions and improvements shall be contracted for and constructed pursuant to plans prepared by the engineer or engineers designated by the Department, and constructed under the supervision of such engineers and such other consulting engineers as may be employed by the Board. All estimates for work done and materials furnished shall first be checked by the Department and such engineers before being approved by the City.

(c) The City, through the Board, shall at all times maintain the Waterworks in good condition and operate the Waterworks in an efficient manner and at a reasonable cost.

(d) So long as any of the Bonds are outstanding, the City, through the Board, shall maintain insurance on the insurable parts of the Waterworks of a kind and in an amount such as is customarily carried by private companies engaged in a similar type of business. All insurance shall be placed with responsible insurance companies qualified to do business in the State of Indiana. Any insurance proceeds collected shall be used in replacing or repairing the property destroyed or damaged; or, if not used for such purpose, shall be treated and applied as net revenues of the Waterworks.

(e) Except as provided in Section 17 of this Ordinance, so long as any of the Bonds are outstanding, no additional bonds or other obligations pledging any portion of the revenues of the Waterworks shall be authorized, executed or issued by the City except as shall be made subordinate and junior in all respects to the Bonds or unless the Bonds are defeased, redeemed and retired coincidentally with the delivery of such additional bonds or other obligations or, as provided in Section 19 hereof, funds sufficient to effect such redemption are available and set aside for such purpose at the time of issuance of such additional bonds or obligations.

(f) So long as any of the Bonds are outstanding, neither the City nor the Board shall mortgage, pledge or otherwise encumber the Waterworks or any part thereof, except as authorized by the laws pursuant to which the Bonds are issued, nor shall the City or the Board sell, lease or otherwise dispose of any portion thereof except such equipment as may become worn out or obsolete, and which shall be replaced.

(g) The provisions of this Ordinance shall be construed to create a trust in the proceeds of the sale of the Bonds for the uses and purposes herein set forth and, so long as any of the Bonds are outstanding, the provisions of this Ordinance shall also be construed to create a trust in the portion of the revenues of the Waterworks herein directed to be set apart and paid into the Bond Redemption Account for the uses and purposes of such Account as set forth in this Ordinance.

(h) The provisions of this Ordinance shall constitute a contract by and between the City and the owners of the Bonds, all of the terms of which shall be enforceable at law or in equity, and, after the issuance of the Bonds, this Ordinance shall not be repealed or amended in any respect which would adversely affect the rights and interests of the owners of the Bonds, and the Common Council and the Board shall not adopt any law, ordinance or resolution which in any way would adversely affect the rights of such owners so long as any of the principal of or interest on the Bonds remains unpaid; provided, that the City shall have the right to amend this Ordinance under certain circumstances without notice to or approval by any owners of the Bonds in accordance with Section 22 of this Ordinance if the Common Council determines, in its sole discretion, that such amendment would not adversely affect the owners of the Bonds, or as otherwise permitted by Section 22 of this Ordinance. The owners of the Bonds shall have all of the rights, remedies and privileges provided in the Act and under Indiana law 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. Defeasance of the Bonds. If, when the Bonds or a portion thereof shall have become due and payable in accordance with their terms or shall have been duly called for redemption, or irrevocable instructions to call the Bonds or a portion or portions thereof for redemption shall have been given, and the whole amount of the principal of, redemption premium, if any, on and interest due and payable on all of the 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 for such purpose; or (iii) time certificates of deposit fully secured as to both principal and interest by obligations of the kind described in clause (ii) above of a bank or banks, the principal of and interest on which when due will provide sufficient moneys for such purpose, shall be held in trust, and provision shall also be made for paying all fees and expenses for the redemption, then and in such event the Bonds shall no longer be deemed outstanding or entitled to the pledge of the revenues of the Waterworks.

Section 20. Tax Covenants. In order to preserve the excludability from gross income of interest on the Bonds under the Internal Revenue Code of 1986, as amended and as in effect on the date of delivery of the Bonds (the "Code"), the City hereby represents, covenants and agrees as follows:

(a) No person or entity or any combination thereof, other than the City or any other governmental unit within the meaning of Section 141(b)(6) and Section 150(a)(2) of the Code ("Governmental Unit"), will use more than ten percent (10%) of the proceeds of the Bonds or property financed or refinanced by such proceeds of the Bonds 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 or refinanced out of 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 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 that satisfies the requirements of IRS Revenue Procedure 2017-13.

(b) No Bond proceeds will be loaned to any entity or person. No Bond proceeds will be transferred directly or indirectly, or be deemed transferred, to a person or entity other than a Governmental Unit in a fashion that would in substance constitute a loan of such 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 that would result in the loss of the excludability from gross income for federal income tax purposes of interest on the Bonds pursuant to Section 103 of the Code. 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. In furtherance of the foregoing, the Clerk-Treasurer and the Controller are hereby authorized to invest or to cause to be invested moneys pursuant to the provisions of this Ordinance at a restricted yield, to the extent permitted by and consistent with the provisions for such investments under the Code and to the extent necessary or advisable to preserve the excludability from gross income of interest on the Bonds for federal income tax purposes.

(d) With respect to the Bonds, the Clerk-Treasurer and Controller shall keep full, complete and accurate records of all investment income and other earnings on the amounts held in the funds and accounts created or referred to in this Ordinance. The City and the Board shall further take all actions necessary and appropriate to comply with the arbitrage rebate requirements under Section 148 of the Code to the extent applicable, including, without limitation, accounting for and making provision for the payment of any and all amounts that may be required to be paid to the United States of America from time to time pursuant to Section 148 of the Code.

(e) All officers, employees and agents of the City and the Board are hereby authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the City as of the date that the Bonds are issued, and to make covenants on behalf of the City evidencing the City's recognition of and compliance with the covenants and commitments made herein. In particular, and without limiting the foregoing, any and all appropriate officers, employees and agents of the City and the Board are authorized to certify and/or enter into covenants on behalf of the City regarding (i) the facts and circumstances and reasonable expectations of the City as of the date that the Bonds are issued and (ii) the representations and covenants made herein by the City regarding the amount and use of the proceeds of the Bonds.

(f) The Clerk-Treasurer and the Controller are hereby authorized to employ consultants and attorneys from time to time to advise the City with respect to the requirements under federal law for the continuing preservation of the excludability of

interest on the Bonds from gross income for purposes of federal income taxation, as described in this Section 20.

Section 21. Waiver of Tax Covenants. Notwithstanding any other provision of this Ordinance, any of the covenants and authorizations contained in Section 20 of this Ordinance (the “Tax Covenants”) which are designed to preserve the excludability of interest on the Bonds from gross income for purposes of federal income taxation need not be complied with if the City receives an opinion of nationally recognized bond counsel to the effect that compliance with such Tax Covenant is unnecessary to preserve such excludability of interest.

Section 22. Supplemental Ordinances. Without notice to or the 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:

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

(b) To grant to or confer upon the owners of the 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;

(c) 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;

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

(e) 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

(f) 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.

Subject to the terms and provisions contained in this Section 22, and not otherwise, the owners of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the bonds issued pursuant to this Ordinance and then outstanding shall have the right, from time to time, anything contained in this Ordinance to the contrary notwithstanding, to consent to and approve the adoption by the 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 nothing herein contained shall permit or be construed as permitting:

- (i) An extension of the maturity of the principal of or interest on any bond issued pursuant to this Ordinance; or
- (ii) A reduction in the principal amount of any bond or the redemption premium or the rate of interest thereon; or
- (iii) The creation of a lien upon or a pledge of the revenues of the Waterworks ranking prior to the pledge thereof created by this Ordinance; or
- (iv) 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
- (v) A reduction in the aggregate principal amount of the bonds required for consent to such supplemental ordinance.

The owners of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the bonds outstanding at the time of adoption of such supplemental ordinance shall have consented to and approved the adoption thereof by written instrument to be maintained on file in the office of the Clerk-Treasurer of the City. 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 22, 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.

Section 23. Clerk-Treasurer's Certificate. The Clerk-Treasurer shall, prior to the sale of the Bonds, set forth in a certificate (the "Clerk-Treasurer's Certificate"), the aggregate principal amount of the Bonds, the principal maturity schedule of the Bonds and all other matters required by this Ordinance to be provided in the Clerk-Treasurer's Certificate.

Section 24. 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 actual date established in this Ordinance, and no interest shall accrue for the period after such nominal date.

Section 25. Repeal of Other Ordinances. All ordinances and parts of ordinances in conflict herewith are expressly repealed to the extent of such conflict; provided, however, that this Ordinance shall not be deemed in any way to repeal the Prior Ordinances or be construed as adversely affecting the rights of any of the holders of the Prior Bonds.

Section 26. 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 27. Partial Invalidity. If any section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

Section 28. Effective Date. This Ordinance shall be in full force and effect from and after its passage and execution by the Mayor.

* * *

PASSED by the Common Council of the City of Valparaiso, Indiana, by a _____ vote of all members present and voting this _____ day of _____, 2018.

Jon Costas, Mayor

ATTEST:

Sharon Swihart, Clerk-Treasurer

Presented by me to the Mayor of the City of Valparaiso, Indiana, this _____ day of _____, 2018, at _____ o'clock p.m.

Sharon Swihart, Clerk-Treasurer

This Ordinance approved and signed by me this ____ day of _____, 2018, at _____ o'clock p.m.

Jon Costas, Mayor

**APPENDIX A TO THE
BOND ORDINANCE**

FORM OF REGISTERED BOND

(Form of Face of Bond)

UNITED STATES OF AMERICA
STATE OF INDIANA, COUNTY OF PORTER
CITY OF VALPARAISO, INDIANA
WATERWORKS REFUNDING REVENUE BOND, SERIES 2018

No. 18R-

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

Principal Amount:

The City of Valparaiso (the "City"), in 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 specified above on the Maturity Date specified above (unless this bond be subject to and be called for redemption prior to maturity as hereinafter provided), and to pay interest thereon 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, and unless this bond is authenticated on or before September 15, 2018, in which case it shall bear interest from the Original Date, which interest is payable commencing on October 1, 2018, and semiannually on each October 1 and April 1 thereafter. 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 are payable at the principal corporate trust office of _____, in the _____ of _____, Indiana, acting as registrar and paying agent, or of any successor registrar and paying agent appointed under the Ordinance defined and described herein (the "Registrar" and the "Paying Agent"). 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. Notwithstanding the

foregoing, if payment of principal and interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. All payments on this bond shall be made in any coin or currency of the United States of America which, on the dates of such payments, shall be legal tender for the payment of public and private debts.

THE CITY IS NOT AND SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THIS BOND EXCEPT FROM THE HEREINAFTER DESCRIBED BOND AND INTEREST REDEMPTION ACCOUNT OF THE SPECIAL FUND, AND NEITHER THIS BOND NOR ANY OTHER BOND OF THIS ISSUE 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 Valparaiso, Indiana, of like date, tenor and effect, except as to numbering, interest rates and dates of maturity, in the total amount of _____ Dollars (\$_____) numbered from 18R-1 upward, issued for the purpose of providing funds for the refunding of certain bonds previously issued by the City to finance the acquisition and construction of certain improvements and extensions to the waterworks of the City, and to pay costs of issuance of the Bonds, as authorized by an ordinance adopted by the Common Council of the City on the ____ day of _____, 2018, entitled “AN ORDINANCE OF THE CITY OF VALPARAISO, INDIANA, AUTHORIZING THE ISSUANCE OF WATERWORKS REVENUE BONDS FOR THE PURPOSE OF REFUNDING THE WATERWORKS REVENUE BONDS, SERIES 2010, AND ADDRESSING OTHER MATTERS CONNECTED THEREWITH” (the “Ordinance”), and in strict compliance with the provisions of the Indiana Code, Title 8, Article 1.5, and the laws amendatory thereof and supplemental thereto (the “Act”).

This bond is issuable only in fully registered form in the denomination of [\$5,000] [\$100,000] or any integral multiple [of \$1,000 in excess] thereof not exceeding the aggregate principal amount of the bonds of this issue maturing on any one date.

Pursuant to the provisions of the Act and the Ordinance, the principal of and interest on this bond and all other bonds of this issue, together with the Prior Bonds (as defined in the Ordinance) and any bonds hereafter issued ranking on a parity herewith and therewith, are payable solely from the Bond and Interest Redemption Account of the Special Fund heretofore created and continued by the Ordinance to be provided from the Net Revenues (defined in the Ordinance as the gross revenues of the waterworks of the City remaining after payment of reasonable expenses of operation, repair and maintenance, but excluding transfers to the City as payments in lieu of taxes) of the waterworks of the City.

The City is not and shall not be obligated to pay this bond or the interest thereon except as provided and only from the sources described herein, and this bond does not and shall not constitute a corporate indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana.

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 derived from the waterworks of the City, including the existing

works, and all additions and improvements thereto subsequently acquired or constructed; and rank on a parity basis with the Prior Bonds. The City is not and shall not be obligated to pay this bond or the interest thereon except as provided and only from the sources described herein, and this bond does not and shall not constitute a corporate indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana.

The City covenants that it shall to the fullest extent permitted by law, establish, fix, maintain and collect reasonable and just rates and charges for the use of and the services rendered by its waterworks so that such rates and charges will provide revenues at least sufficient in each year to (a) pay all the legal and other necessary expenses incident to the operation of the waterworks, including maintenance costs, operating charges, upkeep, repairs, and interest charges on bonds or other obligations, including leases; (b) provide a sinking fund for the liquidation of bonds or other obligations, including leases; (c) provide a debt service reserve on bonds or other obligations, including leases, as required by the terms of such obligations; (d) provide adequate money for working capital; (e) provide adequate money for making extensions and replacements; and (f) provide money for the payment of any taxes that may be assessed against the waterworks; and that it will, in all other respects, faithfully comply with all provisions of the Act pursuant to which this bond is issued.

The City further covenants that it will set aside and pay into its Special Fund a sufficient amount of the net revenues of the Waterworks to meet (a) the interest on all bonds payable from the revenues of the Waterworks, 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 Waterworks, and (d) an additional amount as a margin of safety to create the reserve required by the Ordinance.

The bonds of this issue shall not be subject to optional redemption prior to maturity.

[Insert mandatory sinking fund redemption provisions.]

Notice of any such redemption shall be sent by registered or certified mail to the Registered Owner of this bond not less than thirty (30) days and not more than 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 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 waterworks 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 cancelled 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 the 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 corporate trust office of the Registrar, by the Registered Owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the Registered Owner or his attorney duly authorized in writing, and thereupon a new fully registered bond or bonds in 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 the 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 and Paying Agent 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 sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of such bonds exclusive of any such bonds which may be owned by the City.

The bonds authorized and issued pursuant to the Ordinance, including this bond, are subject to defeasance prior to redemption or payment as provided in the Ordinance, and the 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 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, in 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, and its corporate seal be hereunto affixed and attested by the manual or facsimile signature of its Clerk-Treasurer.

CITY OF VALPARAISO

Mayor

(Seal of the City)

ATTEST:

Clerk-Treasurer

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This bond is one of the City of Valparaiso, Indiana, Waterworks Refunding Revenue Bonds, Series 2018, described in the within-mentioned Ordinance.

as Registrar

Authorized Representative

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: _____

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.

Signature Guarantee:

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

(End of Bond Form)