

ORDINANCE NO. 17, 2001

An Ordinance of the City of Valparaiso, Indiana, authorizing the issuance and sale of bonds of said City for the purpose of providing funds to be used for the construction of a street revitalization project, together with all necessary appurtenances, related improvements and equipment, and incidental expenses in connection therewith, including the issuance of notes in anticipation of bonds, and on account of the issuance of bonds and notes therefor

WHEREAS, the City of Valparaiso, Indiana ("City") is authorized by IC 36-4-6-19 as in effect on the date of issuance of the bonds authorized herein ("Act") to issue bonds to procure moneys to be used in the exercise of the powers of the City and for the payment of city debts; and

WHEREAS, the Common Council hereby determines to provide for the cost of a street revitalization project, together with the necessary appurtenances, related improvements and equipment as set forth on Exhibit A ("Project") and the incidental expenses in connection therewith and on account of the issuance of the hereinafter defined Bonds and, if necessary, BANs; and

WHEREAS, based upon the advice of the City's financial advisor, the Common Council has determined that the estimated cost, including incidental expenses incurred in connection with the Project and with the issuance of bonds and, if necessary, BANs, to finance the Project, will be in an amount not to exceed Nine Million Seven Hundred Ten Thousand Dollars (\$9,710,000); and

WHEREAS, the Common Council finds that the City has received a \$2,500,000 federal grant, a \$2,000,000 federal grant and has funds on hand in the amount of \$500,000 to apply on

the costs of the Project and the remaining cost of the Project should be financed with the issuance of general obligation bonds and, if necessary, bond anticipation notes ("BANs"); and

WHEREAS, the Common Council finds that the Bonds and, if necessary, BANs will be issued to fund a controlled project, as defined in IC 6-1.1-20-1.1, and

WHEREAS, the City has petitioned the Department of Local Government Finance and expects to receive its order approving the issuance of the Bonds and BANs in accordance with IC 6-1.1-18.5-8; and

WHEREAS, the net assessed valuation of taxable property in the City, as shown in the last final and complete assessment which was made in the year 2001 for state and county taxes collectible in the year 2002 is \$819,470,910 and the outstanding indebtedness of the City subject to the constitutional limitation, exclusive of the Bonds and the BANs, is \$205,000; such assessment and outstanding indebtedness amounts shall be verified at the time of the payment for and delivery of the Bonds or BANs; and

WHEREAS, the Common Council adopted Ordinance No. 10 on April 22, 2002 making a preliminary determination to issue the Bonds and BANs; and

WHEREAS, notice of the City's preliminary determination to issue the Bonds and BANs has been published and posted as required by law; and

WHEREAS, it is necessary that the Bonds, in one or more series, and, if necessary, BANs be issued in an amount not to exceed \$4,710,000 to provide funds to pay such costs of the Project and the incidental expenses to be incurred in connection with the Project and with the issuance and sale of the Bonds and, if necessary, BANs; and

WHEREAS, the City desires to authorize the issuance of BANs hereunder, if necessary, payable from the proceeds of Bonds issued to finance the aforementioned cost of the Project and to authorize the refunding of said BANs, if issued; and

WHEREAS, the Common Council has been advised that it may be cost efficient to purchase municipal bond insurance for the Bonds authorized herein; and

WHEREAS, the Common Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of said Bonds and BANs have been complied with in accordance with the provisions of the Act;

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

Section 1. Determination to Proceed. The City proceed with the construction of the Project as set forth in this ordinance. The cost of said Project payable from BAN and Bond proceeds shall not exceed the sum of \$4,710,000, plus investment earnings on the BAN and Bond proceeds, without further authorization from this Common Council. Said Project shall be completed and the Bonds herein authorized shall be issued pursuant to and in accordance with the Act.

Section 2. Details of BANs. The City shall issue, if necessary, its BANs for the purpose of procuring interim financing to apply to a portion of the cost of said Project and to pay cost of issuance of the BANs. The City shall issue its BANs in an aggregate amount not to exceed Four Million Seven Hundred Ten Thousand Dollars (\$4,710,000) to be designated "Bond Anticipation Notes of 200____," to be completed with the year in which the BANs are issued.

Said BANs shall be numbered consecutively from 1 upward, shall be in multiples of \$1,000 as designated in the purchase agreement for the BANs, shall be dated as of the date of delivery thereof, and shall bear interest at a rate not to exceed 6.0% per annum (the exact rate or rates to be determined through negotiations). Interest on the BANs shall be payable at maturity or redemption. Said BANs shall be issued and sold at a price not less than 99.3% of the par value thereof. The BANs will mature no later than two (2) years after their date of delivery. The BANs are subject to renewal or extension at an interest rate or rates not to exceed 6.0% per annum (the exact rate or rates to be negotiated). The term of the BANs and all renewal BANs issued under this ordinance may not exceed five (5) years from the date of delivery of the initial BANs. The BANs shall be registered in the name of the purchasers thereof. The City may receive payment on the BANs in the form of installments, and, in that case, interest on the BANs will accrue from the dates of payment made on the BANs.

The BANs shall be issued pursuant to IC 5-1.5-8-6.1 if sold to the Indiana Bond Bank or pursuant to IC 5-1-14-5 if sold to a financial institution or any other purchaser. The principal and the interest on the BANs shall be payable solely from the issuance of the Bonds authorized under this ordinance.

Section 3. Details of Bonds. The City shall issue its Bonds, in one or more series, in an aggregate principal amount not to exceed \$4,710,000 ("Bonds") to be designated "General Obligation Bonds of 200_, Series _____," to be completed with the year in which the Bonds are issued and series designation, for the purpose of procuring funds to apply on a portion of the cost of said Project, issuance costs, including a premium for municipal bond insurance, and refunding

the BANs, if issued. Said bonds shall be issued and sold at a price not less than 98.8% of the par value thereof in fully registered form in denominations of Five Thousand Dollars (\$5,000) or any integral multiple thereof, numbered consecutively from 1 up, originally dated as of the first day of the month in which they are sold and shall bear interest at a rate or rates not exceeding 7.0% per annum (the exact rate or rates to be determined by bidding). Interest is payable semiannually on January 15 and July 15, commencing on July 15, 2003. Principal shall be payable in lawful money of the United States of America, at the principal office of the Paying Agent (as hereinafter defined) and such Bonds shall mature semiannually, or be subject to mandatory sinking fund redemption if term Bonds are issued, on January 15 and July 15 of each year over a period not to exceed 23 years and in amounts which achieve as level debt service as practicable with \$5,000 denominations.

Interest on the Bonds and BANs shall be calculated according to a 360-day calendar year containing twelve 30-day months.

All or a portion of the Bonds may be issued as one or more term bonds, upon election of the purchaser of the Bonds. Such term Bonds shall have a stated maturity or maturities on January 15 and July 15 in the years as determined by the purchaser of the Bonds, but in no event later than the final maturity date of the Bonds established in accordance with the above paragraph. The term bonds shall be subject to mandatory sinking fund redemption and final payment(s) at maturity at 100% of the principal amount thereof, plus accrued interest to the redemption date, on dates which correspond to the principal payment dates that are set in accordance with the above paragraph.

Section 4. Registrar and Paying Agent; Book-Entry; Redemption. (a) The Mayor and the Clerk-Treasurer are authorized and directed to appoint a qualified banking institution to serve as Registrar and Paying Agent ("Registrar" or "Paying Agent") for the Bonds, which shall be charged with the responsibility of authenticating the Bonds. The Clerk-Treasurer is hereby authorized to enter into such agreements or understandings with such bank as will enable the bank to perform the services required of a Registrar and Paying Agent. The Clerk-Treasurer is further authorized to pay such fees as the bank may charge for the services it provides as Registrar and Paying Agent, and such fees may be paid from the bond fund established to pay the principal of and interest on the Bonds. Upon agreement between the City and the successful bidder for the Bonds, the Clerk-Treasurer may be designated as the Registrar and Paying Agent, and, in that case, shall be charged with all responsibilities of a Registrar and Paying Agent.

As to the BANs, the Clerk-Treasurer will be designated as Registrar and Paying Agent and will be charged with the performance of all of the duties and responsibilities of Registrar and Paying Agent.

(b) The principal of the Bonds shall be payable at the principal corporate trust office of the Paying Agent. Interest on the Bonds shall be paid by check mailed by first class mail one business day prior to the interest payment date to the registered owner, as of the fifteenth day immediately preceding the interest payment date ("Record Date"), to the address as it appears on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by such registered owner. If payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. If

the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall be instructed to wire transfer payments by 1:00 p.m. (New York City time) so such payments are received at the depository by 2:30 p.m. (New York City time). All payments on the Bonds shall be made in any coin or currency of the United States of America, which on the date of such payment shall be legal tender for the payment of public and private debts.

(c) Each Bond shall be transferable or exchangeable only upon the books of the City of Valparaiso kept for that purpose at the principal corporate trust office of the Registrar by the registered owner or by its 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 its 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. The City, Registrar and Paying Agent for the Bonds may treat and consider the person in whose name such Bonds are registered as the absolute owner thereof for all purposes including for the purpose of receiving payment of, or on account of, the principal thereof and interest due thereon.

(d) The Bonds shall bear an original date which shall be the first day of the month in which the Bonds are sold and each Bond shall also bear the date of its authentication. Bonds authenticated on or before the Record Date immediately preceding the first interest payment date shall be paid interest from the original date. Bonds authenticated thereafter shall be paid interest

from the interest payment date to which interest has been paid next preceding the date of authentication of such Bonds unless the Bonds are authenticated after the Record Date and on or before the corresponding interest payment date, in which case interest thereon shall be paid from such interest payment date. If at the time of authentication of any Bond, interest is in default thereon, that Bond shall bear interest from the date to which interest has been paid in full.

(e) The Bonds and BANs shall be signed in the name of the City of Valparaiso by the manual or facsimile signature of the Mayor, and the seal of the City shall be affixed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of the Clerk-Treasurer. The Bonds shall be authenticated with the manual signature of an authorized representative of the Registrar, and no Bond shall be valid or become obligatory for any purpose until the certificate of authentication thereon shall have been so executed. Subject to the registration provisions herein, the Bonds and BANs shall be negotiable instruments under the laws of the State of Indiana.

(f) The Common Council has determined that it may be beneficial to the City to have the Bonds held by a central depository system pursuant to an agreement between the City and The Depository Trust Company, New York, New York ("Depository Trust Company") and have transfers of the Bonds effected by book-entry on the books of the central depository system ("Book Entry System"). The Bonds may be initially issued in the form of a separate single authenticated fully registered Bond for the aggregate principal amount of each separate maturity of the Bonds. In such case, upon initial issuance, the ownership of such Bonds shall be

registered in the register kept by the Registrar in the name of CEDE & CO., as nominee of the Depository Trust Company.

With respect to the Bonds registered in the register kept by the Registrar in the name of CEDE & CO., as nominee of the Depository Trust Company, the City and the Paying Agent shall have no responsibility or obligation to any other holders or owners (including any beneficial owner ("Beneficial Owner")) of the Bonds with respect to (i) the accuracy of the records of the Depository Trust Company, CEDE & CO., or any Beneficial Owner with respect to ownership questions, (ii) the delivery to any bondholder (including any Beneficial Owner) or any other person, other than the Depository Trust Company, of any notice with respect to the Bonds including any notice of redemption, or (iii) the payment to any bondholder (including any Beneficial Owner) or any other person, other than the Depository Trust Company, of any amount with respect to the principal of, or premium, if any, or interest on the Bonds except as otherwise provided herein.

No person other than the Depository Trust Company shall receive an authenticated Bond evidencing an obligation of the City to make payments of the principal of and premium, if any, and interest on the Bonds pursuant to this ordinance. The City and the Registrar and Paying Agent may treat as and deem the Depository Trust Company or CEDE & CO. to be the absolute bondholder of each of the Bonds for the purpose of (i) payment of the principal of and premium, if any, and interest on such Bonds; (ii) giving notices of redemption and other notices permitted to be given to bondholders with respect to such Bonds; (iii) registering transfers with respect to such Bonds; (iv) obtaining any consent or other action required or permitted to be taken of or by

bondholders; (v) voting; and (vi) for all other purposes whatsoever. The Paying Agent shall pay all principal of and premium, if any, and interest on the Bonds only to or upon the order of the Depository Trust Company, and all such payments shall be valid and effective fully to satisfy and discharge the City's and the Paying Agent's obligations with respect to principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. Upon delivery by the Depository Trust Company to the City of written notice to the effect that the Depository Trust Company has determined to substitute a new nominee in place of CEDE & CO., and subject to the provisions herein with respect to consents, the words "CEDE & CO." in this resolution shall refer to such new nominee of the Depository Trust Company. Notwithstanding any other provision hereof to the contrary, so long as any Bond is registered in the name of CEDE & CO., as nominee of the Depository Trust Company, all payments with respect to the principal of and premium, if any, and interest on such Bonds and all notices with respect to such Bonds shall be made and given, respectively, to the Depository Trust Company as provided in a representation letter from the City to the Depository Trust Company.

Upon receipt by the City of written notice from the Depository Trust Company to the effect that the Depository Trust Company is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of the Depository Trust Company hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, then the Bonds shall no longer be restricted to being registered in the register of the City kept by the Registrar in the name of CEDE & CO., as nominee of the Depository Trust Company, but may be registered in whatever name or names the bondholders

transferring or exchanging the Bonds shall designate, in accordance with the provisions of this ordinance.

If the City determines that it is in the best interest of the bondholders that they be able to obtain certificates for the fully registered Bonds, the City may notify the Depository Trust Company and the Registrar, whereupon the Depository Trust Company will notify the Beneficial Owners of the availability through the Depository Trust Company of certificates for the Bonds. In such event, the Registrar shall prepare, authenticate, transfer and exchange certificates for the Bonds as requested by the Depository Trust Company and any Beneficial Owners in appropriate amounts, and whenever the Depository Trust Company requests the City and the Registrar to do so, the Registrar and the City will cooperate with the Depository Trust Company by taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the fully registered Bonds of any Beneficial Owner's Depository Trust Company account or (ii) to arrange for another securities depository to maintain custody of certificates for and evidencing the Bonds.

If the Bonds shall no longer be restricted to being registered in the name of the Depository Trust Company, the Registrar shall cause said Bonds to be printed in blank in such number as the Registrar shall determine to be necessary or customary; provided, however, that the Registrar shall not be required to have such Bonds printed until it shall have received from the City indemnification for all costs and expenses associated with such printing.

In connection with any notice or other communication to be provided to bondholders by the City or the Registrar with respect to any consent or other action to be taken by bondholders,

the City or the Registrar, as the case may be, shall establish a record date for such consent or other action and give the Depository Trust Company notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

So long as said Bonds are registered in the name of the Depository Trust Company or CEDE & CO. or any substitute nominee, the City and the Registrar and Paying Agent shall be entitled to request and to rely upon a certificate or other written representation from the Beneficial Owners of the Bonds or from the Depository Trust Company on behalf of such Beneficial Owners stating the amount of their respective beneficial ownership interests in the Bonds and setting forth the consent, advice, direction, demand or vote of the Beneficial Owners as of a record date selected by the Registrar and the Depository Trust Company, to the same extent as if such consent, advice, direction, demand or vote were made by the bondholders for purposes of this resolution and the City and the Registrar and Paying Agent shall for such purposes treat the Beneficial Owners as the bondholders. Along with any such certificate or representation, the Registrar may request the Depository Trust Company to deliver, or cause to be delivered, to the Registrar a list of all Beneficial Owners of the Bonds, together with the dollar amount of each Beneficial Owner's interest in the Bonds and the current addresses of such Beneficial Owners.

(g) Effective ninety (90) days after their date of delivery, the BANs are prepayable by the City, in whole or in part, at any time upon seven (7) days' notice to the owner of the BANs without any premium, plus accrued interest to the date fixed for redemption.

(h) The Bonds of this issue maturing on or after July 15, 2010, are redeemable at the option of the City, but no earlier than January 15, 2010, or any date thereafter, on thirty (30) days' notice, in whole or in part, in the order of maturity determined by the City and by lot within a maturity, at face value, together with a premium no greater than 2%, plus accrued interest to the date fixed for redemption. The exact redemption features and premiums shall be established by the Clerk-Treasurer, with the advice of the City's financial advisor, prior to the sale of the Bonds.

Any Bonds issued as term bonds, upon election of the successful bidder, shall be subject to mandatory sinking fund redemption on January 15 and July 15 at 100% of face value in accordance with the maturity schedule hereinafter determined in accordance with Section 3. The Registrar shall credit against the mandatory sinking fund requirement for any term bonds, and any corresponding mandatory redemption obligation, in the order determined by the City, any term bonds maturing on the same date which have previously been redeemed (otherwise than as a result of a previous mandatory redemption requirement) or delivered to the Registrar for cancellation or purchased for cancellation by the Paying Agent and not theretofore applied as a credit against any redemption obligation. Each term bond so delivered or canceled shall be credited by the Registrar at 100% of the principal amount thereof against the mandatory sinking fund obligation on such mandatory redemption date for that term bond. Any excess of such amount shall be credited on future redemption obligations, and the principal amount of that term bond to be redeemed by operation of the mandatory sinking fund requirement shall be accordingly reduced.

Each Five Thousand Dollars (\$5,000) principal amount shall be considered a separate Bond for purposes of redemption. If less than an entire maturity is called for redemption, the Bonds to be called shall be selected by lot by the Registrar. If some Bonds are to be redeemed by optional redemption and mandatory sinking fund redemption on the same date, the Registrar shall select by lot the Bonds for optional redemption before selecting the Bonds by lot for the mandatory sinking fund redemption.

In either case, notice of redemption shall be mailed to the address of the registered owner as shown on the registration records of the Registrar, as of the date which is forty-five (45) days prior to the date fixed for redemption, not less than thirty (30) days prior to such redemption date, unless notice is waived by the owner of the Bond or Bonds redeemed. The notice shall specify the date and place of redemption and sufficient identification of the Bonds called for redemption. The place of redemption may be determined by the City. Interest on the Bonds so called for redemption shall cease and the Bonds will no longer be deemed outstanding under this ordinance on the redemption date fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price, including accrued interest and redemption premium, if any, to the redemption date, on the date so named. Failure to give such notice by mailing, or any defect in such notice, with respect to any Bond shall not affect the validity of any proceedings for redemption of other Bonds.

If the Bonds are not 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 the case may be, including accrued interest to the date of such payment or

redemption, 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 in respect thereto.

Section 5. Form of Bond. The form of the Bonds shall be substantially as follows:

[Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City of Valparaiso or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]

STATE OF INDIANA

COUNTY OF PORTER

CITY OF VALPARAISO, INDIANA
GENERAL OBLIGATION BOND OF 200____, SERIES _____

INTEREST <u>RATE</u>	MATURITY <u>DATE</u>	ORIGINAL <u>DATE</u>	AUTHENTICATION <u>DATE</u>	<u>CUSIP</u>
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REGISTERED OWNER:

PRINCIPAL SUM:

The City of Valparaiso in Porter County, Indiana, acknowledges itself indebted, and for value received hereby promises to pay, to the Registered Owner or registered assigns, the Principal Sum set forth above on the Maturity Date set forth above (unless this bond be subject to and be called for redemption prior to maturity as hereinafter provided), and to pay interest hereon until the City's obligation with respect to the payment of the Principal Sum shall be discharged at the rate per annum specified above from the interest payment date immediately preceding the date of authentication of this bond unless this bond is authenticated on or before July 1, 2002, in which case interest shall be paid from the Original Date or unless this bond is

authenticated between the fifteenth day preceding an interest payment date and the interest payment date, in which case interest shall be paid from such interest payment date. Interest shall be payable on the first days of January 15 and July 15 of each year, commencing July 15, 2003.

The principal of and premium, if any, on this bond are payable at the principal office of _____ in the _____ of _____, Indiana ("Paying Agent" or "Registrar"). Interest on this bond shall be paid by check mailed by first class mail one business day prior to the interest payment date, to the Registered Owner, as of the fifteenth day immediately preceding the interest payment date, to the address as it appears on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by the Registered Owner. If payment of principal or interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall wire transfer payments by 1:00 p.m. (New York City time) so such payments are received at the depository by 2:30 p.m. (New York City time). 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 payment shall be legal tender for the payment of public and private debts.

The full faith and credit of the City of Valparaiso, Indiana, together with all of its taxable property, both real and personal, are hereby irrevocably pledged to the punctual payment of the principal of and the interest on this bond according to its terms. The City covenants that it will cause a property tax for the payment of the principal of and interest on this bond to be levied, collected, appropriated and applied for that purpose as set forth in IC 6-1.1-18.5-8.

This bond is one of an authorized issue of bonds of the City of Valparaiso, Indiana, designated "General Obligation Bonds of 200____, Series ____" aggregating _____ Dollars (\$_____) [for this series]; numbered consecutively from 1 upward; issued for the purpose of procuring funds to be applied on the cost of a street revitalization project, together with the necessary appurtenances, related improvements and equipment, and the incidental expenses in connection therewith and on account of the issuance of bonds therefore [, including a premium for municipal bond insurance], which bonds are issued pursuant to a Bond Ordinance adopted by the Common Council of the City of Valparaiso, Indiana, on the ____ day of _____, 2002 ("Ordinance"), authorizing the issuance and sale of bonds of the City and Title 36, Article 4, Chapter 6, Section 19 of the Indiana Code as in effect on the date of issuance of this bond.

This bond is transferable or exchangeable only upon the books of the City kept for that purpose at the office of the Registrar, by the Registered Owner or by its 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 its 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 to the Registered Owner, as the case may be, in exchange therefor. 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 interest due hereon.

[The City has designated the bonds as qualified tax-exempt obligations to qualify the bonds for the \$10,000,000 exception from the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended and in effect on the issue date of the bonds, relating to the disallowance of 100% of the deduction for interest expense allocable to tax-exempt obligations.]

[The bonds shall be initially issued in a Book Entry System (as defined in the Ordinance). The provisions of this bond and of the Ordinance are subject in all respects to the provisions of the Letter or Representations between the City and DTC, or any substitute agreement, effecting such Book Entry System.]

The Bonds maturing on and after _____ 15, 20____, are redeemable at the option of the City on _____ 15, 20____, or any date thereafter, on thirty (30) days' notice, in whole or in part, in the order of maturity as determined by the City and by lot within a maturity, at face value, together with the following premiums:

____ % if redeemed on _____ 15, 20____, or thereafter
on or before _____ 14, 20____
____ % if redeemed on _____ 15, 20____, or thereafter
on or before _____ 14, 20____;
0% if redeemed on _____ 15, 20____, or thereafter
prior to maturity;

plus accrued interest to the date fixed for redemption.

[The bonds maturing on _____ 15, 20____ are subject to mandatory sinking fund redemption prior to maturity, at a redemption price equal to the principal amount thereof plus accrued interest, on the dates and in the amounts set forth below:

<u>Date</u>	<u>Term Bond</u>	<u>Amount</u>
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* Final Maturity]

Each Five Thousand Dollars (\$5,000) principal amount shall be considered a separate bond for purposes of redemption. If less than an entire maturity is called for redemption, the bonds to be called shall be selected by lot by the Registrar. [If some bonds are to be redeemed by optional redemption and mandatory sinking fund redemption on the same date, the Registrar shall select by lot the bonds for optional redemption before selecting the bonds by lot for the mandatory sinking fund redemption.]

In either case, notice of redemption shall be mailed to the address of the registered owner as shown on the registration record of the Registrar, as of the date which is forty-five (45) days prior to the date fixed for redemption, not less than thirty (30) days prior to such redemption date, unless said notice is waived by the registered owner of this bond. Any notice shall specify the date and place of redemption and sufficient identification of the bonds called for redemption. The place of redemption may be determined by the City. Interest on the bonds so called for redemption shall cease on the redemption date fixed in such notice, if sufficient funds are available at the place of redemption to pay the redemption price, including interest accrued to the redemption date, on the date so named. Failure to give such notice by mailing, or any defect in such notice, with respect to any bond shall not affect the validity of any proceedings for redemption of other bonds.

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 the case may be, including accrued interest to the date of such payment or redemption, and thereafter the registered owner shall look only to the funds so deposited in trust with that bank for payment, and the City shall have no further obligation or liability in respect thereto.

THE OWNER OF THIS BOND, BY THE ACCEPTANCE OF THIS BOND HEREBY AGREES TO ALL THE TERMS AND PROVISIONS CONTAINED IN THE ORDINANCE. The bonds are subject to defeasance prior to redemption or payment as provided in the Ordinance. The Ordinance may be amended without the consent of the owners of the bonds as provided in the Ordinance if the Common Council in its sole discretion, determines that the amendment shall not adversely affect the rights of any of the owners of the bonds.

The bonds maturing in any one year are issuable only in fully registered form in the denomination of \$5,000 or integral multiples thereof not exceeding the aggregate principal amount of the bonds maturing in such year.

It is hereby certified, recited and declared that all acts, conditions and things required to be done precedent to and in the execution, issuance and delivery of this bond have been done and performed in regular and due form as provided by law; that this bond and the total issue of the bonds is within every limit of indebtedness as prescribed by the constitution and laws of the State of Indiana.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by an authorized representative of the Registrar.

IN WITNESS WHEREOF, the City of Valparaiso in Porter County, Indiana, has caused this bond to be executed in the name of the City of Valparaiso by the manual or facsimile signature of its Mayor, the seal of the City or a facsimile thereof to be affixed, imprinted, engraved or otherwise reproduced hereon and attested by the manual or facsimile signature of the Clerk-Treasurer.

CITY OF VALPARAISO, INDIANA

By: _____
Mayor

(SEAL)

ATTEST:

Clerk-Treasurer

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within mentioned Ordinance.

_____, as Registrar

By: _____
Authorized Representative

[STATEMENT OF INSURANCE]

ASSIGNMENT

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

Dated: _____

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

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

(end of bond form)

Section 6. Sale of Bonds. Prior to the sale of the Bonds, the Clerk-Treasurer shall cause to be published either (i) a notice of such sale two (2) times at least one (1) week apart in the *Vidette-Times*, the only newspaper published and having general circulation in the City of Valparaiso, with the first publication occurring at least fifteen (15) days prior to the sale date and the second publication occurring at least three (3) days prior to the sale date, or (ii) a notice of intent to sell bonds in the *Court & Commercial Record* and the *Vidette-Times*, all in accordance with IC 5-1-11 and IC 5-3-1. A notice or summary notice of sale may be published in the *Court & Commercial Record* or *The Bond Buyer*, financial journals published in the City of Indianapolis and in the City and State of New York, respectively, in the discretion of the Clerk-Treasurer. The notice shall state the purpose for which the Bonds are being issued, the total

amount of the Bonds, the maximum rate of interest on the Bonds, the time and place of payment, the terms and conditions on which bids will be received and the sale made, and such other information as the Clerk-Treasurer, upon advice of counsel deemed necessary. The notice shall provide, among other things, that each bid shall be accompanied by a certified or cashier's check or a financial surety bond to guarantee performance on the part of the bidder. If a financial surety bond is used, it must be from an insurance company licensed to issue such bond in the State of Indiana, and such bond must be submitted to the prior to the opening of the bids. The financial surety bond must identify each bidder whose good faith deposit is guaranteed by such financial surety bond. If the Bonds are awarded to a bidder utilizing a financial surety bond, then that purchaser is required to submit to the City, a certified or cashier's check (or wire transfer such amount as instructed by the City) not later than 3:30 p.m. (Valparaiso time) on the next business day following the award. In the event the successful bidder shall fail or refuse to accept delivery of the Bonds and pay for the same as soon as the Bonds are ready for delivery, or at the time fixed in the notice of sale, then the check and the proceeds thereof shall become the property of the City and shall be considered as its liquidated damages on account of such default.

All bids for the Bonds shall be sealed and shall be presented to the Clerk-Treasurer at her office, and the Clerk-Treasurer shall continue to receive all bids offered until the hour on the day fixed in the notice, at which time and place she shall open and consider the bids. Bidders for the Bonds shall be required to name the rate or rates of interest which the bonds are to bear, not exceeding seven percent (7%) or such lower maximum rate set forth in the notice, and such interest rate or rates shall be in multiples of one-eighth ($1/8$) or one-twentieth ($1/20$) of one

percent (1%). The rate bid on any maturity shall be equal to or greater than the rate bid on the immediately preceding maturity. The Clerk-Treasurer shall award the Bonds to the highest responsible and qualified bidder. The highest bidder shall be the one who offers the lowest net interest cost to the City, computing the total interest on all of the Bonds to their maturities and adding thereto the discount bid, if any, and deducting therefrom the premium bid, if any. The Clerk-Treasurer shall have full right to reject any and all bids. If no acceptable bid is received at the time fixed in the notice for sale of the Bonds, the Clerk-Treasurer shall be authorized to continue to receive bids from day to day thereafter for a period not to exceed thirty (30) days, without readvertising, but during such continuation, no bid shall be accepted which offers an interest cost which is equal to or higher than the best bid received at the time fixed for such sale in the notice. No conditional bid or bid for less than all of the Bonds will be considered.

Prior to the delivery of the Bonds, the Clerk-Treasurer shall obtain a legal opinion as to the validity of the Bonds from Ice Miller, bond counsel, of Indianapolis, Indiana, and shall furnish this opinion to the purchaser of the Bonds. The cost of this opinion, the services of the City Attorney and the services of the City's financial advisor shall be considered as part of the costs incidental to these proceedings and may be paid out of proceeds of the Bonds.

Section 7. Preparation of Bonds and BANs and Sale Thereof. The Clerk-Treasurer is hereby authorized and directed to have the Bonds and BANs prepared, and the Mayor and the Clerk-Treasurer are hereby authorized and directed to execute the Bonds and BANs in the form and manner provided in this ordinance. The Clerk-Treasurer is hereby authorized and directed to deliver said Bonds and BANs to the purchasers thereof after sale made in accordance with the

provisions of this ordinance, provided that at the time of said delivery the Clerk-Treasurer shall collect the full amount which the purchaser has agreed to pay therefor, which shall not be less than 99.3% of the par value of said BANs and 98.8% of the par value of said Bonds.

Section 8. Defeasance. If, when the Bonds or any 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 thereof for redemption shall have been given, and the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the Bonds then outstanding or any portion thereof shall be paid, or (i) sufficient moneys, or (ii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, the principal of and the interest on which when due will provide sufficient moneys, or 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 the Bonds issued hereunder or any designated portion thereof shall no longer be deemed outstanding or entitled to the pledge of taxes to be levied upon all taxable property in the City.

Section 9. Deposit and Application of Bond Proceeds; Surplus to Bond Fund. Any accrued interest received for the Bonds shall be deposited into the bond fund and used to pay interest on the Bonds on the first interest payment date following delivery of the Bonds. The Clerk-Treasurer is hereby authorized and directed to deposit the remaining proceeds of the Bonds to the extent not used to refund BANs, and BAN proceeds upon receipt in a separate fund ("Bond Proceeds Fund") to pay for: (1) the cost of the Project, refunding the BANs, if issued,

and all other costs and expenses incurred in connection with the Project; and (2) costs of issuance of the Bonds, including a premium for municipal bond insurance, and the BANs, if issued. Except as described in this Section, the Bond Proceeds Fund may not be used for any other purpose. The Bond Proceeds Fund shall, in accordance with IC 5-13, be deposited, at interest, with the depository or depositories of other public funds of the City, and all interest collected on it belongs to the fund. Any surplus remaining from the proceeds of the Bonds, and BANs, if issued, after all costs and expenses are fully paid shall, in accordance with IC 5-1-13, either be paid into and become a part of the City's bond fund for the Bonds; or, at the direction of the Common Council be used by the City for the same purpose or type of project for which the Bonds were originally issued.

Section 10. Covenant to Levy Tax. The full faith and credit of the City of Valparaiso, Indiana, together with all of its taxable property, both real and personal, are hereby irrevocably pledged to the punctual payment of the principal of and the interest on the Bonds according to their terms. In order to provide for the payment of the principal of and interest on the Bonds, there shall be levied in each year upon all taxable property in the City, real and personal, and collected, a tax in an amount and in such manner sufficient to meet and pay the principal of and interest on the Bonds as they become due and the proceeds of this tax are hereby pledged solely to the payment of the Bonds. Such tax proceeds shall be deposited into a separate bond fund and used to pay the principal of and interest on the Bonds, when due, together with any fiscal agency charges.

Section 11. Tax Covenants and Representations. In order to preserve the exclusion of interest on the Bonds and BANs from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as existing on the date of issuance of the Bonds or BANs, as the case may be, and the Regulations in effect and applicable to the Bonds and BANs on the date of issuance of the Bonds or BANs, as the case may be (collectively, "Code") and as an inducement to purchasers of the Bonds and BANs, the Common Council represents, covenants and agrees that:

(a) The Project will be available for use by members of the general public. Use by a member of the general public means use by natural persons not engaged in a trade or business. No person or entity other than the City or another state or local governmental unit will use more than 10% of the proceeds of the Bonds or BANs or property financed by the Bond or BAN proceeds other than as a member of the general public. No person or entity other than the City or another state or local governmental unit will own property financed by Bond or BAN proceeds or will have any actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract, arrangements such as take-or-pay or output contracts or any other type of arrangement that conveys other special legal entitlements and differentiates that person's or entity's use of such property from use by the general public, unless such uses in the aggregate relate to no more than 10% of the proceeds of the Bonds or BANs, as the case may be. If the City enters into a management contract for the Project, the terms of the contract will comply with IRS Revenue Procedure 97-13, as it may be amended, supplemented or superseded from time to time, so that the contract will not give rise to private business use under the Code and the

Regulations, unless such use in aggregate relates to no more than 10% of the proceeds of the Bonds or BANs, as the case may be.

(b) No more than 10% of the principal of or interest on the Bonds or BANs is (under the terms of the Bonds, BANs, this ordinance or any underlying arrangement), directly or indirectly, secured by an interest in property used or to be used for any private business use or payments in respect of any private business use or payments in respect of such property or to be derived from payments (whether or not to the City) in respect of such property or borrowed money used or to be used for a private business use.

(c) No more than 5% of the Bond or BAN proceeds will be loaned to any person or entity other than another state or local governmental unit. No more than 5% of the Bond or BAN proceeds will be transferred, directly or indirectly, or deemed transferred to a nongovernmental person in any manner that would in substance constitute a loan of the Bond or BAN proceeds.

(d) The City reasonably expects, as of the date hereof, that the Bonds or BAN will not meet either the private business use test described in paragraph (a) and (b) above or the private loan test described in paragraph (c) above during the entire term of the Bonds or BANs, as the case may be.

(e) No more than 5% of the proceeds of the Bonds or BANs will be attributable to private business use as described in (a) and private security or payments described in (b) attributable to unrelated or disproportionate private business use. For this purpose, the private business use test is applied by taking into account only use that is not related to any

governmental use of proceeds of the issue (Unrelated Use) and use that is related but disproportionate to any governmental use of those proceeds (Disproportionate Use).

(f) The City will not take any action nor fail to take any action with respect to the Bonds or BANs that would result in the loss of the exclusion from gross income for federal tax purposes on the Bonds or BANs pursuant to Section 103 of the Code, nor will the City act in any other manner which would adversely affect such exclusion. The City covenants and agrees not to enter into any contracts or arrangements which would cause the Bonds or BANs to be treated as private activity bonds under Section 141 of the Code.

(g) It shall be not an event of default under this ordinance if the interest on any Bond or BAN is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not currently in effect and in existence on the date of issuance of the Bonds or BANs, as the case may be.

(h) These covenants are based solely on current law in effect and in existence on the date of delivery of such Bonds and BANs, as the case may be.

(i) At the time of sale of the Bonds or BANs, the Clerk-Treasurer, with the advice of the City's financial advisor, shall make a determination as to whether the City meets the requirements of Section 148(f)(4)(D) of the Code and will not have to rebate any arbitrage profits to the United States. The Bonds or BANs shall meet the requirements of Section 148(f)(4)(D) of the Code if:

(1) The City is a governmental unit with general taxing powers, which powers include the power to impose taxes of general applicability that, when collected, may be used for the general purposes of the City;

(2) The Bonds and BANs are not private activity bonds as defined in Section 141 of the Code;

(3) At least 95% of the net proceeds of the Bonds and BANs will be used for local governmental activities of the City or of a governmental unit, the jurisdiction of which is entirely within the jurisdiction of the City;

(4) The aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the City and all units subordinate to the City, including on-behalf-of issuers and subordinate entities as those terms are defined in Regulations Section 1.148-8(c)(2), is not reasonably expected to exceed \$5,000,000 in calendar year in which said Bonds or BANs are issued; and

(5) The City has not been formed or availed of to otherwise avoid the purposes of the \$5,000,000 size limitation.

(j) At the time of delivery of the Bonds or BANs, the Clerk-Treasurer, with the advice of the City's financial advisor, shall make a determination as to whether the Bonds and BANs qualify for the exception in the Code from the disallowance of 100% of the deduction by financial institutions of interest expense allocable to newly acquired tax-exempt obligations. The Bonds or BANs will qualify for this exception if:

(1) The Bonds and BANs are not private activity bonds as defined in Section 141 of the Code;

(2) The City designates the Bonds and BANs as qualified tax-exempt obligations for purposes of Section 265(b) of the Code;

(3) The reasonably anticipated amount of qualified tax-exempt obligations (including qualified 501(c)(3) obligations and tax-exempt leases but excluding other private activity bonds) which will be issued by the City, and all entities subordinate to the City during the year in which the Bonds or BANs are issued does not exceed \$10,000,000; and

(4) The City will not designate more than \$10,000,000 of qualified tax-exempt obligations during the year in which the Bonds or BANs are issued.

(k) Notwithstanding any other provisions of this ordinance, the covenants and authorizations contained in this ordinance ("Tax Sections") which are designed to preserve the exclusion of interest on the Bonds and BANs from gross income under federal law ("Tax Exemption") need not be complied with if the City receives an opinion of nationally recognized

bond counsel that compliance with any Tax Section is unnecessary to preserve the Tax Exemption.

Section 12. Debt Limit Not Exceeded. The City represents and covenants that the Bonds and BANs herein authorized, when combined with other outstanding indebtedness of the City, will not exceed any applicable constitutional or statutory limitation on the City's indebtedness.

Section 13. Continuing Disclosure. If necessary to sell the Bonds and, if issued, BANs, the Mayor and the Clerk-Treasurer are hereby authorized and directed to complete, execute and attest on behalf of the City, a Continuing Disclosure Agreement ("Agreement") that complies with the requirements of SEC Rule 15c2-12. Notwithstanding any other provisions of this ordinance, failure of the City to comply with the Agreement shall not be considered an event of default under the Bonds or BANs or this ordinance.

Section 14. Approval by Department of Local Government Finance. The Bonds and, if necessary, BANs shall not be issued and delivered until orders have been obtained from the Department of Local Government Finance pursuant to IC 6-1.1-18.5-8.

Section 15. (a) The City, having satisfied all the statutory requirements for the issuance of its Bonds, may elect to issue its BAN or BANs to a financial institution, the Indiana Bond Bank, or any other purchaser, pursuant to a Bond Anticipation Note Purchase Agreement (the "BAN Purchase Agreement") to be entered into between the City and the purchaser of the BAN or BANs. The Common Council hereby authorizes the issuance and execution of the BAN or BANs in lieu of initially issuing Bonds to provide interim construction financing for the

Project until permanent financing becomes available. It shall not be necessary for the City to repeat the procedures for the issuance of its bonds, as the procedures followed before the issuance of the BAN or BANs are for all purposes sufficient to authorize the issuance of the bonds and the use of the proceeds to repay the BAN or BANs.

(b) The Mayor and the Clerk-Treasurer are hereby authorized to execute a BAN Purchase Agreement in such form or substance as they shall approve acting upon the advice of counsel. The Mayor and the Clerk-Treasurer may also take such other actions or deliver such other certificates as are necessary or desirable in connection with the issuance of the BANs or the bonds and the other documents needed for the financing as they deem necessary or desirable in connection therewith.

Section 16. Severability. 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.

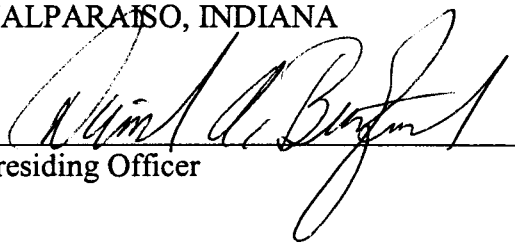
Section 17. Repeal of Conflicting Provisions. All ordinances, or parts thereof, in conflict with the provisions of this ordinance, are, to the extent of such conflict, hereby repealed or amended.

Section 18. Amendments to Ordinance. This ordinance may, from time to time hereafter, be amended without the consent of the owners of the Bonds or BANs, if in the sole discretion of the Common Council, such amendment shall not adversely affect the rights of the owners of any of the Bonds or BANs.

Section 19. Effective Date. This ordinance shall be in full force and effect immediately upon its passage and signing by the Mayor.

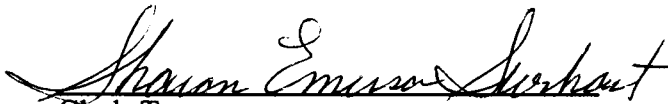
PASSED and adopted by the Common Council of the City of Valparaiso, Indiana, this 24th day of June, 2002.

COMMON COUNCIL OF THE CITY OF
VALPARAISO, INDIANA



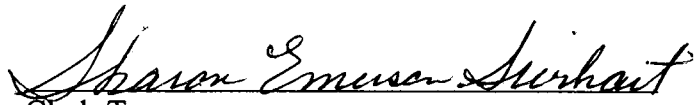
Presiding Officer

ATTEST:



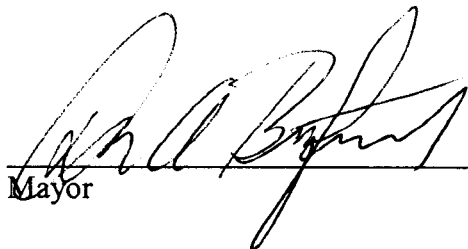
Clerk-Treasurer

Presented by me to the Mayor of the City of Valparaiso this 24 day of JUNE, 2002, at 7:14 o'clock P.m.



Clerk-Treasurer

Signed and approved by me, the Mayor of the City of Valparaiso, on this 24 day of JUNE, 2002, at 7:14 o'clock P.m.



Mayor

EXHIBIT A

Project Description

Engineering design, right-of-way engineering, right-of-way acquisition, construction, construction supervision, construction administration and related soft costs associated with the Valparaiso Street Project, the Vale Park Road Missing Link Project, Calumet/Glendale Intersection Project, Marks Road Reconstruction Project, Campbell/Bullseye Lake Road Intersection Project, Emergency Repairs to Downtown Sidewalks, Planters and/or Electrical System, Valparaiso/Vale Park Road Intersection Project, Improvements at the Street/Solid Waste Departments and incidental expenses in connection therewith and on account of the issuance of bonds therefor.