RESOLUTION NO. __9, 2014

PRELIMINARY BOND RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF VALPARAISO, INDIANA, AUTHORIZING THE ISSUANCE OF WATERWORKS REVENUE BONDS OF THE CITY OF VALPARAISO, INDIANA, FOR THE PURPOSE OF PROCURING FUNDS FOR CERTAIN WATERWORKS IMPROVEMENTS, AND RELATED MATTERS

WHEREAS, the Common Council (the "Common Council") of the City of Valparaiso, Indiana (the "City") finds that in order to provide funds for the payment of the costs of waterworks system improvements, consisting of the construction of new source of supply, treatment, transmission and distribution systems for the water utility (the "Project"), it will be necessary and in the best interest of the City, and the property and inhabitants thereof, to issue bonds of the City in an aggregate principal amount not to exceed Eighteen Million Dollars ($18,000,000), which shall be payable solely from the net revenues (the "Net Revenues") of the City's waterworks (the "Waterworks"); and

WHEREAS, certain preliminary expenditures related to the Project have been or will be incurred by or on behalf of the City prior to the issuance and delivery of such bonds; and

WHEREAS, the Common Council desires to express its intention to reimburse such expenditures as have been or may be incurred prior to the issuance of such bonds, pursuant to Indiana Code 5-1-14-6 and in compliance with Section 1.150-2 of the U.S. Treasury Regulations promulgated by the Internal Revenue Service (the "Treasury Regulations");

NOW, THEREFORE, THE COMMON COUNCIL OF THE CITY OF VALPARAISO, INDIANA, RESOLVES THE FOLLOWING:

1. The City shall proceed to undertake the Project. For the purpose of procuring funds to pay for the cost of the Project, the City shall make a loan in an amount not to exceed Eighteen Million Dollars ($18,000,000).

In order to procure funds for said loan, the Clerk-Treasurer of the City is hereby authorized and directed to have prepared and to issue and sell the revenue bonds of the City, in one or more series or issues, the principal of and interest on which are payable solely from the Net Revenues, which bonds shall be issued in the name of the City, in an aggregate principal amount not to exceed Eighteen Million Dollars ($18,000,000) (the "Bonds"), with a discount not to exceed the discount set forth in or determined by the Bond Ordinance to be adopted by the Common Council, and which amount (together with any investment earnings thereon, if any) does not exceed the cost of the Project, which estimated cost shall not exceed Eighteen Million Dollars ($18,000,000), plus investment earnings thereon, if any, which will be provided from proceeds of the Bonds, plus any investment earnings thereon.

The Bonds shall not constitute a corporate obligation or indebtedness of the City but shall constitute an obligation of the City. The Bonds, together with interest thereon, shall be payable solely from the Net Revenues.

The Bonds shall mature and be payable no later than twenty-three (23) years after their date of issuance, and shall bear interest at a rate not greater than five and one-half percent (5.5%) per annum. The Bonds may be subject to redemption prior to maturity in whole or in part in accordance with the terms set forth in the Bond Ordinance to be adopted by the Common Council.

The Common Council hereby authorizes the proper officers of the City to issue bond anticipation notes ("BANs") in anticipation of the issuance of the Bonds, subject to the provisions of the Bond Ordinance to be adopted by the Common Council.

2. The Common Council hereby declares that, for the purpose of evidencing compliance with Indiana Code 5-1-14-6 and Section 1.150-2 of the Treasury Regulations, it reasonably expects to reimburse with the proceeds of the Bonds (in an amount not to exceed and payable from the sources set forth above) expenditures for the Project made by or on behalf of the City prior to the issuance of the Bonds during the period beginning on the date sixty (60) days prior to the date of this Resolution until the date of issuance of the Bonds, which expenditures are expected to be paid initially from other legally available funds of the City.

3. This Resolution shall be in full force and effect after its adoption by the Common Council.

DULY PASSED on this 9th day of June, 2014, by the Common Council of the City of Valparaiso, Indiana.

Presiding Officer

ATTEST:

Sharon Swihart, Clerk-Treasurer

This resolution presented by me, the Clerk-Treasurer of the City of Valparaiso, Indiana, to the Mayor for his approval this 9th day of June, 2014.

Sharon Swihart, Clerk-Treasurer

This resolution signed and approved by me, the Mayor of the City of Valparaiso, Indiana, this 9th day of June, 2014.

Jon Costas, Mayor

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Resolutions of the Common Council for the City of Valparaiso, Indiana June 9, 2014
Valparaiso City Utilities (VCU)

Resolution No: 8

Resolution No 8: states that certain preliminary expenditures related to the project may be incurred by or on behalf of the VCU prior to the issuance and delivery of such bonds. To preserve the VCU cash balances it will be important to reimburse VCU for these preliminary expenditures. Federal tax law would prevent these reimbursements from being included in the Bond Issue without this Resolution which states the Common Council through the recommendation of the VCU Board of Directors intends to reimburse preliminary expenditures incurred prior to the bond sale from the Bond proceeds. In addition, the Resolution confirms the forthcoming sale of sewage works bonds, and if necessary Bond Anticipation Notes(BANs), of an amount not to exceed 2.6 million payable from the net revenues of the sewage utility as established by the Sewage Rate Ordinance 28 - 2013. Sale of the Bonds or BANs is subject to the Council adopting a Bond Ordinance at a future meeting.

Maximum Term: 23 years | Rate: Not to exceed (5.5 %)

2.6 Million

The "Project"

The Valparaiso Water Reclamation Department wastewater treatment facility has imminent plans to upgrade the existing wastewater pump station located at 1251 Joliet Road. This pump station is the main receiving station of all wastewater flows from the City of Valparaiso. The project will include the replacement of major components of the pump station which include raw influent pumps, variable frequency drives, HVAC, wet well modifications, piping, electrical, instrumentation and control, engineering and construction.

Resolution No: 9

Resolution No 9: states that certain preliminary expenditures related to the project may be incurred by or on behalf of the VCU prior to the issuance and delivery of such bonds. To preserve the Utility's cash balances it will be important to reimburse VCU for these preliminary expenditures. Federal tax law would prevent these reimbursements from being included in the Bond Issue without this Resolution which states the Common Council through the recommendation of the VCU Board of Directors intends to reimburse preliminary expenditures incurred prior to the bond sale from the Bond proceeds. In addition, the Resolution confirms the forthcoming sale of water works bonds, and if necessary Bond Anticipation Notes(BANs), of an amount not to exceed 18.0 million payable from the net revenues of the sewage utility as established by the Water Rate Ordinance 27 - 2013 . Sale of the Bonds or BANs is subject to the Council adopting a Bond Ordinance at a future meeting.

Maximum Term: 23 years | Rate: Not to exceed (5.5 %)

18.0 Million

The "Project"

Through its water source study and recommendation as presented to the City Council in September of 2013 the Valparaiso Department of Waterworks has determined that ground water will continue to be the City's water resource. Through preliminary engineering, the project will include replacement and upgrades to the major components of the water system which include a new well field, transmission line, reservoirs, expansion of airport filter building, high service pumps, electrical and instrumentation, engineering and construction.

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