

ORDINANCE NO. 25-2007

Ordinance Authorizing the Issuance of Tax Anticipation Warrants for the General Fund for 2007

WHEREAS, the Common Council (the "Council") of the City of Valparaiso (the "City") now finds that an emergency exists for the borrowing of money, with which to meet the expenses of the City, which will be incurred in 2007 and are to be paid from the General Fund of the City (the "General Fund"), which expenses must be met prior to the receipt of the settlement and distribution of taxes payable in 2007 (the "2007 Taxes"); and

WHEREAS, the Council now finds that the 2007 Taxes are estimated to produce at least \$2,500,000 in the General Fund, and the Clerk-Treasurer of the City (the "Clerk-Treasurer") has presented to the Council a recommendation that one or more tax anticipation warrants be issued for the General Fund in an amount not to exceed \$2,500,000 (the "Warrants"), subject to the terms hereinafter set forth;

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF VALPARAISO, PORTER COUNTY, INDIANA, as follows:

Section 1. Authorization and Terms.

(a) A temporary loan is hereby authorized to be made for and on behalf of the General Fund in an amount not to exceed Two Million Five Hundred Thousand Dollars (\$2,500,000), and all of the proceeds of such loan shall be placed in the General Fund. The loan shall be evidenced by the Warrants to be issued by the City, which shall be designated "Tax Anticipation Warrants (General Fund), Series 2007 A." The proceeds of the Warrants shall be used to pay the costs of issuance of the Warrants and to pay the expenses of the City payable out of the General Fund and included in the regular budget and appropriations adopted for the year 2007, which expenses must be met prior to the receipt of the 2007 Taxes. A sufficient amount of the 2007 Taxes to be derived from the General Fund levy is hereby appropriated and pledged for the payment of the principal of and interest on the Warrants at their maturity. The Clerk-Treasurer is hereby authorized and directed to pay the principal of and interest on the Warrants out of the 2007 Taxes to be derived from the General Fund levy.

(b) The Warrants shall be dated as of the date of delivery thereof, in denominations of \$100,000, plus integral multiples of \$1, as shall be requested by the purchaser, lettered and numbered consecutively from R-1 and upward, and bear interest at a rate not to exceed seven percent (7%) per annum (the exact rate to be determined by bidding), which interest shall be payable at the time of the payment of the principal of the Warrants. The Warrants shall mature and be payable on December 31, 2007. Interest shall be calculated on the basis of the actual number of days elapsed in a year of 365 days. The Warrants will be delivered to the purchaser on or after August 6, 2007. The Warrants shall be executed by the manual or facsimile signature of the Mayor of the City (the "Mayor") and attested by the manual or facsimile signature of the Clerk-Treasurer. The Warrants shall be payable at the Clerk-Treasurer's Office upon presentation and surrender on or after their maturity date.

Section 2. Form of Warrants and Use of Proceeds. The Warrants shall contain a reference to this Ordinance and the date of the adoption thereof. The Warrants shall be issued in substantially the form set forth in Exhibit A attached hereto, with all blanks to be properly filled in prior to delivery. The Clerk-Treasurer is authorized and directed (a) to file and, if required or desirable, to refile an information report as provided by applicable federal or State of Indiana rules and regulations and (b) to use the proceeds of the Warrants to pay current expenses of the General Fund and the costs of issuance of the Warrants.

Section 3. Authorization of Sale.

(a) The Clerk-Treasurer is hereby authorized to negotiate the sale of the Warrants. A term sheet may be prepared by Cender & Company LLC, the financial advisor to the City (the "Financial Advisor"). The term sheet shall stipulate the rate or rates of interest per annum to be borne by the Warrants but in no event, at any time, in excess of seven percent (7%) per annum. The Clerk-Treasurer, with the advice of the Financial Advisor, may request the following: (1) the fixed interest rate per annum to be borne by the Warrants until their maturity date with a draw-down loan, pursuant to which the Clerk-Treasurer, on behalf of the City, is required to borrow at least \$50,000 of the principal amount of the Warrants on the date of closing and thereafter may borrow all or a portion of the remainder of the principal amount of the Warrants, as and when needed by the City ("Option 1"); or (2) the fixed interest rate per annum to be borne by the Warrants until their maturity date with the Clerk-Treasurer, on behalf of the City, required to borrow the entire principal amount of the Warrants on the date of closing ("Option 2"). Depending upon the negotiations, the Clerk-Treasurer, with the advice of the Financial Advisor, may choose either Option 1 or Option 2. The Clerk-Treasurer shall award the Warrants to the purchaser complying with the provisions in the term sheet.

(b) As an alternative to a negotiated sale, the Clerk-Treasurer may give notice of the sale of the Warrants (the "Notice to Bidders") in The Times, which is a newspaper published in Porter County, with a circulation in the City, two times, at least one week apart, with the first publication being made at least 15 days before the date of the sale, and the second publication being made at least three days before the date of the sale, all in accordance with Indiana Code 5-3-1, as amended. The Notice to Bidders shall require that bids be submitted at a time and date to be selected by the Clerk-Treasurer, to the Financial Advisor. Each bid shall stipulate the rate or rates of interest per annum to be borne by the Warrants. Upon the receipt of the bids, the Clerk-Treasurer shall award the Warrants to the bidder or bidders complying with the terms of the sale set forth in the Notice to Bidders.

The Notice to Bidders shall allow bidders to submit either or both of the following bids: (1) the fixed interest rate per annum to be borne by the Warrants until their maturity date, but in no event, at any time, in excess of seven percent (7%) per annum with a draw-down loan, pursuant to which the Clerk-Treasurer, on behalf of the City, is required to borrow at least \$50,000 of the principal amount of the Warrants on the date of closing and thereafter may borrow all or a portion of the remainder of the principal amount of the Warrants, as and when needed by the City ("Option 1"); or (2) the fixed interest rate per annum to be borne by the Warrants until their maturity date with the Clerk-Treasurer, on behalf of the City, required to borrow the entire principal amount of the Warrants on the date of closing ("Option 2"). Depending upon the bids received, the Clerk-Treasurer, with the advice of the Financial Advisor,

may choose either Option 1 or Option 2, but, in any event, shall award the Warrants to: (1) the bidder offering the lowest interest rate per annum with respect to Option 1; or (2) the bidder offering the lowest net interest cost to the City with respect to Option 2, to be determined by computing the total interest on the Warrants from the expected closing date to their maturity date, and deducting therefrom the premium bid, if any.

(c) The Clerk-Treasurer is hereby authorized and directed to have the Warrants prepared in the form herein provided. The Mayor is hereby authorized and directed to execute the Warrants in the form herein provided, and the Clerk-Treasurer is hereby authorized and directed to attest and deliver the Warrants when so executed to the purchaser thereof upon payment by such purchaser of the purchase price of the Warrants.

Section 4. Terms of Notice. If the Warrants are sold by public sale, the Notice to Bidders shall include the terms and maturity date of the Warrants and the conditions for the purchase of the Warrants, two of which are: (a) that bids must be accompanied by a certified check or a cashier's check in the name of the City in the amount of \$25,000, which is equal to one percent of the maximum principal amount of the Warrants, in order to guarantee the City against default by such bidder; and (b) that a bid must be submitted for all the Warrants.

Section 5. Qualified Tax-Exempt Obligations. The City may designate the Warrants as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended if such provisions are met.

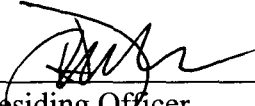
Section 6. Warrants are Not Subject to Prepayment. The Warrants are not subject to optional prepayment, in whole or in part, on any date prior to maturity.

Section 7. Other Actions. Any officer of the City is hereby authorized and directed, in the name and on behalf of the City, to execute and deliver such documents and to take such actions as such officer deems necessary or desirable to effect the foregoing provisions, and any such documents heretofore executed and delivered and any such actions heretofore taken are hereby ratified and approved.

Section 8. Effectiveness. This Ordinance shall be in full force and effect from and after its passage and execution by the Mayor.

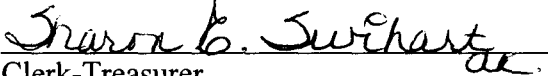
PASSED AND ADOPTED by the Common Council of the City of Valparaiso, Indiana, this 9th day of July, 2007.

COMMON COUNCIL
CITY OF VALPARAISO, INDIANA



Presiding Officer

Attest:



Clerk-Treasurer

Presented by me to the Mayor of the City of Valparaiso at 7:25^{pm} on the 9th day of July, 2007.



Clerk-Treasurer

This Ordinance approved and signed by me, the Mayor of the City of Valparaiso, at 7:25 P.m., on the 9th day of July, 2007.



Mayor

EXHIBIT A

**CITY OF VALPARAISO, INDIANA
TAX ANTICIPATION WARRANT (GENERAL FUND), SERIES 2007 A**

No. R-_____
Principal Amount: \$ _____

Maturity Date: December 31, 2007
Registered Owner: _____

The City of Valparaiso, Indiana (the "City"), promises to pay the Registered Owner set forth above the Principal Amount set forth above [or so much as may be advanced from time to time and be outstanding as evidenced by the records of the Registered Owner], plus interest on such amount at the rate of ____% per annum, computed on the basis of the actual number of days elapsed in a year of 365 days, accruing from the date hereof and due on the Maturity Date set forth above, payable from the General Fund of the City. This Tax Anticipation Warrant (General Fund), Series 2007 A (this "Warrant"), is being issued pursuant to Indiana Code 36-4-6-20, as amended, and an ordinance adopted by the Common Council of the City on _____, 2007.

The City warrants and represents that budgeted funds in the nature of tax levies have been budgeted and imposed for payment during calendar year 2007 for the General Fund in an amount sufficient to pay the principal of and interest on this Warrant, and the City pledges such funds to be hereafter received to the payment and discharge of the principal of and interest on this Warrant. The City further warrants and represents that all statutory requirements leading to the execution of this Warrant and the borrowing of the funds herein represented have been in all things fully done and performed in accordance with all laws pertaining thereto.

The Warrants are not subject to optional prepayment, in whole or in part, on any date prior to maturity.

[The City has designated this Warrant as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.]

The Mayor of the City executing this Warrant for and on behalf of the City represents that he is duly authorized to execute this Warrant for and on behalf of the City, and that the City has taken all necessary steps required by law to borrow the funds herein represented.

IN WITNESS WHEREOF, the City has caused this Warrant to be executed in its corporate name by the manual or facsimile signature of its duly elected, qualified and acting Mayor and to be attested manually or by facsimile by its Clerk-Treasurer.

Dated this ____ day of _____, 2007.

CITY OF VALPARAISO, INDIANA

By: _____
Mayor

Attest:

Clerk-Treasurer