RESOLUTION NO. 28-2014

RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF VALPARAISO, INDIANA, APPROVING AN AGREEMENT WITH PRATT PAPER (IN), LLC, AND PRATT INDUSTRIES, INC., AND AUTHORIZING OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City of Valparaiso (the "City") and Valparaiso City Utilities ("VCU" and, together with the City, the "City Parties") desire to foster economic development within the City; and

WHEREAS, Pratt Paper (IN), LLC ("Pratt Paper") has requested that the City issue not to exceed $10,000,000 of its Taxable Economic Development Revenue Bonds, Series 2015 (Pratt Paper (IN), LLC) (the "Bonds") and provide the proceeds thereof to Pratt Paper to be applied to the cost of sewage pre-treatment facilities to be used in connection with Pratt Paper's recycled linerboard and corrugated medium manufacturing facility to be located on land adjacent to 3155 S. State 49, Valparaiso, Indiana and related facilities; and

WHEREAS, the City will pay the Bonds from net revenues from the City's sewage works; and

WHEREAS, in consideration of the City's issuance of the Bonds, Pratt Paper and Pratt Industries, Inc. have agreed to be jointly and severally liable to the City Parties to make payments to VCU, in the event that Pratt Paper, for any reason, ceases to be a user of the City's sewer service or is otherwise no longer subject to the debt service surcharge set forth in the City's sewage works rate ordinance, in amounts sufficient to provide for full payment of the then remaining debt service on the Bonds until final retirement of the Bonds, as more fully set forth in the form of Agreement set forth in Exhibit A hereto; and

WHEREAS, additionally, in consideration of the City's issuance of the Bonds, Pratt Paper and Pratt Industries, Inc. have agreed to be responsible to the City Parties to make certain additional payments to VCU, as set forth in the form of Agreement set forth in Exhibit A hereto;

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

Section 1. The Council hereby approves the Agreement substantially in the form of Exhibit A hereto.

Section 2. The Mayor of the City (the "Mayor") is hereby authorized and directed to execute the Agreement in the name and on behalf of the City, and the Clerk-Treasurer of the City (the "Clerk-Treasurer") is hereby authorized and directed to attest such execution of the Agreement, in the form set forth in Exhibit A, with such changes as the Mayor shall approve, such approval to be evidenced by his execution thereof.

Section 4. The Mayor, the Clerk-Treasurer or any other officer of the City is hereby authorized and directed to take any action as such officer deems necessary or desirable to effectuate this Resolution, and any such actions heretofore taken are hereby ratified and approved.

Passed by the Common Council of the City of Valparaiso, Indiana, by a 7-0 vote of all members present and voting this 27th day of July, 2015.

Jonathon Costas, Mayor

ATTEST:

Sharon E. Swihart, Clerk-Treasurer

Presented by me to the Mayor of the City of Valparaiso, Indiana, this 27th day of July, 2015, at 8:20 o'clock p.m.

Sharon E. Swihart, Clerk-Treasurer

This Resolution approved and signed by me this 27th day of July, 2015, at 8:20 o'clock p.m.

Jonathon Costas, Mayor

MEMORANDUM OF UNDERSTANDING
PRATT PAPER (IN), LLC

THIS MEMORANDUM OF UNDERSTANDING ("MOU") is made and entered into as of the 17th day of September, 2013 by and between the City of Valparaiso ("City"), and Pratt Paper (IN), LLC ("Pratt Paper"), a wholly-owned subsidiary of Pratt Industries, Inc. ("Pratt");

WHEREAS, Pratt operates a recycled paper and corrugated packaging business with numerous locations throughout the United States. Pratt is one of the largest corrugated packaging company in the United States and the world's largest, privately-held 100% recycled paper and packaging company;

WHEREAS, since approximately the year 2000, Pratt has engaged in corrugated packaging business activities at its 500,000 square foot facility located at **3155 State Road 49 in Valparaiso, Indiana** ("Valparaiso Facility");

WHEREAS, Pratt has decided to expand certain business activities and has chosen the Valparaiso Facility and certain adjacent parcels for such expansion. The City of Valparaiso values Pratt and its employees and welcomes the opportunity to help facilitate Pratt's expansion of the Valparaiso Facility;

WHEREAS, Pratt and the City have discussed terms and incentives that would assist Pratt in its expansion of the Valparaiso Facility; and

WHEREAS, Pratt and the City wish to outline the general terms and conditions that would result in Pratt expanding its Valparaiso Facility.

NOW, THEREFORE, FOR AND IN CONSIDERATION of the mutual promises and obligations set out below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Process**. As outlined below, the process to complete Pratt's Valparaiso Facility expansion will include the coordination and approval of several governmental entities both within the City, the region and the state of Indiana. Mayor Jon Costas will continue to be personally engaged in all facets of the Project (as hereinafter defined) and will appoint a senior member of his management team to work with Pratt Paper and Pratt to coordinate completion.

2. **Pratt Paper's Proposal**. Subject to the terms and conditions herein, Pratt Paper shall use commercially reasonable efforts to expand its Valparaiso Facility and construct a wastepaper recycling facility ("Project"). Commencement of construction is anticipated to begin in March 2014, and Pratt Paper's overall investment in the Project is estimated to be approximately **$260,000,000**. It is also estimated that: (a) **1,458** new direct, indirect, and induced jobs will be created during construction; (b) **547** new direct, indirect, and induced jobs will be created after start-up; (c) **104** new direct, full-time employment onsite positions will be created at the Valparaiso Facility; (d) an estimated **$60,000,000** in additional assessed value in Real Property; and, (e) an estimated **$165,000,000** in additional assessed value in Personal Property.

3. **City's Commitments**. Based on Pratt Paper's proposal and in conjunction with its City Council, Board of Public Works, Plan Commission and Redevelopment Commission, the City commits the full support of the Administration to do as follows:

a. Reimburse Pratt Paper, through the City's Redevelopment Commission, an amount no less than **$3,500,000** towards infrastructure improvements (sewer, water, road, or railroad extensions);

b. Approve, through the City Council, real property and business personal property tax abatement on the: (i) expanded portion of the Valparaiso Facility and new equipment; and (ii) improved portions of the existing facility. Such tax abatements are set forth on Exhibit A attached hereto;

c. Allocate a portion of Tax Increment Finance ("TIF") revenue received by City's Redevelopment Commission towards Pratt Paper expenses. Attached as Exhibit B is an approximation of receipts and allocation of TIF revenue, which accounts for the expected TIF distribution. As reflected on Exhibit B attached hereto:

i. 50% of TIF revenue generated and received by the Redevelopment Commission from the Valparaiso Facility will be returned to Pratt Paper as reimbursement for infrastructure (sewer, water, road, or railroad extensions) and/or public improvements supporting the Valparaiso Facility and its operations, and/or for principal and interest payments on bonds issued by either the Valparaiso Economic Development Commission or Valparaiso City Utilities for financing the expansion of the Valparaiso Facility; and

ii. 50% of TIF revenue generated and received by the Redevelopment Commission from the Valparaiso Facility will be retained by the Redevelopment Commission for debt service on the initial $3,500,000 reimbursement and for other uses allowed by law.

Notwithstanding the foregoing, if the Redevelopment Commission receives less than the aggregate amount for Project Years 1 through 10 as shown in the last column on Exhibit B (a "Shortfall"), then, the amount of TIF revenue returned to Pratt Paper in Project Year 11 shall be reduced by an amount equal to the lesser of (a) the amount of such Shortfall, or (b) $500,000.

d. Coordinate with the City's Plan Commission and City Council for the expedited annexation, approval of development, use and zoning variances, rights of way, easements, assembly and subdivision (and modifications to same), to the extent desired or required by Pratt Paper to optimize the use of the real property designated for the Valparaiso Facility expansion;

e. Coordinate with the City's Redevelopment Commission, Plan Commission and City Council for the inclusion of the Valparaiso Facility in an Economic Development Area eligible for tax increment financing;

f. As part of the Project, Pratt Paper is constructing a private road to the Valparaiso Facility on the north side of Division Road – east of State Road 49. Such road shall be private. The parties recognize that Division Road will become an important road for Pratt

Paper to access it private road and will need eventual maintenance and widening in certain areas. Although Division Road is located outside the current jurisdictional boundaries of the City, the City will use its best efforts in working with Porter County to insure that Division Road is properly maintained for Pratt Paper's intended use;

g. Currently, there exists a 25 foot wide by approximately 1,000 foot long three lane access frontage road that runs parallel to State Road 49. This frontage road has been used by Pratt for access to the Valparaiso Facility and will continue to be used. Although the frontage road fall under the jurisdiction of the State of Indiana, the City will use its best efforts in working with the State of Indiana to insure that the frontage road is properly maintained for Pratt's current use;

h. Convey to Pratt Paper at no cost that certain strip of City owned land lying within a parcel described in Deed Record 246, Phase 573, in the Office of the Recorder of Porter County, Indiana, said parcel located in the Southeast Quarter of the Northwest Quarter of Section 32, Township 35 North, Range 5 West of the Second Principal Meridian, in Porter County, Indiana, said strip of land described as follows: Beginning at the Southeast Corner of said Northwest Quarter; thence Northerly along the East line of said Northwest Quarter to the South right-of-way line of the Norfolk and western Railroad; thence Northwesterly along said South right-of-way line 215.0 feet; thence Southwesterly, perpendicular to said South right-of-way line, 30.0 feet; thence Southeasterly, parallel with said South right-of-way line, to a point 35.0 feet West (by rectangular measurement) of the East line of said Northwest Quarter; thence Southerly, parallel with said East line, to the South line of said Northwest Quarter; thence Easterly along said South line 35 feet, more-or-less, to a point of beginning, said strip of land containing 0.63 acres, more-or-less (subject to field survey). Parcel No. 64-10-32-177-003.000-029. Subject to all existing easements and rights-of-way;

i. Coordinate with the Indiana Department of Transportation and any and all other state agencies as necessary to secure necessary approvals for a dedicated rail spur and amendments to the existing highway access serving the Pratt Paper expansion;

j. Coordinate with Pratt Paper, Indiana Department of Environmental Management (IDEM) and Army Corps of Engineers (ACOE) to expedite wetland mitigation to the extent desired or required by Pratt Paper to optimize the use of the real property designated for the Valparaiso Facility expansion; and,

k. City's full cooperation with respect to storm water management and drainage in and around the Project Site. It is understood by Pratt that the Porter County Drainage Board has jurisdiction over aspects of the Project's storm water management and drainage. The City represents that it has already engaged in preliminary discussion with Porter County Drainage Board representatives of a general nature about development in the area of the Project and the City does not expect Pratt to be subject to any unreasonable conditions or to be required to incur the costs to address problems not directly attributable with the Project. If requested, the City will assist Pratt Paper before the Porter County Drainage Board and on aspects relating to storm water management and drainage in and around the Project Site.

4. **Commitments of the Northwest Indiana Regional Development Authority**. Subject to compliance with the rules of the Northwest Indiana Regional Development Authority ("RDA") and approval, the RDA will:

a. contribute at least **$1,400,000** towards infrastructure improvements (sewer, water, road, or railroad extensions) supporting the expansion of the Valparaiso Facility.

5. **Commitments of the Indiana Economic Development Authority**. Subject to compliance with the rules of the Indiana Economic Development Authority ("IEDC"), the IEDC will:

a. provide an economic incentive package to Pratt Paper valued at an amount no less than **$1,400,000**.

6. **Valparaiso City Utilities (Sewer/Water)**. Subject to compliance with the rules of the Valparaiso City Utilities ("VCU") and approval, which such approval shall not increase the Scope of Work (as hereinafter defined), the VCU, Pratt and Pratt Paper agree as follows:

a. Scope of Work. Pratt Paper, shall install and maintain an industrial wastewater pretreatment facility, which shall include a one million gallon per day flow equalization tank including all pretreatment infrastructure ("Pretreatment Project"). Upon approval of the work, VCU will reimburse Pratt Paper up to $10,000,000 for the installation. Any additional costs for the Pretreatment Project in excess of $10,000,000 shall be borne solely by Pratt Paper. VCU will need to issue bonds to secure the necessary funds and the calculation of the $10,000,000 maximum contribution shall include the cost of funding a debt service reserve account and all bond issuing costs (e.g. legal fees, bond counsel fees, financial advisor fees, rating fees, Bond Underwriting fees, escrow fees and miscellaneous printing and publishing fees) ($10 million less the cost of said debt service reserve account and issuance costs being referred to herein as "Net Bond Proceeds"). The parties will develop, in good faith, a formal process of inspection, reimbursement and maintenance; however the following items shall apply:

i. Net Bond Proceeds shall only be used for the Pretreatment Project and Net Bond Proceeds shall be held in escrow, by an escrow agent (agreeable to both Pratt Paper and VCU) until distributed to Pratt Paper as reimbursement for work on the Pretreatment Project;

ii. As work is performed or completed and acceptable to Pratt Paper, Pratt Paper shall submit periodic requests for reimbursement to an independent engineer, reasonably acceptable to VCU, who shall review and upon approval, the independent engineer shall forward a copy to the escrow agent. After receipt, the escrow agent shall be directed to promptly release funds to Pratt Paper;

iii. Pratt Paper shall oversee bidding and construction of the Pretreatment Project as agent for VCU. All bidding and approval of contracts shall be in accordance with all applicable Indiana code and regulations;

iv. VCU shall own the Pretreatment Project including all pretreatment infrastructure until the bonds are retired. At such time, the Pretreatment Project including all pretreatment infrastructure will be sold to Pratt Paper; and,

v. At all times, Pratt Paper shall be responsible for maintenance and repair for the Pretreatment Project and pretreatment infrastructure.

b. As to rates for water and sewer service, such are set by Cost of Service principles. For the initial 18 months of water and sewer service, commencing after start-up, water and sewer rates will remain unchanged. The initial rates shall be:

i. For sanitary sewer service for the first four years (during which time minimum usage requirements will apply, as described in Section 6.b.iii below), a flow rate of **$2.75** per 1,000 gallons (subject to future rate adjustments after the initial 18 month period commencing after start up, as described in Section 6.b.v below). For years 5 through 10, if and to the extent usage remains at a level of at least .35 million gallons per day or 10.5 million gallons per month, Pratt Paper will be billed at the rates applicable to minimum use. For years 5 through 10, if and to the extent usage falls below a level of at least .35 million gallons per day or 10.5 million gallons per month, Pratt Paper will be billed at the lesser of the general sewer rate or the rate applicable to a minimum .35 million gallon per day (10.5 million gallons per month) use. In addition Pratt Paper will be responsible for other charges established in the VCU Rate Ordinance including base charges, excess strength surcharges and penalties;

ii. For water service, a flow rate of no more than **$2.78** per 1,000 gallons (subject to future rate adjustments after the initial 18 month period commencing after start up, as described in Section 6.b.v below). In addition Pratt Paper will be responsible for other charges established in the VCU Rate Ordinance including base charges, fire protection charges and penalties;

iii. Cost of Service principles incorporate usage data that Pratt Paper has provided and that usage commitment is made part of this MOU and shall be used for determining minimum monthly bills for water and sewer service going forward. The minimum monthly usage data as provided by Pratt Paper is as follows: Sanitary Sewage – .6 million gallons per day or 18 million gallons per month for the first year; .5 million gallons per day or 15 million gallons per month for the second year; .4 million gallons per day or 12 million gallons per month for the third year; and .35 million gallons per day or 10.5 million gallons per month for the fourth year; and no minimum usage requirement thereafter; and, Water - no minimum usage requirements. In no event shall such minimum usage commitments remain in place following full retirement of the $10 million bonds if such occurs for any reason before the end of the initial four years;

iv. Rates will apply for the entire Valparaiso Facility, as expanded; and,

v. Future rate adjustments will be made when VCU undertakes a general rate case for its other rate payers. Minimum billing units will remain the same as those

used for the first rate study. Any such rate increase shall be undertaken in accordance with Indiana law.

c. As noted above, it is anticipated that VCU will issue debt to fund its contribution to the Pretreatment Project. To protect and reimburse VCU, a monthly surcharge for sewer will be established for Pratt Paper. Although not exhaustive, the following terms shall apply:

i. The surcharge shall be made part of the Valparaiso sewage rate ordinance;

ii. The surcharge will be set at an amount such that the surcharge alone will fully fund the principal and interest payments related to the debt issued by VCU for the Pretreatment Project;

iii. If VCU is required to establish a debt service reserve, the monthly surcharge shall be increased to fully fund the debt service reserve. If applicable, the monthly surcharge will be increased to a level sufficient to fund the debt service reserve in 36 months. Once the VCU debt service reserve is fully funded, the monthly debt service surcharge will be reduced accordingly. Upon retirement of the VCU bonds, the monthly debt service surcharge shall cease and any funds remaining shall be refunded to Pratt Paper;

iv. If the VCU debt service reserve fund is drawn upon the monthly surcharge will be increased to replenish the reserve within 6 months;

v. The VCU reserve will remain in place until the balance is sufficient to retire the outstanding debt, including the payment of principal, accrued interest and any related costs for redemption. At that time, the bonds will be redeemed and the monthly surcharge will be removed;

vi. If the assets constructed from bond proceeds reach the end of their useful life for any reason before the debt is retired, Pratt Paper will continue to make surcharge payments pursuant to this MOU;

vii. Surcharge payments shall begin in the month that the VCU bonds are sold and shall continue as long as the VCU debt is outstanding regardless of whether the facilities are constructed or remain in service pursuant to the terms of this MOU;

viii. If Pratt Paper is sold or the improvements funded from bond proceeds are sold by Pratt Paper, the balance of remaining monthly surcharges shall become due and payable. If Pratt Paper becomes insolvent, the remaining monthly surcharges remain an obligation of Pratt; and,

ix. Pratt and Pratt Paper shall enter into a contract with VCU agreeing to be jointly and severally liable to VCU for payment of a minimum fee for availability of sewer service, applicable in the event Pratt Paper is no longer a current user of sewage service or is no longer subject to the debt service surcharge for any reason, in amounts expected to provide for full payment of debt service on the bonds until final retirement of the bonds.

7. **Local Contractors, Suppliers and Vendors**. Pratt Paper agrees that it will use its reasonable best efforts to employ qualified local price competitive contractors, suppliers and vendors on the Valparaiso Facility expansion work. Should Pratt Paper be unable to find local contractors, suppliers, and vendors that are price competitive and properly qualified, Pratt Paper shall not be prohibited from employing contractors, suppliers, and vendors who are not local.

8. **Authority**. The Parties to this MOU represent and warrant that each has full the lawful right, power and authority, under currently applicable law, to execute and perform their respective obligations under this MOU. Notwithstanding the preceding, Pratt Paper recognizes that certain approvals under this MOU will be required from various City Boards and Commissions as well as the RDA and IEDC. The City commits to working with Pratt Paper to timely attain the necessary approvals but gives no assurances as to the actions of any other governmental entity.

9. **Recapture Cost of Oversized Improvements**. To the extent and where available, the City will cooperate with Pratt Paper to obtain reimbursement for any oversized improvements and improvements that specifically benefit other land surrounding or near the Project not under the control of Pratt Paper and to enter into appropriate recapture agreement as provided under, but not limited to, Indiana Code 36-9-22-2, or other replacement or similar provision. Any reimbursement so obtained shall be shared among Pratt Paper and the City equally. Pratt Paper is under no obligation to provide any improvements in excess of what is necessary for the Project.

10. **General Provisions**

Compliance with Ordinances, Statutes, and Building Codes. All improvements at the Valparaiso Facility will be done in compliance with all local and state ordinances, statutes, and building codes. Pratt Paper's obligations hereunder are subject to its ability to obtain the proper and necessary local and state issued permits for the Project.

No Joint Venture or Partnership. The parties hereto agree that this MOU shall not create any joint venture or partnership.

Time is of the Essence. Time is of the essence for this MOU. The parties hereto shall make every reasonable effort to expedite the subject matters hereof (subject to any time limitations described herein) and acknowledge that the successful performance of this MOU requires the continued cooperation of all parties.

Amendment. This MOU, and any exhibits attached hereto, may be amended only by the mutual written consent of each of the parties hereto.

Indiana Law. This MOU shall be construed in accordance with the laws of the State of Indiana.

Notices. All notices and requests required pursuant to this Agreement shall be deemed sufficiently made if delivered, as follows:

City: **Pratt Paper**:

Office of the Mayor
Valparaiso City Hall
166 West Lincoln Way
Valparaiso, Indiana 46383
Attention: Honorable H. Jon Costas

Pratt Paper (IN), LLC
Attention: David Wiser
1800-C Sarasota Parkway
Conyers, GA 30013

Copy to:
Patrick Lyp
Blachly, Tabor, Bozik & Hartman, LLC
56 South Washington St.
Suite 401
Valparaiso, IN 46383

Copy to:
Pratt Legal
3535 Piedmont Road
Building 14, Suite 440
Atlanta, Georgia 30305
Attention: Douglas R. Balyeat, Esq., CPA
General Counsel and Vice President
Facsimile: 770-206-2293
Email: dbalyeat@prattindustries.com

or at such other addresses as the parties may indicate in writing to the other either by personal delivery, courier, or by registered mail, return receipt requested, with proof of delivery thereof. Mailed notices shall be deemed effective on the third day after mailing; all other notices shall be effective when delivered.

IN WITNESS WHEREOF, the parties have duly executed this Agreement pursuant to all requisite authorizations as of the date first above written.

CITY OF VALPARAISO, INDIANA

By: _____
Name: H. Jon Costas
Its: Mayor

PRATT PAPER (IN), LLC

By: _____
Name: _____
Its:

Exhibit A

TAX ABATEMENT

Real Property Abatement Schedule

Year	%
1	100%
2	88%
3	77%
4	66%
5	55%
6	44%
7	33%
8	22%
9	11%
10	0%

Personal Property Abatement Schedule

Year	%
1	100%
2	90%
3	80%
4	70%
5	60%
6	50%
7	40%
8	30%
9	20%
10	10%

Exhibit B

20-YEAR TIF DISTRIBUTION CHART

CONTRACT FOR
SANITARY SEWAGE CAPACITY

A CONTRACT for sanitary sewage capacity by and among PRATT PAPER (IN), LLC, a limited liability company organized under the laws of the State of Delaware, qualified to do business in the State of Indiana, PRATT INDUSTRIES, INC. a Delaware corporation validly existing and qualified to do business in the State of Indiana, collectively, PRATT, and the VALPARAISO CITY UTILITIES, hereinafter referred to as VCU, a municipally owned utility in the State of Indiana with its principal place of business at 205 Billings, Valparaiso, Indiana (referred to herein as, "Party" or "Parties").

WHEREAS, VCU is authorized to contract for and furnish the service herein below described pursuant to IC 36-9-23 et al. and is authorized to enter into special rate contracts with customers of the sewage works where clearly definable reduction in cost to the sewage works can be determined;

WHEREAS, PRATT is authorized to do business in the State of Indiana acting by and through its duly authorized officers pursuant to resolutions adopted by the respective governing Board of Directors;

WHEREAS, PRATT will operate and maintain an industrial wastewater pretreatment facility, including a one million gallon per day flow equalization tank and all pretreatment infrastructure ("Pretreatment Facility"); and

WHEREAS, PRATT desires to contract for the availability of a certain amount of capacity for the receipt of PRATT'S sewage from the Pretreatment Facility ("Treatment Capacity") and in consideration of VCU providing the Treatment Capacity for receipt of PRATT'S sewage from the Pretreatment Facility, PRATT (jointly and severally) will agree to

pay a monthly fee notwithstanding the amount of sanitary sewer or effluent actually received by VCU from the Pretreatment Facility ("Capacity Fee");

NOW, THEREFO RE, PRATT and VCU, for the promises made and considerations agreed upon hereafter, enter into this contract for Treatment Capacity and the payment (jointly and severally) of the Capacity Fee pursuant to the terms and conditions provided, to-wit:

GENERAL TERMS AND CONDITIONS

1. This contract constitutes the formal agreement between the Parties.

2. The contract between the Parties signatory hereto shall be binding upon the Parties, their agents, representatives, assigns and successors in interest.

3. Except as provided in Section 16 below, all agreements between the Parties with respect to Treatment Capacity and the payment of the Capacity Fee are contained within the provisions of this contract and all other agreements are of no effect and are superseded; the Parties may subsequently modify or change the provisions of this contract at some future date, provided that such modifications and changes are set forth in writing and signed by the Parties signatory to the original contract.

4. The effective date of this contract shall be the date of execution of this contract.

5. The contract shall begin on the effective date provided in Section 4, and shall continue for a period equal to the period during which the economic development revenue bonds to be issued by the City of Valparaiso, Indiana, to finance the Pretreatment Facility are outstanding ("Term").

6. Any delay by or failure of PRATT or VCU to assert or pursue its respective contractual rights and remedies on the contract shall not be construed as a waiver to assert or pursue its respective remedies during the time prescribed by law for breach of contract.

7. Notice of claims or demands made upon one party by the other on the contract shall be deemed duly made when addressed to the Parties or their designated agents at their respective places of business as shown below by first class U.S. mail, postage pre-paid. Also, payment of the Capacity Fee shall be made to VCU in the same manner at the place shown, to-wit:

(a) Valparaiso City Utilities
1251 Joliet Road
Valparaiso, Indiana 46385

(b) Pratt Paper (IN), LLC
Attn: Steve Ward
1800-C Sarasota Parkway
Conyers, Georgia 30013

(c) Pratt Industries, Inc.
Attn: Douglas R. Balyeat, Esq., CPA
3535 Piedmont Road
Building 14, Suite 440
Atlanta, Georgia 30305

8. The tap-on and connection of PRATT'S local or lateral sanitary sewer line to VCU'S own interceptor sanitary sewer line at the Sturdy Road lift station located 1888 Sturdy Road, Valparaiso, Indiana, has been completed pursuant to the plans and specifications prepared by FORD – BACON & DAVIS which are incorporated as a part of this contract.

9. The Treatment Capacity shall be an amount of sanitary sewage or effluent produced by PRATT of .6 million gallons ("MG") per day or 18 MG per month for the first year; .5 MG per day or 15 MG per month for the second year; .4 MG per day or 12 MG per month for the third year; and .35 MG per day or 10.5 MG per month for every year thereafter for the remainder of the Term. VCU agrees to provide the Treatment Capacity to meet these minimum monthly requirements.

10. The Capacity Fee shall be in the amounts, payable monthly, set forth on Exhibit A incorporated herein by reference and made a part of this contract.

11. For so long as the Pretreatment Facility is in operation, PRATT shall also pay VCU a monthly usage charge for sanitary sewage disposal service in accordance with the rates set forth in Ordinance No. 28-2013, or any subsequent ordinance amending Ordinance No. 28-2013 ("Monthly Usage Charge"), adopted by the Common Council, the terms of which are incorporated herein and made a part of this contract, or any subsequently adopted rate ordinance of VCU, such amounts to be billed to PRATT pursuant to Section 2 of Ordinance No. 28-2013. PRATT further agrees that, for so long as the Pretreatment Facility is in operation, PRATT shall comply with Chapter 51 (Sewers) and Chapter 52 (Industrial Pretreatment Ordinance) and the VCU-PPM-01 industrial discharge permit effective date November 15, 2014.

12. PRATT acknowledges that VCU may alter its Monthly Usage Charge from time to time based upon the experience of increased costs of operation and maintenance to treat PRATT'S waste and agrees to pay those rates and charges as set by VCU from time to time. VCU agrees to give PRATT a twenty (20) day written notice prior to any public hearing for the purpose of rate modification pertaining to any change in the sewage rate structure of the VCU. PRATT shall be entitled to the same rights and remedies that other customers of VCU have under IC 36-9-23. Nothing in this section shall be construed as a waiver of PRATT'S rights of law, or otherwise, to question or challenge the rates imposed.

13. PRATT represents that the execution and delivery of this contract and the agreements herein contained does not contravene or constitute a default under any provision of any agreement, indenture or other commitment to which PRATT is a party and that this contract constitutes a valid legal and binding obligation of PRATT enforceable in accordance with its

terms and that PRATT unconditionally guarantees to VCU full and prompt payment of the Capacity Fee due under the terms of this contract as the same shall become due as long as VCU continues to own and operate a municipal sewage works utility and notwithstanding the amount of sanitary sewer or effluent actually sent to VCU from the Pretreatment Facility.

14. VCU represents that the execution and delivery of this contract and the agreements herein contained does not contravene or constitute a default under any provision of any agreement, indenture or other commitment to which VCU is a party and that this contract constitutes a valid legal and binding obligation of VCU enforceable in accordance with its terms.

15. In enforcing or attempting to enforce this contract following any default on the part of either Party hereunder, the defaulting Party agrees to pay all costs, expenses, and fees, including all reasonable attorney fees, which may be incurred by the successful Party, whether the same shall be enforced by suit or otherwise. No set-off, counterclaim, reduction or diminution of any obligations, or any defense of any kind or nature which the defaulting Party has or may have against the successful Party shall be available hereunder to the defaulting Party, however, subject to the rights granted under this contract.

16. PRATT shall be required to pay the monthly Capacity Fee notwithstanding the amount of sanitary sewer or effluent actually received by VCU from the Pretreatment Facility and notwithstanding the discontinuation of operation of the Pretreatment Facility by PRATT or its successors or assigns. In the event of the failure of PRATT to pay the monthly Capacity Fee when due and payable, VCU shall be entitled to immediately recover as liquidated damages and not as a penalty from PRATT, a sum of money equal to all past due amounts owed under this contract and all other sums due for the remainder of the Term, including reasonable attorney fees incurred by VCU as a result of PRATT's breach and all costs of collection incurred by VCU.

17. This contract shall not be deemed to supersede or amend the rights or obligations of the Parties, under the Memorandum of Understanding-Pratt Paper (IN), LLC, to the extent those rights or obligations have been created under Indiana law, ("MOU"), between the City of Valparaiso, Indiana, and Pratt Paper (IN), LLC, dated September 17, 2013, except for the obligations of Pratt Paper (IN), LLC under Section 6.c.ix of the MOU.

18. The terms of this contract may be enforced as to any one or more breaches either separately or cumulatively.

19. The invalidity or enforceability of any one or more phrases, sentences, clauses or sections of this contract contained, shall not affect the validity or enforceability of the remaining portions of this contract or any part thereof. This contract shall be construed in accordance with and governed by the laws of the State of Indiana.

IN WITNESS WHEREOF, the Parties have executed this contract by setting their hands hereto on the dates hereinafter subscribed by:

VALPARAISO CITY UTILITIES

This 17th day of December, 2015

David Bengs, President

PRATT (IN), LLC

This 17th day of December, 2015

Gary Byrd, Vice-President

PRATT INDUSTRIES, INC.

This 17th day of December, 2015

Gary Byrd, Vice-President

THIS CONTRACT PREPARED BY: Lisa A. Lee, ICE MILLER LLP, One American Square, Suite 2900, Indianapolis, IN 46282-0200.

IN WITNESS WHEREOF, the Parties have executed this contract by setting their hands hereto on the dates hereinafter subscribed by:

VALPARAISO CITY UTILITIES

This 17th day of December, 2015

David Bengs, President

PRATT PAPER (IN), LLC

This 17th day of December, 2015

Gary Byrd, Vice President

PRATT INDUSTRIES, INC.

This 17th day of December, 2015

Douglas R. Balyeat, Vice President

THIS CONTRACT PREPARED BY: Lisa A. Lee, ICE MILLER LLP, One American Square, Suite 2900, Indianapolis, IN 46282-0200.

EXHIBIT A

VALPARAISO (INDIANA) WATER RECLAMATION DEPARTMENT

SCHEDULE OF MONTHLY PRATT SURCHARGE

Surcharge Bill By Date	Surcharge Due By Date	Billed Surcharge
01/01/16	01/15/16	$113,111.78
02/01/16	02/15/16	106,041.29
03/01/16	03/15/16	106,041.29
04/01/16	04/15/16	106,041.29
05/01/16	05/15/16	106,041.29
06/01/16	06/15/16	106,041.29
07/01/16	07/15/16	106,041.30
08/01/16	08/15/16	106,535.46
09/01/16	09/15/16	106,535.46
10/01/16	10/15/16	106,535.46
11/01/16	11/15/16	106,535.46
12/01/16	12/15/16	106,535.46
01/01/17	01/15/17	106,535.45
02/01/17	02/15/17	106,168.38
03/01/17	03/15/17	106,168.38
04/01/17	04/15/17	106,168.38
05/01/17	05/15/17	106,168.37
06/01/17	06/15/17	106,168.37
07/01/17	07/15/17	106,168.37
08/01/17	08/15/17	106,620.67
09/01/17	09/15/17	106,620.67
10/01/17	10/15/17	106,620.67
11/01/17	11/15/17	106,620.67
12/01/17	12/15/17	106,620.66
01/01/18	01/15/18	106,620.66
02/01/18	02/15/18	106,211.71
03/01/18	03/15/18	106,211.71
04/01/18	04/15/18	106,211.71
05/01/18	05/15/18	106,211.71
06/01/18	06/15/18	106,211.71
07/01/18	07/15/18	106,211.70
08/01/18	08/15/18	106,622.13
09/01/18	09/15/18	106,622.13
10/01/18	10/15/18	106,622.13
11/01/18	11/15/18	106,622.12
12/01/18	12/15/18	106,622.12
01/01/19	01/15/19	106,622.12
02/01/19	02/15/19	106,171.29
03/01/19	03/15/19	106,171.29
04/01/19	04/15/19	106,171.29
05/01/19	05/15/19	106,171.29
06/01/19	06/15/19	106,171.29
07/01/19	07/15/19	106,171.30
08/01/19	08/15/19	106,539.83
09/01/19	09/15/19	106,539.83
10/01/19	10/15/19	106,539.83
11/01/19	11/15/19	106,539.83
12/01/19	12/15/19	106,539.84
01/01/20	01/15/20	106,539.84
02/01/20	02/15/20	106,047.13
03/01/20	03/15/20	106,047.13
04/01/20	04/15/20	106,047.13
05/01/20	05/15/20	106,047.12
06/01/20	06/15/20	106,047.12
07/01/20	07/15/20	106,047.12
08/01/20	08/15/20	106,373.79
09/01/20	09/15/20	106,373.79
10/01/20	10/15/20	106,373.79
11/01/20	11/15/20	106,373.79
12/01/20	12/15/20	106,333.79

VALPARAISO (INDIANA) WATER RECLAMATION DEPARTMENT

SCHEDULE OF MONTHLY PRATT SURCHARGE

Surcharge Bill By Date	Surcharge Due By Date	Billed Surcharge
01/01/21	01/15/21	$98,039.80
02/01/21	02/15/21	98,338.54
03/01/21	03/15/21	98,338.54
04/01/21	04/15/21	98,338.54
05/01/21	05/15/21	98,338.54
06/01/21	06/15/21	98,338.54
07/01/21	07/15/21	98,338.55
08/01/21	08/15/21	97,776.04
09/01/21	09/15/21	97,776.04
10/01/21	10/15/21	97,776.04
11/01/21	11/15/21	97,776.04
12/01/21	12/15/21	97,776.04
01/01/22	01/15/22	97,776.05
02/01/22	02/15/22	98,032.92
03/01/22	03/15/22	98,032.92
04/01/22	04/15/22	98,032.92
05/01/22	05/15/22	98,032.92
06/01/22	06/15/22	98,032.91
07/01/22	07/15/22	98,032.91
08/01/22	08/15/22	98,261.88
09/01/22	09/15/22	98,261.88
10/01/22	10/15/22	98,261.88
11/01/22	11/15/22	98,261.87
12/01/22	12/15/22	98,261.87
01/01/23	01/15/23	98,261.87
02/01/23	02/15/23	97,629.58
03/01/23	03/15/23	97,629.58
04/01/23	04/15/23	97,629.58
05/01/23	05/15/23	97,629.58
06/01/23	06/15/23	97,629.59
07/01/23	07/15/23	97,629.59
08/01/23	08/15/23	97,816.67
09/01/23	09/15/23	97,816.67
10/01/23	10/15/23	97,816.67
11/01/23	11/15/23	97,816.67
12/01/23	12/15/23	97,816.66
01/01/24	01/15/24	97,816.66
02/01/24	02/15/24	97,975.83
03/01/24	03/15/24	97,975.83
04/01/24	04/15/24	97,975.83
05/01/24	05/15/24	97,975.83
06/01/24	06/15/24	97,975.84
07/01/24	07/15/24	97,975.84
08/01/24	08/15/24	98,107.08
09/01/24	09/15/24	98,107.08
10/01/24	10/15/24	98,107.08
11/01/24	11/15/24	98,107.08
12/01/24	12/15/24	98,107.09
01/01/25	01/15/25	98,107.09
02/01/25	02/15/25	29,829.58
03/01/25	03/15/25	29,829.58
04/01/25	04/15/25	29,829.58
05/01/25	05/15/25	29,829.58
06/01/25	06/15/25	29,829.59
07/01/25	07/15/25	29,829.59