This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without any notice. The securities described herein may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

NEW ISSUE
Book-Entry-Only

Rating: Standard & Poor's Rating Services "A+"

This Preliminary Official Statement is deemed "nearly final" and is dated November 20, 2014

In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana ("Bond Counsel"), under existing laws interest on the Bonds (as hereinafter defined) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Bonds, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, under existing laws, interest on the Bonds is exempt from income taxation in the State of Indiana, except for the Indiana financial institutions tax. See "TAX MATTERS" and Appendix D herein. The Bonds are not bank qualified.

$17,890,000
CITY OF VALPARAISO, INDIANA
WATERWORKS REVENUE BONDS, SERIES 2014

Original Date: Date of Delivery (Anticipated to be December 18, 2014) Due: April 1 and October 1, as shown below

The City of Valparaiso, Indiana, Indiana (the "City") is issuing $17,890,000 of Waterworks Revenue Bonds, Series 2014 (the "Bonds") for the purpose of paying the costs of certain additions, extensions and improvements (the "Project") to the City's municipal waterworks (the "Waterworks"), and to pay issuance expenses.

The Bonds will be issued as provided in Ordinance No. 19, 2014 adopted by the Common Council of the City of Valparaiso on July 28, 2014 (the "Bond Ordinance" or "Ordinance"). The Bonds are payable solely from and constitute a first charge upon the Net Revenues (hereinafter defined) of the City's Waterworks as more fully described in this Official Statement. The Bonds shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana. The Bonds will rank on parity with the Waterworks Utility Revenue Bonds, Series 2010, dated May 11, 2010 (the "2010 Bonds"), now outstanding in the amount of $2,160,000 and the Waterworks Refunding Revenue Bonds, Series 2013, dated December 5, 2013 (the "2013 Bonds"), now outstanding in the amount of $4,495,000.

The Bonds will be issued only as fully registered bonds, and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). Purchases of beneficial interests in the Bonds will be made in book-entry-only form in the denomination of $5,000 or any integral multiples thereof. Purchasers of beneficial interests in the Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interests in the Bonds. Interest on the Bonds will be payable semiannually on April 1 and October 1 of each year, beginning April 1, 2015. Principal and interest will be disbursed on behalf of the City by U.S. Bank National Association in Indianapolis, Indiana (the "Registrar" and "Paying Agent"). Interest on the Bonds will be paid by check, mailed one business day prior to the interest payment date or by wire transfer to depositories. The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America at the designated corporate trust office of the Paying Agent. Interest on, together with the principal of, the Bonds will be paid directly to DTC by the Paying Agent so long as DTC or its nominee is the registered owner of the Bonds. The final disbursement of such payments to the Beneficial Owners of the Bonds will be the responsibility of the DTC Participants and the Indirect Participants. See "BOOK-ENTRY-ONLY SYSTEM". The Bonds will be subject to optional redemption prior to maturity, as more fully described herein. The Bonds may be issued as "Term Bonds" at the Underwriter's (hereinafter defined) discretion and subject to mandatory sinking fund redemption as more fully described herein.

MATURITY SCHEDULE
(Base CUSIP* _____)

Maturity	Principal	Interest Rate	Yield	CUSIP	Maturity	Principal	Interest Rate	Yield	CUSIP
April 1, 2015	$180,000				October 1, 2025	$310,000			
October 1, 2015	180,000				April 1, 2026	315,000			
April 1, 2016	180,000				October 1, 2026	315,000			
October 1, 2016	185,000				April 1, 2027	600,000			
April 1, 2017	180,000				October 1, 2027	610,000			
October 1, 2017	180,000				April 1, 2028	620,000			
April 1, 2018	185,000				October 1, 2028	630,000			
October 1, 2018	185,000				April 1, 2029	640,000			
April 1, 2019	190,000				October 1, 2029	650,000			
October 1, 2019	190,000				April 1, 2030	660,000			
April 1, 2020	190,000				October 1, 2030	670,000			
October 1, 2020	195,000				April 1, 2031	680,000			
April 1, 2021	195,000				October 1, 2031	690,000			
October 1, 2021	200,000				April 1, 2032	705,000			
April 1, 2022	200,000				October 1, 2032	715,000			
October 1, 2022	195,000				April 1, 2033	730,000			
April 1, 2023	290,000				October 1, 2033	740,000			
October 1, 2023	295,000				April 1, 2034	755,000			
April 1, 2024	300,000				October 1, 2034	770,000			
October 1, 2024	305,000				April 1, 2035	780,000			
April 1, 2025	310,000				October 1, 2035	795,000			

*Copyright 2014, American Bankers Association. CUSIP data herein provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

INFORMATION FOR BIDDING

Date and Time of Sale: Upon 24 hours' notice. Anticipated to take place on December 4, 2014, at 11:00 a.m. (EDT)
Place of Sale: Umbaugh, 112 IronWorks Avenue, Suite C, Mishawaka, Indiana 46544
Maximum Interest Rate: 5.5% **Maximum Discount:** 1.0%
Multiples: 1/8 or 1/100 of 1%, non-descending **Anticipated Closing Date:** December 18, 2014
Good Faith Deposit: $178,900 certified or cashier's check or wire transfer submitted by the winning bidder no later than 3:30 p.m. (EDT) on the business day following the award
Method of Bidding: Electronic bidding by PARITY® or traditional bidding.
Basis of Award: Net Interest Cost (NIC), to be determined by computing the total interest on all of the Bonds from the date thereof to their respective maturities and deducting therefrom the premium bid, if any, or adding thereto the amount of any discount.

For a complete description of terms and conditions for bidding, please refer to the next section of this Official Statement (Appendix i) for the Notice of Intent to Sell Bonds.

The Bonds are being offered for delivery when, as and if issued and received by the Underwriter (hereinafter defined) and subject to the approval of legality by Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed on by Michael A. Langer, Langer & Langer, 15 North Washington Street, Valparaiso, Indiana 46383, as Attorney for the City. The Bonds are expected to be available for delivery to DTC, in New York, New York on or about December 18, 2014.

THE CITY IS NOT OBLIGATED TO PAY THE BONDS OR INTEREST THEREON EXCEPT FROM THE NET REVENUES, AS DESCRIBED HEREIN, OF ITS WATERWORKS, AND THE BONDS ARE NOT IN ANY RESPECT A CORPORATE INDEBTEDNESS OF THE CITY WITHIN THE PROVISIONS AND LIMITATIONS OF THE CONSTITUTION OF THE STATE OF INDIANA.

IN CONNECTION WITH THIS OFFERING THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities described herein by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the securities described herein shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date of delivery of the securities described herein to the initial purchaser thereof. However, upon delivery of the securities, the City will provide a certificate stating there have been no material changes in the information contained in the Final Official Statement since its delivery.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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*The General Information section contains information regarding the tax base of the City; however, NO PROPERTY TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS.

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PROJECT PERSONNEL

Names and positions of officials and professionals who have taken part in the planning of the project and bond issue are:

Mayor

Honorable Jonathon Costas

Utility Board of Directors

David Bengs, President
Mike Sur, Vice President
Mark Thiros, Treasurer
Lori Ferngren, Secretary
Kurt Minko, Asst. Secretary

Common Council

Michael Baird
John Bowker
Deb Butterfield
Jan Dick
Art Elwood
Joey Larr
Bob Taylor

Clerk Treasurer

Sharon E. Swihart

Utilities Controller

Alina Hahn

Utilities Director

Steve C. Poulos

Utility Attorney

Michael A. Langer
Langer & Langer
15 North Washington Street
Valparaiso, Indiana 46383

Bond Counsel

Thomas A. Pitman
Barnes & Thornburg LLP
11 South Meridian Street
Indianapolis, Indiana 46204

Engineer

Stephane Jousset
ARCADIS U.S., Inc.
132 E. Washington Street
Suite 600
Indianapolis, Indiana 46204

Financial Advisor

John D. Julien
H.J. Umbaugh & Associates
Certified Public Accountants, LLP
112 IronWorks Avenue, Suite C
Mishawaka, Indiana 46544

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This introduction to the Official Statement contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

PRELIMINARY OFFICIAL STATEMENT

$17,890,000
CITY OF VALPARAISO, INDIANA
WATERWORKS REVENUE BONDS, SERIES 2014

INTRODUCTION TO THE OFFICIAL STATEMENT

The City of Valparaiso, Indiana, Indiana (the "City") is issuing $17,890,000 of Waterworks Revenue Bonds, Series 2014 (the "Bonds"). The City owns and operates the Waterworks.

SECURITY AND SOURCES OF PAYMENT

The Bonds are payable from the Net Revenues (defined in the Bond Ordinance as the gross revenues after deduction only for the payment of the reasonable expenses of operation, repair and maintenance, but excluding transfers to the City as payments in lieu of taxes) of the Waterworks. The Bonds will rank on parity with the Waterworks Utility Revenue Bonds, Series 2010 dated May 11, 2010, originally issued in the amount of $2,250,000, currently outstanding in the amount of $2,160,000, and maturing semiannually over a period ending October 1, 2026 (the "2010 Bonds") and the Waterworks Refunding Revenue Bonds, Series 2013, dated December 5, 2013, originally issued in the amount of $4,930,000, currently outstanding in the amount of $4,495,000 and maturing semiannually over a period ending October 1, 2022 (the "2013 Bonds").

PURPOSE

The Bonds are being issued for the purpose of paying the costs of certain additions, extensions and improvements to the Waterworks, including various system upgrades and expansions (the "Project"), and to pay issuance expenses. Funding for the Project will be provided from proceeds of the Bonds and interest earnings during construction.

REDEMPTION PROVISIONS

The Bonds are subject to optional redemption beginning October 1, 2022 as more fully described herein. The Bonds may be issued as Term Bonds at the discretion of the Underwriter and in that case, would be subject to mandatory sinking fund redemption as more fully described herein.

DENOMINATIONS

The Bonds are being issued in the denomination of $5,000 or integral multiples thereof.

REGISTRATION AND EXCHANGE FEATURES

Each registered bond shall be transferable or exchangeable only on such record at the designated corporate trust office of the Registrar and Paying Agent, U.S. National Bank Association, at the written request of the registered owner thereof or his attorney duly authorized in writing upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. A further description of the registration and exchange features of the Bonds can be found in the Bond Ordinance.

BOOK-ENTRY-ONLY SYSTEM

When issued, the Bonds will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Bonds will be made in book-entry-only form. Purchasers of beneficial interests in the Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interests in the Bonds. For so long as the Bonds are held in book-entry-only form, payments of principal of and interest on the Bonds will be paid by the Paying Agent only to DTC or its nominee. Neither the Issuer nor the Paying Agent will have any responsibility for a Beneficial Owner's receipt from DTC or its nominee, or from any Direct Participant (as hereinafter defined) or Indirect Participant (as

hereinafter defined), of any payments of principal of or interest on any Bonds. See "Book-Entry-Only System" under this caption of this Official Statement.

PROVISIONS FOR PAYMENT

The principal on the Bonds shall be payable at the designated corporate trust office of the Registrar and Paying Agent, or by wire transfer to DTC or any successor depository. All payments of interest on the Bonds shall be paid by check, mailed one business day prior to the interest payment date to the registered owners as the names appear as of the fifteenth day of the month immediately preceding the interest payment date and at the addresses as they appear on the registration books kept by the Registrar or at such other address as is provided to the Registrar or by wire transfer to DTC or any successor depository. If payment of principal or interest is made to DTC or any successor 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). Payments on the Bonds shall be made in lawful money of the United States of America which, on the date of such payment, shall be legal tender.

For so long as the Bonds are held in book-entry-only form, the Registrar will send notices of redemption of the Bonds only to DTC or its nominee, as the registered owner of the Bonds, in accordance with the preceding paragraphs. Neither the Issuer nor the Registrar will have any responsibility for any Beneficial Owners' receipt from DTC or its nominee, or from any Direct Participant or Indirect Participant, of any notices of redemption. See "Book-Entry-Only System" under this caption of this Official Statement.

NOTICES

Notice of redemption shall be mailed to the registered owners of all Bonds, not less than 30 nor more than 60 days prior to the date fixed for redemption.

TAX MATTERS

In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana ("Bond Counsel"), under existing laws interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Bonds (the "Code"). The opinion of Bond Counsel is based on certain certifications, covenants and representations of the City and is conditioned on continuing compliance therewith. In the opinion of Bond Counsel, under existing laws, interest on the Bonds is exempt from income taxation in the State for all purposes, except the State financial institutions tax. See Appendix D for the form of opinion of Bond Counsel.

The Bonds are not bank qualified.

MISCELLANEOUS

The information contained in this Official Statement has been compiled from City officials and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, it is believed to be correct as of this date. However, the Official Statement speaks only as of its date, and the information contained herein is subject to change.

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights and obligations of the owners thereof. Additional information may be requested from the Clerk-Treasurer, City of Valparaiso, 166 West Lincolnway, Valparaiso, Indiana, 46383, phone (219) 462-1161.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

THE PROJECT

PROJECT DESCRIPTION

The proposed project being funded by the Proposed Bonds includes upgrades to existing infrastructure to assure quality, safety to the community and expansion for long-term water availability. Improvements include well field development, a raw water transmission main, new reservoirs, high service pumps, filters and a backwash reclamation system. In addition, the Utility plans electrical/instrumentation and control upgrades and improvements to its current SCADA systems.

CONSTRUCTION PROGRAM

The Project cost has been determined by use of a Guaranteed Savings Contract in accordance with IC 36-1-12.5. The City will enter into a contract in November 2014 establishing a maximum contract amount of $14,527,000. Construction of the Project will begin in December 2014 and is anticipated to be completed by December of 2015.

ESTIMATED PROJECT COSTS AND FUNDING

Estimated Project Costs:

Guaranteed Maximum Contract Price		$14,527,000
Non-Construction Costs:		
NIPSCO	200,000	
Easement & Land Acquisition	265,000	
Lagoon Waste Disposal	70,000	
Engineering design, construction & reimbursement	2,550,831	
Allowance for underwriter's discount	178,900	
Allowance for Cost of Issuance	98,269	
Subtotal		3,363,000
Total Estimated Project Costs		$17,890,000

Estimated Project Funding:

Proposed Waterworks Revenue Bonds, Series 2014	$17,890,000

VALPARAISO (INDIANA) MUNICIPAL WATER UTILITY
SCHEDULE OF AMORTIZATION OF $17,890,000 PRINCIPAL AMOUNT OF
WATERWORKS REVENUE BONDS, SERIES 2014

Payment Date	Principal Outstanding	Principal	Interest Rates	Interest	Total	Budget Year Total
	(-------In Thousands------)		(%)			
04/01/2015	$17,890	$180				
10/01/2015	17,710	180				
04/01/2016	17,530	180				
10/01/2016	17,350	185				
04/01/2017	17,165	180				
10/01/2017	16,985	180				
04/01/2018	16,805	185				
10/01/2018	16,620	185				
04/01/2019	16,435	190				
10/01/2019	16,245	190				
04/01/2020	16,055	190				
10/01/2020	15,865	195				
04/01/2021	15,670	195				
10/01/2021	15,475	200				
04/01/2022	15,275	200				
10/01/2022	15,075	195				
04/01/2023	14,880	290				
10/01/2023	14,590	295				
04/01/2024	14,295	300				
10/01/2024	13,995	305				
04/01/2025	13,690	310				
10/01/2025	13,380	310				
04/01/2026	13,070	315				
10/01/2026	12,755	315				
04/01/2027	12,440	600				
10/01/2027	11,840	610				
04/01/2028	11,230	620				
10/01/2028	10,610	630				
04/01/2029	9,980	640				
10/01/2029	9,340	650				
04/01/2030	8,690	660				
10/01/2030	8,030	670				
04/01/2031	7,360	680				
10/01/2031	6,680	690				
04/01/2032	5,990	705				
10/01/2032	5,285	715				
04/01/2033	4,570	730				
10/01/2033	3,840	740				
04/01/2034	3,100	755				
10/01/2034	2,345	770				
04/01/2035	1,575	780				
10/01/2035	795	795				
Totals		$17,890				

SECURITIES BEING OFFERED

AUTHORIZATION AND APPROVAL PROCESS

The Bonds are to be issued under the authority of Indiana law, including, without limitation, Indiana Code Title 8, Article 1.5, as in effect on the date of delivery of the Bonds and pursuant to the Bond Ordinance (Appendix C) adopted by the City of Valparaiso, Indiana on July 28, 2014.

Prior to issuing revenue bonds, the political subdivision must adopt a bond ordinance to authorize the issuance and sale of the Bonds. The revenues pledged in the bond ordinance must not already be pledged to another bond issue, unless permitted by the terms of the prior issue. The political subdivision prepares a report showing the sufficiency of the proposed revenues to finance the Bonds. With a few exceptions, revenue bonds must be sold through a competitive public sale and may not be negotiated.

The political subdivision may also need to adopt a rate ordinance authorizing a sufficient increase in rates and charges in order to pay debt service on the revenue bonds. Owners of property served by the utility may file a petition objecting to the increased rates and charges. If the petition is filed properly, a court hearing will be set to hear evidence from the political subdivision and the objecting petitioners. The court will confirm the rates and charges set by the political subdivision or the court will set rates and charges they deem appropriate and the political subdivision must follow the decision of the court. The City did not adopt a rate ordinance in conjunction with the Project.

If the utility is regulated by the Indiana Utility Regulatory Commission (IURC), the political subdivision must obtain approval from the IURC to issue revenue bonds and increase rates. The Waterworks is not regulated by the IURC.

SECURITY AND SOURCES OF PAYMENT

The Bonds are payable solely out of the Net Revenues (defined as the gross revenues after deduction only for the payment of the reasonable expenses of operation, repair and maintenance, but excluding transfers to the City as payments in lieu of taxes) of the Waterworks. The Bonds constitute a first charge upon the Net Revenues of the Waterworks and will rank on parity with the Waterworks Utility Revenue Bonds, Series 2010, dated May 11, 2010, originally issued in the amount of $2,250,000, currently outstanding in the amount of $2,160,000, and maturing semiannually over a period ending October 1, 2026 (the "2010 Bonds") and the Waterworks Revenue Bonds, Series 2013, dated December 5, 2013, originally issued in the amount of $4,930,000 currently outstanding in the amount of $4,495,000 and maturing semiannual over the period ending October 1, 2022.

The Bonds are further secured by a Debt Service Reserve Account (the "Reserve Account"). It is anticipated that the Reserve Account will be funded over a five-year period from the date of delivery of the Bonds, funds on hand, Bond proceeds or a combination thereof.

The City irrevocably pledges the Net Revenues of the Waterworks to the payment of the principal of and interest on the Bonds and any bonds ranking on parity therewith to the extent necessary. The City covenants that it will cause to be fixed, maintained and collected such rates and charges for services rendered by the Waterworks as are sufficient in each year for the payment of the proper and reasonable expenses of operation, repair and maintenance of the Waterworks and for the payment of the sums required by the Bond Redemption Account under the provisions of the Bond Ordinance.

The Net Revenues of the Waterworks that are pledged to payment of the Bonds are fully described in the Bond Ordinance, as is the pledge of net revenues (Section 11), flow of funds (Section 13), rate covenant (Section 16), additional bond provisions (Section 17), additional covenants of the City (Section 18), tax covenants (Section 20) and other pertinent matters. Only the Net Revenues of the Waterworks are pledged as security for the Bonds.

FUNDS AND ACCOUNTS

Construction Account: Accrued interest and any premium received at the time of delivery of the Bonds shall be deposited in the Bond Redemption Account (hereinafter defined). The remaining proceeds from the sale of the Bonds will be deposited in the City of Valparaiso, 2014 Waterworks Construction Account (the "Construction

Account") and shall be expended only for the purpose of paying the costs of the Project, to pay costs of issuance or as otherwise required by the Act. Any balances remaining unexpended in the Construction Account after completion of the Project, which are not required to meet unpaid obligations incurred in connection with the Project, shall be used solely for the purposes permitted under IC 5-1-13.

Special Fund: All revenues derived from the operation of the Waterworks and from the collection of water rates and charges are deposited in the Special Fund.

Operation and Maintenance Account: On the last day of each calendar month, a sufficient amount of money shall be transferred from the Special Fund into the Operation and Maintenance Account to pay the expenses of operation, repair and maintenance for the next succeeding two (2) calendar months. Monies in the Operation and Maintenance Account in excess of the expected expenses of operation, repair and maintenance for the next succeeding two calendar months may be transferred to the Bond Redemption Account in order to prevent a default on any outstanding bonds of the Waterworks.

Bond Redemption Account: The Bond Redemption Account consists of the Debt Service Subaccount and Reserve Subaccount. After making all required deposits to the Operation and Maintenance Account, Net Revenues of the Waterworks shall be credited on the last day of each calendar month to the Debt Service Subaccount in an amount equal to at least one-sixth (1/6) of the interest and at least one-sixth (1/6) of the principal on all then outstanding bonds payable on the next succeeding interest and principal payment date until the Debt Service Subaccount shall equal the interest payable during the next succeeding six (6) calendar months. The Reserve Subaccount provides the margin for safety against default on the Bonds. The balance to be maintained in the Reserve Subaccount shall equal but not exceed the least of (i) the maximum annual debt service on the Bonds, the 2010 Bonds, the 2013 Bonds, and any parity bonds, (ii) 125% of average annual debt service on the Bonds, the 2010 Bonds, the 2013 Bonds, and any parity bonds or, (iii) 10% of the proceeds of the Bonds, the 2010 Bonds, the 2013 Bonds, and any parity bonds (the "Reserve Requirement"). The Reserve Requirement is anticipated to be funded over a five-year period from the date of delivery of the Bonds, from funds on hand, Bond proceeds or a combination thereof. This is in accordance with Section 13(c)(ii) of the Bond Ordinance.

Improvement Account: The Improvement Account is to be used for improvements, replacements, additions and extensions of the Waterworks, including payments in lieu of taxes, or for any other lawful purpose. Money in the Improvement Account shall be transferred to the Bond Redemption Account, if necessary, to prevent a default on outstanding bonds, eliminate deficiencies of the Reserve Subaccount, or may be transferred to the Operation and Maintenance Account to meet unforeseen contingencies.

See Section 13 of the Bond Ordinance for a complete description of the funds of the Waterworks.

ADDITIONAL BONDS

The City reserves the right to authorize and issue additional bonds payable out of the Net Revenues of the Waterworks ranking on parity with the Bonds for the purpose of financing the cost of future additions, extensions and improvements to the Waterworks, or to refund obligations, if certain conditions precedent are satisfied. See Section 17 of the Bond Ordinance.

INVESTMENT OF FUNDS

The proceeds of this issue are to be invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds, including particularly Indiana Code 5-13, and the acts amendatory thereof and supplemental thereto. The City shall direct the investment of bond proceeds.

THE BONDS

INTEREST CALCULATION

Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

REDEMPTION PROVISIONS

Optional Redemption:

The Bonds maturing on or after April 1, 2023 are redeemable prior to maturity at the option of the City in whole or in part in any order of maturity as determined by the City and by lot within maturities, on any date not earlier than October 1, 2022, at face value plus accrued interest to the date fixed for redemption and without any redemption premium.

Mandatory Sinking Fund Redemption:

If any Bonds are issued as Term Bonds, the Paying Agent shall credit against the mandatory sinking fund requirement for the Term Bonds, and corresponding mandatory redemption obligation, in the order determined by the City, any Term Bonds which have previously been redeemed (otherwise than as a result of a previous mandatory redemption requirement) or delivered to the Paying Agent 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 Paying Agent at 100% of the principal amount thereof against the mandatory sinking fund obligation on such mandatory redemption date, and 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; provided, however, the Paying Agent shall credit such Term Bond only to the extent received on or before 45 days preceding the applicable mandatory redemption date.

If fewer than all the Bonds are called for redemption at one time, the Bonds shall be redeemed in order of maturity determined by the City and by lot within maturity. Each $5,000 principal amount shall be considered a separate bond for purposes of optional and mandatory redemption. If some Bonds are to be redeemed by optional and mandatory sinking redemption on the same date, the Paying Agent shall select by lot the Bonds for optional redemption before selecting the Bonds by lot for the mandatory sinking fund redemption.

Notice of Redemption:

Notice of redemption shall be mailed to the registered owners of all Bonds to be redeemed at least 30 days but not more than 60 days prior to the date fixed for such redemption. If any of the Bonds are so called for redemption, and payment therefor is made to the Paying Agent in accordance with the terms of the Bond Ordinance, then such Bonds shall cease to bear interest from and after the date fixed for redemption in the call.

BOOK-ENTRY-ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through

or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com** and **www.dtc.org**.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond Ordinance. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal, premium and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this subcaption concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Discontinuation of Book-Entry System

In the event that the book-entry system for the Bonds is discontinued, the Registrar would provide for the registration of the Bonds in the name of the Beneficial Owners thereof. The City and the Registrar would treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purposes of making and receiving payment of the principal thereof and interest thereon, and for all other purposes, and neither the City nor the Registrar would be bound by any notice or knowledge to the contrary.

Each Bond would be transferable or exchangeable only upon the presentation and surrender thereof at the corporate trust office of the Registrar, duly endorsed for transfer or exchange, or accompanied by a written assignment duly executed by the owner or its authorized representative in form satisfactory to the Registrar. Upon due presentation of any Bonds for transfer or exchange, the Registrar would authenticate and deliver in exchange therefor, within a reasonable time after such presentation, a new Bond, registered in the name of the transferee or transferees (in the case of a transfer), or the owner (in the case of an exchange), in authorized denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the Bond so presented. The City or the Registrar would require the owner of any Bonds to pay a sum sufficient to cover any tax, fee or other governmental charge required to be paid in connection with the transfer or exchange of such Bonds.

CONTINUING DISCLOSURE

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the "Rule"), the City will enter into a Continuing Disclosure Undertaking (the "Undertaking"), to be dated the date of the closing of the Bonds. Pursuant to the terms of the Undertaking, the City will agree to provide the following information while any of the Bonds are outstanding:

● Audited Financial Statements. To the MSRB, when and if available, the audited financial statements of the City for each fiscal year as prepared and examined by the State Board of Accounts for each twelve (12) month period ending December 31, together with the opinion of such accountants and all notes thereto, within sixty (60) days of receipt from the State Board of Accounts; and

● Financial Information in this Official Statement. To the MSRB, within 180 days of each December 31, unaudited annual financial information for the City for such calendar year including (i) unaudited financial statements of the City and (ii) operating data (excluding any demographic information or forecast) of the general type provided under the following headings in this Official Statement (collectively, the "Annual Information") (which updated information may be provided in such format as the City deems appropriate):

APPENDIX A

- LARGE USERS

● Reportable Events. Within ten business days, to the MSRB, notice of the following events, if material, with respect to the Bonds (which determination of materiality shall be made by the City):

1. non-payment related defaults;
2. modifications to rights of Bondholders;
3. bond calls;
4. release, substitution or sale of property securing repayment of the Bonds;
5. the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the obligated person, or entry into or termination of a definitive agreement relating to the foregoing; and
6. appointment of a successor or additional trustee or the change of name of a trustee.

Within ten business days, to the MSRB, notice of the following events, regardless of materiality:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. defeasances;
6. rating changes;
7. adverse tax opinions or other material events affecting the tax-exempt status of the Bonds; the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material events, notices or determinations with respect to the tax status of the Bonds;
8. tender offers; and
9. bankruptcy, insolvency, receivership or similar event of the obligated person.

● Failure to Disclose. In a timely manner, to the MSRB, notice of the City failing to provide the annual financial information as described above.

The City may, from time to time, amend or modify the Undertaking without the consent of or notice to the owners of the Bonds if either (a)(i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the City, or type of business conducted; (ii) the Undertaking, as so amended or modified, would have complied with the requirements of the Rule on the date of execution of the Undertaking, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) such amendment or modification does not materially impair the interests of the holders of the Bonds, as determined either by (A) nationally recognized bond counsel or (B) an approving vote of the holders of the Bonds at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds the Undertaking) is permitted by the SEC Rule, then in effect.

The City may, at its sole discretion, utilize an agent in connection with the dissemination of any annual financial information required to be provided by the City pursuant to the terms of the Undertaking.

The purpose of the Undertaking is to enable the Underwriter to purchase the Bonds by providing for an undertaking by the City in satisfaction of the Rule. The Undertaking is solely for the benefit of the owners of the Bonds and creates no new contractual or other rights for the SEC, underwriters, brokers, dealers, municipal securities dealers, potential customers, other obligated persons or any other third party. The sole remedy against the City for any failure to carry out any provision of the Undertaking shall be for specific performance of the City's disclosure obligations under the Undertaking and not for money damages of any kind or in any amount or any other remedy. The City's failure to honor its covenants under the Undertaking shall not constitute a breach or default of the Bonds, the Bond Ordinance or any other agreement.

In the previous five years, the City has failed to consistently comply with its previous undertakings. Specifically, the City was late on filing its 2009, 2010, 2011 audits, 2010 unaudited financial statements and 2010 operating data. In addition, no water user connection information was filed for 2009, 2010, 2011 or 2012 as required by the continuing disclosure undertaking agreement for the Waterworks Revenue Bonds, Series 2002. A catch up filing was made on December 18, 2013 for these user connections. The City was late on filing its November 4, 2013 bond rating upgrade from A+ to AA- on the General Obligation Bonds, Series 2006 or Special Taxing District Bonds, Series 2006A. The City filed the bond rating upgrade on these two bond issues on October 28, 2014. All required filings have been made and the City is now in compliance.

BOND RATING

Standard & Poor's Rating Services ("Standard & Poor's") has assigned a bond rating of "A+" to the Bonds. Such rating reflects only the view of Standard & Poor's and any explanation of the significance of such rating may be obtained only from Standard & Poor's.

The rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by Standard & Poor's. Any downward revision or withdrawal of the rating may have an adverse effect upon the market price of the Bonds.

The City did not apply to any other rating service for a rating on the Bonds.

UNDERWRITING

The Bonds are being purchased by _____ (the "Underwriter") at a purchase price of $_____, which is the par amount of the Bonds of $_____ less the underwriter's discount of $_____ plus the original issue premium of $_____. The Notice of Intent to Sell Bonds provides that all of the Bonds will be purchased by the Underwriter if any of such Bonds are purchased.

The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the cover page of this Official Statement. The Underwriter may allow concessions to certain dealers (including dealers in a selling group of the Underwriter and other dealers depositing the Bonds into investment trusts), who may reallow concessions to other dealers. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

FINANCIAL ADVISOR

H.J. Umbaugh & Associates, Certified Public Accountants, LLP (the "Financial Advisor") ("Umbaugh") has been retained by the City to provide certain financial advisory services including, among other things, preparation of the deemed "nearly final" Preliminary Official Statement and the Final Official Statement (the "Official Statements"). The information contained in the Official Statements has been compiled from records and other materials provided by City officials and other sources deemed to be reliable. The Financial Advisor has not and will not independently verify the completeness and accuracy of the information contained in the Official Statements.

The Financial Advisor's duties, responsibilities and fees arise solely as Financial Advisor to the City and they have no secondary obligations or other responsibility. However, Umbaugh is preparing the Parity Report for the Bonds. The Financial Advisor's fees are expected to be paid from proceeds of the Bonds.

Municipal Advisor Registration:

Umbaugh is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, Umbaugh is providing certain specific municipal advisory services to the City, but is neither a placement agent to the City nor a broker/dealer.

The offer and sale of the Bonds shall be made by the City, in the sole discretion of the City, and under its control and supervision. The City agrees that Umbaugh does not undertake to sell or attempt to sell the Bonds, and will take no part in the sale thereof.

Other Financial Industry Activities and Affiliations:

Umbaugh Cash Advisory Services, LLC ("UCAS") is a wholly-owned subsidiary of Umbaugh. UCAS is registered as an investment adviser with the Securities and Exchange Commission under the federal Investment Advisers Act. UCAS provides non-discretionary investment advice with the purpose of helping clients create and maintain a disciplined approach to investing their funds prudently and effectively. UCAS may provide advisory services to the clients of Umbaugh.

UCAS has no other activities or arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

POTENTIAL IMPACT OF FUTURE EVENTS REGULATIONS, LEGISLATION, COURT DECISIONS OR ADMINISTRATIVE DECISIONS

The information presented in this Official Statement is based on the laws and regulations of the United States of America and the State of Indiana and related court and administrative law decisions in effect as of the date of this Official Statement (collectively, the "Laws"). In addition, the opinions delivered by Bond Counsel and counsel for the City in connection with the issuance of the Bonds are based on the Laws. No assurance can be given as to the impact, if any, future events, regulations, legislation, court decisions or administrative decisions may have with respect to the Laws or that any or all of the Laws will remain in effect during the entire term of the Bonds.

TAX MATTERS

In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana ("Bond Counsel"), under existing laws interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Bonds (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion of Bond Counsel is based on certain certifications, covenants and representations of the City and is conditioned on continuing compliance therewith. In the opinion of Bond Counsel, under existing laws interest on the Bonds is exempt from income taxation in the State for all purposes, except the State financial institutions tax. See Appendix D for the form of opinion of Bond Counsel.

The Code imposes certain requirements which must be met subsequent to the issuance of the Bonds as a condition to the excludability of the interest on the Bonds from gross income for federal income tax purposes. Noncompliance with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issue, regardless of the date on which noncompliance occurs. Should the Bonds bear interest that is not excludable from gross income for federal income tax purposes, the market value of the Bonds would be materially and adversely affected. It is not an event of default if interest on the Bonds is not excludable from gross income for federal income tax purposes pursuant to any provision of the Code which is not in effect on the date of issuance of the Bonds.

The interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, interest on the Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Indiana Code 6-5.5 imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5) which, in general, include all corporations which are transacting the business of a financial institution in the State. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code. Taxpayers should consult their own tax advisors regarding the impact of this legislation on their ownership of the Bonds.

Although Bond Counsel will render an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes and exempt from State income tax (except for the Indiana financial institutions tax), the accrual or receipt of interest on the Bonds may otherwise affect an owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the owner's particular tax status and the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors with regard to the other tax consequences of owning the Bonds.

ORIGINAL ISSUE DISCOUNT

The initial public offering prices of the Bonds maturing on _____, 20__, through and including _____, 20__ (collectively the "Discount Bonds"), are less than the principal amounts thereof payable at maturity. As a result, the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price of each maturity of the Discount Bonds, as set forth on the front cover page of this Official Statement (assuming it is the first price at which a substantial amount of that maturity is sold) (the "Issue Price" for such maturity), and the amount payable at its maturity, will be treated as "original issue discount." The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Discount

Bond on the basis of the yield to maturity determined on the basis of compounding at the end of each six-month period (or shorter period from the date of the original issue) ending on April 1 and October 1 (with straight line interpolation between compounding dates). An owner who purchases a Discount Bond in the initial public offering at the Issue Price for such maturity will treat the accrued amount of original issue discount as interest which is excludable from the gross income of the owner of that Discount Bond for federal income tax purposes.

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discount Bonds, that the amount of original issue discount accruing each period will be added to the owner's tax basis for the Discount Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale, redemption or payment at maturity). Owners of Discount Bonds who dispose of Discount Bonds prior to maturity should consult their tax advisors concerning the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bonds prior to maturity.

The original issue discount that accrues in each year to an owner of a Discount Bond may result in certain collateral federal income tax consequences. Owners of any Discount Bonds should be aware that the accrual of original issue discount in each year may result in a tax liability from these collateral tax consequences even though the owners of such Discount Bonds will not receive a corresponding cash payment until a later year.

Owners who purchase Discount Bonds in the initial public offering but at a price different from the Issue Price for such maturity should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bonds such as the Discount Bonds. Owners who do not purchase Discount Bonds in the initial public offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discount Bonds. It is possible under the applicable provisions governing the determination of state or local income taxes that accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

AMORTIZABLE BOND PREMIUM

The initial public offering prices of the Bonds maturing on _____, 20__, through and including _____, 20__ (collectively, the "Premium Bonds"), are greater than the principal amounts thereof payable at maturity. As a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the "Bond Premium"). An owner who acquires a Premium Bond in the initial public offering will be required to adjust the owner's basis in the Premium Bond downward as a result of the amortization of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon the disposition of the Premium Bonds (including sale, redemption or payment at maturity). The amount of amortizable Bond Premium will be computed on the basis of the taxpayer's yield to maturity, with compounding at the end of each accrual period. Rules for determining (i) the amount of amortizable Bond Premium and (ii) the amount amortizable in a particular year are set forth in Section 171(b) of the Code. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Bond Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning the Premium Bonds. Owners of the Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of such Premium Bonds and with respect to the state and local tax consequences of owning and disposing of the Premium Bonds.

Special rules governing the treatment of Bond Premium, which are applicable to dealers in tax-exempt securities, are found in Section 75 of the Code. Dealers in tax-exempt securities are urged to consult their own tax advisors concerning the treatment of Bond Premium.

LITIGATION

To the knowledge of the officers and counsel for the City there is no litigation pending or threatened against the City which in any way questions or affects the validity of the Bonds, the collection of revenues of the Waterworks, the pledge of Net Revenues to the payment of the Bonds, or any proceedings or transactions relating to the issuance, sale or delivery thereof.

The officers and counsel for the City will certify at the time of delivery of the Bonds that there is no litigation pending or in any way threatened questioning the validity of the Bonds, or any of the proceedings had relating to the authorization, issuance and sale of the Bonds, the Bond Ordinance or the Project that would result in a material adverse impact on the financial condition of the City.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel, whose approving opinion will be available at the time of delivery of the Bonds. Barnes & Thornburg LLP has not been asked nor has it undertaken to review the accuracy or sufficiency of this Official Statement, and will express no opinion thereon. The form of opinion of Bond Counsel is included as Appendix D of this Official Statement.

The City certifies to the best of its knowledge and belief that this Official Statement, as of its date and as it relates to the City and its economic and financial condition, (i) is complete and accurate; (ii) does not contain any untrue statement of a material fact; and (iii) does not omit any material facts or information which would make the statements contained herein misleading.

This Official Statement and its execution are duly authorized.

CITY OF VALPARAISO, INDIANA

By: _____
Mayor

Attest: _____
Clerk-Treasurer

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APPENDIX i

OFFICIAL NOTICE OF INTENT TO SELL $17,890,000
CITY OF VALPARAISO, INDIANA WATERWORKS REVENUE BONDS, SERIES 2014

NOTICE IS HEREBY GIVEN that upon not less than twenty-four (24) hours' notice given by telephone, facsimile or otherwise, separate electronic and sealed bids will be received on behalf of the City of Valparaiso, Indiana (the "City") in care of the City's financial advisor, H.J. Umbaugh & Associates, c/o John Julien, 112 Ironworks Avenue, Suite C, Mishawaka, Indiana 46544, (574) 935-5178, (574) 935-5928 (facsimile) or via e-mail to julien@umbaugh.com (e-mail), in the manner as set forth herein for the purchase of the bonds of the City designated as "City of Valparaiso, Indiana, Waterworks Revenue Bonds, Series 2014" (the "Bonds") in the aggregate principal amount of Seventeen Million Eight Hundred Ninety Thousand and 00/100 Dollars ($17,890,000), bearing interest at a rate or rates not exceeding five and five-tenths percent (5.50%) per annum.

TYPES OF BIDS ALLOWED. Bidders may submit a sealed bid (facsimile and e-mail allowed) to the City's Financial Advisor at the address described above until 11:00 a.m., E.T. (Indianapolis Time) on the date identified in the notice given by, or on behalf of the City, twenty-four (24) hours prior to the sale of the Bonds. It is currently anticipated that sealed bids will be requested to be submitted on December 4, 2014.

Bids may be submitted electronically via PARITY in accordance with this Notice of Intent to Sell, until 11:00 a.m. (Eastern Time) on the date of sale, but no bid will be received after that time. To the extent any instructions or directions set forth in PARITY conflict with this Notice of Intent to Sell, the terms of this Notice of Intent to Sell shall control. For further information about PARITY, potential bidders may contact the Financial Advisor or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, NY 10018, telephone (212) 849-5021.

FORM, MATURITY AND PAYMENT OF BONDS. Interest on the Bonds shall be calculated on the basis of twelve (12) thirty (30)-day months for a three hundred and sixty (360)-day year and shall be payable semiannually on April 1 and October 1 in each year, commencing April 1, 2015. The Bonds will be issued as fully registered bonds in book-entry-only form in denominations of $5,000 each or any integral multiples thereof, not exceeding the aggregate principal amount of such Bonds maturing on the applicable principal payment date, and when issued, may be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. If Cede & Co. is the registered owner of the Bonds, purchasers of beneficial interests in the Bonds will not receive physical delivery of bond certificates and ownership by the Beneficial Owners of the Bonds will be evidenced by book-entry only. As long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, payments of principal and interest will be made directly to such registered owner, which will in turn, remit such payments to the DTC Participants for subsequent disbursement to the Beneficial Owners. The City shall not have any liability for the failure of DTC or any DTC Participant to remit the payment or provide any notice to any Beneficial Owner of Bonds. The Bonds shall be numbered consecutively from 2014R-1 upward, shall bear an original issue date which shall be the date the Bonds are issued and shall mature on the dates and in the amounts as set forth in a schedule to be provided to prospective bidders not less than twenty-four (24) hours prior to the time of bidding.

As an alternative to part or all of the above series of maturities, the City will consider bids for a term bond or bonds, subject to mandatory sinking fund redemption by lot prior to maturity consistent with the dates and the amounts set forth above at a price equal to the principal amount thereof, plus accrued interest to the date of redemption without premium.

All payments of interest on the Bonds will be paid by check or draft mailed one business day prior to each interest payment date, to the registered owners of the Bonds at the address as it appears on the registration

books kept by the Registrar and Paying Agent as of the fifteenth day of the month immediately preceding the interest payment date or at such other address as is provided to the Registrar and/or Paying Agent in writing by such registered owner. Principal on the Bonds will be payable at the principal office of the Paying Agent. Notwithstanding the foregoing, so long as DTC or its nominee is the registered owner of the Bonds, principal of and interest on the Bonds will be paid directly by the Paying Agent to DTC as provided hereinabove.

The 2014 Bonds maturing on or after April 1, 2023 are redeemable prior to maturity at the option of the City in whole or in part in any order of maturity as determined by the City and by lot within maturities, on any date not earlier than October 1, 2022, at face value plus accrued interest to the date fixed for redemption and without any redemption premium.

INTEREST RATES. Each bid must be for all of the Bonds and must state the rate or rates of interest therefor, not exceeding the maximum per annum interest rate hereinbefore specified. Such interest rate or rates must be in multiples of one-eighth (1/8) or one-hundredth (1/100) of one percent (1.00%). Bids specifying more than one interest rate must also specify the amount and maturities of the Bonds bearing each rate. All Bonds maturing on the same date shall bear the same rate of interest and the interest rate bid on any maturity of Bonds shall be equal to or greater than the interest rate bid on any and all prior maturities of Bonds. Although not a term of sale, it is requested that each bid show the net dollar cost to final maturity and the net effective interest rate on the entire issue.

BIDDING DETAILS. Any person interested in submitting a bid for the Bonds must furnish written notice of such intent along with such person's name, address and telephone number, on or before 10:00 a.m., E.T., on December 3, 2014, to H.J. Umbaugh & Associates, LLP, c/o John Julien, 112 Ironworks Avenue, Suite C, Mishawaka, Indiana 46544, (574) 935-5178, (574) 935-5928 (facsimile) or via e-mail to julien@umbaugh.com (e-mail). The person may also furnish a telex or facsimile number or e-mail address. The City will cause each person so registered to be notified of the date and time bids will be received for the Bonds, not less than twenty-four (24) hours before the date and time of sale. The notification shall be made by telephone at the number furnished by such person and also by telex or facsimile and electronically if a telex or facsimile number or e-mail address has been furnished. No conditional bid or bids for less than ninety-nine percent (99%) of the par value of the Bonds will be considered. The City reserves the right to reject any and all bids and to waive any informality in any bid. If no acceptable bid is received on the date fixed for sale of the Bonds, the sale may be continued from day to day thereafter without further advertisement for a period not to exceed thirty (30) days, but if so continued, no bid will be accepted which offers an interest cost which is equal to or higher than the best bid received at the time fixed for the sale.

Each of the bids for the Bonds shall (i) be sealed in an envelope marked "Bid for the City of Valparaiso, Indiana, Waterworks Revenue Bonds, Series 2014," (ii) must be on the form approved by the City, without additions, alterations or erasures, which form may be obtained from the City's Financial Advisor at the address set forth herein; and (iii) delivered to the Financial Advisor on behalf of the City as required hereinabove.

AMENDMENTS. The City reserves the right to amend any information contained in this Notice of Intent to Sell Bonds. The City also reserves the right to postpone, from time to time, the date established for the receipt of bids on the Bonds. Any such amendment or postponement will be announced at any time prior to the date and time established for the sale. If any date fixed for the sale is postponed, any alternative sale date will be announced at least twenty-four (24) hours prior to such alternative sale date.

BASIS FOR AWARD. The sale of the Bonds will be awarded to the bidder making a bid that conforms to the specifications herein and which produces the lowest Net Interest Cost to the City. The lowest Net

Interest Cost is determined by computing the total interest on all of the Bonds to their maturities based upon the schedule provided herein and deducting therefrom the premium bid, if any, or adding thereto the amount of any discount. In the event of a bidder's error in interest cost calculations, the interest rates, premium, if any, and discount, if any, set forth or incorporated by reference in the Official Bid Form will be considered as the intended bid.

GOOD FAITH DEPOSIT. The successful bidder will be required to deliver to the City a certified or cashier's check or wire transfer consisting of immediately available funds to the City as instructed by the financial advisor on behalf of the City, in the amount of One Hundred Seventy-Eight Thousand Nine Hundred and 00/100 Dollars ($178,900) (the amount of such check or wire transfer being referred to hereinafter as the "Deposit") within 24 hours after the bid is accepted. If a check is submitted, it must be drawn on a bank or trust company, which is insured by the Federal Deposit Insurance Corporation. In either case, the Deposit must be submitted to the City within 24 hours after the bid is accepted in order to qualify the bid and shall be made payable to "City of Valparaiso, Indiana," as a guarantee of the good faith of the bidder.

In the event the bidder to whom the Bonds are awarded shall fail or refuse to comply with the provisions of the bid and this notice, such Deposit shall become the property of the City and shall be taken and considered as liquidated damages of the City on account of such failure or refusal.

The successful bidder will be required to make payment for the Bonds in Federal Reserve or other immediately available funds and accept delivery of the Bonds within five (5) days after being notified that the Bonds are ready for delivery, at a bank designated by the City. Any premium bid must be paid in cash at the time of delivery as a part of the purchase price of the Bonds. The Bonds will be ready for delivery within sixty (60) days after the date on which the award is made, and if not deliverable within that period, the successful bidder will be entitled to rescind the sale and the good faith check will be returned. Any notice of rescission must be in writing. At the request of the City, the successful bidder shall furnish to the City, simultaneously with or before delivery of the Bonds, a certificate in form satisfactory to the City regarding the price at which a substantial amount of Bonds of each maturity was re-offered to the public, if applicable.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the Bonds in accordance with the terms of its bid. No CUSIP identification number shall be deemed to be a part of any Bond or the contract evidenced thereby and no liability shall hereafter attach to the City or any of its officers or agents because of or on account of such numbers. All expenses in relation to the printing or typing of CUSIP numbers on the Bonds shall be paid by the City; provided, however, it shall be responsibility of the successful bidder to pay the CUSIP Service Bureau charge for the assignment of the numbers. The successful bidder will also be responsible for any other fees or expenses it incurs in connection with the resale of the Bonds.

AUTHORITY, PURPOSE AND SOURCE OF SECURITY. The Bonds are being issued under the provisions of the Indiana Code for the purpose of procuring funds to finance the cost of various improvements to the City's waterworks, together with the expenses necessarily incurred in connection therewith, including the expenses incurred in connection with the sale and issuance of the Bonds.

The principal of and interest on the Bonds will be payable solely from the net revenues generated by the City's waterworks, on a parity with certain outstanding obligations of the City.

BOND DELIVERY. At the time of delivery of the Bonds, the approving opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, bond counsel, as to the validity of the Bonds, together with a transcript of

bond proceedings, the printed Bonds and closing certificates in the customary form showing no litigation, will be furnished to the successful bidder at the expense of the City. In addition, unless bond counsel is able, on the date of delivery, to render an opinion to the effect that (1) under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended, for federal income tax purposes, and (2) the interest on the Bonds is exempt from income taxation in the state of Indiana for all purposes except the state financial institutions tax, the successful bidder shall have the right to rescind the sale, and in such event the good faith deposit will be returned.

If bids are submitted by mail, they should be addressed to the City in care of the financial advisor at the address listed above.

OFFICIAL STATEMENT AND CONTINUING DISCLOSURE. A copy of the Preliminary Official Statement prepared at the direction of the City may be obtained in limited quantities prior to submission of a bid by request from the Financial Advisor, H.J. Umbaugh & Associates, Certified Public Accountants, LLP, Attention: John Julien, 112 Ironworks Avenue, Suite C, Mishawaka, Indiana 46544, Telephone: (574) 935-5178, Facsimile: (574) 935-5928, Email: julien@umbaugh.com. Said Preliminary Official Statement will be in a form deemed final by the City, pursuant to Rule 15c2-12 of the Securities and Exchange City (the "Rule"), subject to completion as permitted by the Rule.

The Preliminary Official Statement when further supplemented by an addendum or addenda specifying the interest rates of the Bonds, and any other information referred to in paragraph (b)(1) of the Rule, shall constitute a "Final Official Statement" of the City with respect to the Bonds, as that term is defined in the Rule. By awarding the Bonds to a successful bidder, the Corporation agrees that, no more than seven (7) business days after the date of such award, it shall provide to the senior managing underwriter of the syndicate to which the Bonds are awarded up to thirty (30) copies of the Official Statement at the City's expense, any additional copies to be at the expense of the underwriting syndicate. The City designates the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each participating underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the City (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all participating underwriters of the Bonds for purposes of assuring the receipt of each such participating underwriter of the Final Official Statement.

In order to assist bidders in complying with paragraph (b)(5) of the Rule, the City will undertake, pursuant to the Continuing Disclosure Agreement which shall be delivered to the successful bidder at the closing on the Bonds, to provide annual reports, certain financial information, and notices of certain events as required by Section (b)(5) of the Rule. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Final Official Statement.

MISCELLANEOUS. The successful bidder shall be responsible for providing (i) in writing the initial re-offering prices and other terms, if any, to the City's Financial Advisor as and at the time requested, and (ii) a certification verifying information as to the bona fide initial offering prices of the Bonds to the public and sales of the Bonds appropriate for determination of the issue price of, and the yield on, the Bonds under Internal Revenue Code of 1986, as amended, as and at the time requested by the City's bond counsel.

Dated this 19th day of November, 2014.

CITY OF VALPARAISO, INDIANA

APPENDIX A

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*The General Information section contains information regarding the tax base of the City; however, NO PROPERTY TAXES ARE PLEDGED TO PAYMENT OF THE WATERWORKS REVENUE BONDS.

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CITY OF VALPARAISO

PROJECT DESCRIPTION

The proposed project being funded by the Proposed Bonds includes upgrades to existing infrastructure to assure quality, safety to the community and expansion for long-term water availability. Improvements include well field development, a raw water transmission main, new reservoirs, high service pumps, filters and a backwash reclamation system. In addition, the Utility plans electrical/instrumentation and control upgrades and improvements to its current SCADA systems.

SYSTEM OVERVIEW

The City of Valparaiso began operating its water utility in 1886. Significant additions and improvements have been made throughout the years, with the most recent being in 2010. The two treatment plants now treat approximately 4,000,000 gallons of water per day (gpd) and have the capacity to treat 11,500,000 gpd. Six wells east of the City supply water to the Airport Treatment Plant. Four wells located on the Country Club golf course and four wells located on the Flint Lake Treatment Plant grounds supply water to the plant, located north of the City. Each treatment plant has a 2,000,000 gallon storage tank used for storing water immediately before pumping it into the distribution system. There are two 500,000 gallon and one 1,000,000 gallon elevated storage tanks and approximately 220 miles of water mains in the system that range in diameter from four to 24 inches. Proceeds from the Proposed Bonds will be used to construct a replacement well field and associated transmission main, and to expand both the Flint Lake and Airport Treatment Plants.

The Water Utility has an outside contract customer in Valparaiso Lakes Conservancy District. Water is sold to the Conservancy District through four master metering points. System boundaries extend north just part Burlington Beach Road and directly east of State Highway 49, south of U.S. Highway 30, and west past County Road 150 West.

RATES

The rates for the Water Utility are set and approved by the Common Council of the City of Valparaiso. The last rate increase was adopted November 25, 2013. The rate ordinance put new rates in effect on January 1, 2014 (19.01% increase), July 1, 2014 (10.76% increase) and January 1, 2016 (2.79% increase).

RATE HISTORY AND PENDING ADJUSTMENTS

Date	Date Approved	Ordinance	Rate (per 5,000 gallons/668 cu. ft.)
December, 31 2009	September 23, 2002	26-2002	$19.83
December 31, 2010	December 14, 2009	35-2009	22.82
December 31, 2011	December 14, 2009	35-2009	25.08
December 31, 2012	December 14, 2009	35-2009	25.08
December 31, 2013	December 14, 2009	35-2009	25.08
January 1, 2014	November 25, 2013	27-2013	29.89
July 1, 2014	November 25, 2013	27-2013	33.09
January 1, 2016	November 25, 2013	27-2013	34.04

DEBT SERVICE COVERAGE

Year	Net Revenues (After PILT*)	Debt Service	Coverage	Coverage without PILT*
2011	$1,680,011	$778,719	216%	259%
2012	1,758,369	777,900	226%	269%
2013	1,802,575	776,018	232%	275%

*Payment in lieu of taxes.

USER CONNECTIONS

Based upon information provided by the Indiana State Board of Accounts and utility billing personnel, the number of Water Utility customers is reported as follows:

Year	Number of Customers
2005	11,823
2006	12,121
2007	12,306
2008	12,452
2009	12,015
2010	12,287
2011	12,336
2012	12,392
2013	12,600
2014*	12,866

*As of September 24, 2014.

CUSTOMER USE

Based upon information provided by utility billing personnel, the percentage of total consumption and percentage of total revenues by user class for the twelve months ended August 31, 2014 is shown below:

	Percentage of Total Consumption	Percentage of Total Revenues
Residential	45.13%	56.36%
Commercial	20.49%	17.36%
Industrial	9.95%	5.73%
Multiple family dwellings	20.33%	17.38%
Public authorities	4.10%	3.17%

LARGE USERS

The following is a list of the ten largest users of the Water Utility, according to the utility records. Total billed revenue for the twelve months ended August 31, 2014 was $5,138,025. The ten largest users as presented below accounted for approximately 11.47% percent of billed revenue.

Name	Type of Business	Billed Flow (In Cubic Feet)	Billed Revenue	Percent of Billed Revenue
Lake Area Conservancy District	Conservancy District	6,145,250	$124,300	2.43%
Lutheran University Assn	Liberal Arts University	3,464,320	99,905	1.94%
Cathay Industries	Iron Oxide Manufacturing	5,498,000	90,068	1.75%
Valparaiso Community Schools	Public Education	1,580,900	48,698	0.95%
Williamsburg Manor MHC	Manufactured Housing	2,415,000	47,114	0.92%
The Masters Apartments	Apartment Complex	1,425,300	40,169	0.78%
Pratt Industries (1)	Corrugated Packaging	2,030,150	38,024	0.74%
Porter County Jail	Correctional Facility	1,694,000	34,542	0.67%
Gene B. Glick - Valparaiso	Apartment Complex	1,086,060	34,353	0.67%
North America Packaging	Plastic Manufacturing	1,718,400	31,938	0.62%
Totals		27,057,380	$589,111	11.47%

(1) See anticipated changes to Pratt operations explained in Commerce and Industry on page A-7.

ADMINISTRATION AND STAFF

The management of the City of Valparaiso Municipal Water Utility is under the direction of the City Utility Board. The City Utility Director oversees the day-to-day operations of the system. The Water Utility currently employs 33 personnel.

GENERAL PHYSICAL AND DEMOGRAPHIC INFORMATION

LOCATION

The City of Valparaiso is located in Porter County in northwest Indiana. The City is approximately 45 miles southeast of Chicago, 50 miles southwest of South Bend, 150 miles northwest of Indianapolis, and 12 miles south of Lake Michigan.

GENERAL CHARACTERISTICS

Porter County is a highly diversified area with acres of farmland south of the City of Valparaiso and heavy industrialization to the north along the shores of Lake Michigan. Because of its proximity to the Chicago metropolitan area, Valparaiso has become a suburban residential district. In addition to providing high quality housing, the Valparaiso area has its own industrial base, complimented by several research and development facilities and Valparaiso University, one of the largest Lutheran universities in the nation.

The Department of Parks and Recreation maintains an extensive park system which includes an 18-hole golf course, a nine-hole golf course and a golf player development center. Indiana Dunes State Park and the Indiana Dunes National Lakeshore Park are located approximately 15 miles north of Valparaiso. Together, the two parks comprise almost 15,000 acres of recreational area.

Among the cultural activities available to residents of Valparaiso are a variety of programs offered through the Porter County Public Library, Valparaiso University and the 3,400-seat Star Plaza Theater in nearby Merrillville. A full range of cultural and recreational activities are available in Chicago as well.

PLANNING AND ZONING

The City of Valparaiso has a twelve-member Plan Commission to provide orderly growth for residential, commercial and industrial areas within the City limits. Valparaiso also has a seven-member Board of Zoning Appeals.

EDUCATION

The Valparaiso Community School Corporation serves the majority of the residents of the City, operating one high school, two middle schools and eight elementary schools. The superintendent's office reports 2013/2014 enrollment for the School Corporation at 6,200 students, with approximately 339 certified and 322 non-certified employees. Students living in the Washington Township portion of the City of Valparaiso attend the East Porter County School Corporation. The superintendent's office reports 2013/2014 enrollment for the School Corporation at 2,395 students, with approximately 144 certified and 169 non-certified employees.

Both School Corporations provide special education for students through the Porter County Interlocal, which serves seven school corporations in the area. Vocational and Alternative programs are offered to high school students through the Porter County Career Center, located in Valparaiso.

HIGHER EDUCATION

Valparaiso University is located on 320 acres at the southeast corner of the City of Valparaiso. The University was established in 1859 and serves approximately 4,000 students in five colleges, a law school and graduate school. In addition, the University offers Graduate and Continuing Education divisions and a School of Law. The Valparaiso campus of Ivy Tech State College offers a wide range of courses including health technology, business, and technical studies. Average enrollment is approximately 1,000 students per semester. In addition, Porter Hospital provides a radiology school and EMT-paramedic school. Other institutions of higher learning that are within commuting distance of the Valparaiso area include Indiana University-Northwest Campus in Gary, Purdue University-Calumet Campus in Hammond, and Purdue University-North Central in Westville.

PENSION OBLIGATIONS

The following information has been extracted, as noted, from either the City of Valparaiso's State Board of Accounts Audit or from the State of Indiana's Gateway for Government Units website, at https://gateway.ifionline.org/.

Pension Data From the Audit

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

Employer contributions for the year 2013 were $576,047.32.

1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

Employer contributions for the year 2013 were $573,204.65.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

Employer contributions for the year 2013 were $708,659.86.

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977. State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits. INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS. Employer contributions for the year 2013 were $1,399,444.26.

Pension Data From Gateway

Pension plans offered to Valparaiso employees	YES	NO
Public Employees Retirement Fund	X	
Teachers Retirement Fund		X
Police Pension Fund - First Class Cities		X
1925 Police Pension Fund		X
1937 Firefighter's Pension Fund	X	
1977 Police and Firefighter's Pension Fund	X	

Other Pension Plans

Name of the pension plan	**Savings Plan for Employees of Valparaiso City Utilities**
Type or class of employees covered by the plan	Valparaiso City Utilities
Type of pension plan	Defined Contribution
Plan Administrator	
Company Name	Valparaiso City Utilities
Street Address	205 Billings
City	Valparaiso, IN 46383
State	IN
Zip	46383
Contact Person	Steve Poulos/Alina Hahn
Phone	219-462-6174
E-Mail	ahahn@valpo.us
Employer sponsoring the plan	Valparaiso City Utilities
Amount of Employer contributions	$161,953.29
Current Number of Participants	
Active employees that are vested	56
Active employees that are not vested	4
Separated employees but are vested	2
Current number of retirees	1

GENERAL ECONOMIC AND FINANCIAL INFORMATION

COMMERCE AND INDUSTRY

Industry in and surrounding the City of Valparaiso is well diversified, with an emphasis on research and high technology. The industrial climate is influenced by both the agriculturally-based southern half of the county and the steel mills to the north. Additional employment opportunities are available at the large industrial areas of northern Porter County and the Calumet region of Lake County. In addition, Valparaiso has experienced strong residential and commercial growth in recent years.

Pratt Industries USA was established in Valparaiso in 2000 and began operations in a new facility with approximately 155 employees, as reported by company officials. Formerly Jet Corr Manufacturing, Pratt Industries manufactures corrugated sheets and boxes and presently employs approximately 350 workers. Pratt has also broken ground on a new facility in Valparaiso as of March 21, 2014. The new 250,000 square-foot 100% recycled paper mill facility will have a projected investment of $260 million. When completed, the new facility would increase Pratt's employment by approximately 100. The expansion is expected to increase Pratt's water consumption resulting in an additional $800,000 in annual revenues for the Valparaiso Municipal Water Utility.

Urschel Laboratories, Inc. produces size reduction machinery for the pharmaceutical and food processing industries. Established in Valparaiso in 1910, the main plant currently has approximately 335 employees and has increased over the past few years. Urschel Laboratories has announced plans to relocate its operations in 2015 to Chesterton, Indiana, approximately 10 miles north of Valparaiso. Urschel Laboratories is not a large water user.

LARGE EMPLOYERS

Below is a list of the City's largest employers. The number of employees shown are as reported by company personnel unless otherwise noted. Because of reporting time lags and other factors inherent in collecting and reporting such information, the statistics may not reflect recent employment levels.

Name	Year Established	Type of Business	Reported Employment
Porter Regional Hospital	1939	Acute care hospital	1,950 (1)
Valparaiso University	1859	Private University	1,030
Porter County	1835	County government	767
Valparaiso Community Schools		Public education	661 (2)
Opportunity Enterprises Inc.	1967	Job training, day care, family services	430
Wal-Mart Supercenter	1997	Retail	427 (1)
Pratt Industries, USA	2000	Mfg. corrugated sheets and boxes	350
Urschel Laboratories, Inc. (3)	1910	Mfg. food & chemical processing equipment	335
City of Valparaiso	1836	Municipal government	290
UGN, Inc.	1986	Mfg. automobile dash insulators and head lines	270 (1)

(1) Per the Valparaiso Chamber of Commerce.
(2) Includes 339 certified and 322 non-certified employees.
(3) Urschel Laboratories is relocating its operations to Chesterton, Indiana, approximately 10 miles north of Valparaiso, on April 1, 2015.

EMPLOYMENT

Year	Unemployment Rate		Porter County Labor Force
	Porter County	Indiana	
2009	9.4%	10.3%	84,466
2010	8.8%	10.0%	81,918
2011	7.7%	8.8%	82,594
2012	7.5%	8.1%	83,070
2013	7.4%	7.5%	83,291
2014, August	5.9%	5.5%	83,728

Source: Indiana Business Research Center

BUILDING PERMITS

Provided below is a summary of the number of building permits and estimated construction costs for the City.

Year	Residential		New Business		Other	
	Total Permits	Estimated Costs	Total Permits	Estimated Costs	Total Permits	Estimated Costs
2009	36	$16,007,020	4	$13,819,768	603	$12,461,557
2010	46	11,315,757	5	4,575,728	553	16,301,902
2011	55	20,250,342	15	44,809,212	632	18,243,403
2012	96	25,096,517	6	11,884,266	765	24,793,194
2013	109	34,117,660	12	32,728,393	734	18,135,006
2014*	59	23,503,090	7	11,371,697	520	10,461,173

*Data for 2014 has been updated through August 31, 2014.

Source: City of Valparaiso Building Department.

POPULATION

Year	City of Valparaiso Population	City of Valparaiso Percent of Change	Porter County Population	Porter County Percent of Change
1970	20,020	31.48%	87,114	44.52%
1980	22,247	11.12%	119,816	37.54%
1990	24,414	9.74%	128,932	7.61%
2000	27,428	12.35%	146,798	13.86%
2010	31,730	15.68%	164,343	11.95%

Source: U.S. Census Bureau

AGE STATISTICS

	City of Valparaiso	Porter County
Under 25 Years	11,806	55,151
25 to 44 Years	8,519	42,020
45 to 64 Years	7,237	46,809
65 Years and Over	4,168	20,363

Source: U.S. Census Bureau's 2010 Census

EDUCATIONAL ATTAINMENT

Years of School Completed	Persons 25 and Over: City of Valparaiso	Persons 25 and Over: Porter County
Less than 9th grade	2.9%	2.2%
9th to 12th grade, no diploma	5.5%	6.0%
High school graduate	27.6%	35.4%
Some college, no degree	22.5%	22.2%
Associate's degree	8.5%	9.0%
Bachelor's degree	22.2%	16.7%
Graduate or professional degree	10.8%	8.5%

Source: U.S. Census Bureau's 2008-2012 American Community Survey 5-Year Estimates

MISCELLANEOUS ECONOMIC INFORMATION

	City of Valparaiso	Porter County	Indiana
Per capita income, past 12 months*	$24,894	$28,244	$24,558
Median household income, past 12 months*	$50,182	$62,457	$48,374
Average weekly earnings in manufacturing (1st qtr. of 2014)	N/A	$1,325	$1,188
Area in square miles - 2010	15.58	521.78	36,419.55
Population per square mile - 2010	2,036.6	315.0	181.0
Retail sales in 2007:			
Total retail sales	$852,148,000	$1,956,275,000	$78,745,589,000
Sales per capita**	$26,856	$11,904	$12,145
Sales per establishment	$4,177,196	$3,912,550	$3,323,721

*In 2012 inflation-adjusted dollars – 5-year estimates
**Based on 2010 Population.

Source: Bureau of Census Reports and the Indiana Business Research Center

Porter County Employment and Earnings - 2011	Earnings (In 1,000s)	Percent of Earnings	Distribution of Labor Force
Services	$1,069,601	31.96%	42.54%
Manufacturing	805,065	24.06%	12.67%
Government	385,288	11.51%	10.05%
Wholesale and retail trade	372,741	11.14%	14.79%
Construction	357,526	10.68%	6.62%
Transportation and warehousing	144,567	4.32%	3.34%
Finance, insurance and real estate	111,402	3.33%	7.85%
Utilities	37,947	1.13%	0.40%
Information	32,661	0.98%	0.94%
Farming	27,898	0.83%	0.68%
Other*	1,803	0.06%	0.12%
Totals	$3,346,499	100.00%	100.00%

* In order to avoid disclosure of confidential information, specific earnings and employment figures are not available for the forestry, fishing, related activities and mining sectors. The data is incorporated here.

Source: Bureau of Economic Analysis and the Indiana Business Research Center

Adjusted Gross Income	Year	Porter County Total
	2008	$4,203,819,374
	2009	3,871,873,255
	2010	4,133,390,978
	2011	4,288,278,465
	2012	4,546,588,711

Source: Indiana Department of Revenue

SCHEDULE OF INDEBTEDNESS

The following schedule shows the outstanding indebtedness of the City of Valparaiso and the taxing units within and overlapping its jurisdiction as of September 16, 2014, including issuance of the 2014 Bonds, as reported by the respective taxing units.

Direct Debt	Original Par Amount	Final Maturity	Outstanding Amount
Self-Supporting Revenue Debt			
Waterworks Revenue Bonds, Series 2014	$17,890,000	10/01/35	$17,890,000
Waterworks Refunding Revenue Bonds, Series 2013	4,930,000	10/01/22	4,750,000
Waterworks Revenue Bonds, Series 2010	2,250,000	10/01/26	2,170,000
Proposed Taxable Economic Development Revenue Bonds, Series 2014	10,000,000	02/01/25	10,000,000
Sewage Works Refunding Revenue Bonds, Series 2013	8,245,000	02/01/21	7,510,000
Sewage Works Revenue Bonds of 2011	1,533,000	08/01/31	1,363,000
Sewage Works Revenue Bonds, Series 2007	11,000,000	02/01/28	10,860,000
Storm Water Revenue Bonds of 2011, Series A	6,425,000	01/01/26	5,190,000
Storm Water Refunding Revenue Bonds of 2011, Series B	2,435,000	01/01/22	1,745,000
Sub total			61,478,000
Tax Supported Debt			
General Obligation Refunding Bonds, Series 2012	3,475,000	01/15/25	2,860,000
Tax Increment Revenue Bonds, Series 2009	3,100,000	01/15/25	2,430,000
General Obligation Refunding Bonds, Series 2006	4,400,000	01/15/27	3,420,000
Special Taxing District Bonds of 2006A	5,000,000	01/15/22	3,080,000
Park and Recreation District Refunding Bonds of 2004	3,900,000	07/01/33	2,970,000
First Mortgage Bonds, Series 2013	6,340,000	07/15/31	6,340,000
Capital Leases			860,799
Sub total			21,960,799
Total Direct Debt			$83,438,799

No The City of Valparaiso anticipates issuing Sewage Works Revenue Bonds in 2015. The current estimate is $2,000,000.

Overlapping Debt	Total Debt	Percent Allocable to City (1)	Amount Allocable to City
Tax Supported Debt			
Porter County	$21,835,000	17.53%	$3,827,676
Porter Count Public Library System	1,210,000	21.44%	259,424
Porter County Municipal Airport Authority	2,990,000	17.53%	524,147
East Porter County School Corporation	37,228,637	19.03%	7,084,610
Valparaiso Community School Corporation	66,267,098	64.13%	42,497,090
Total Overlapping Debt			$54,192,947

(1) Based upon the 2013 payable 2014 net assessed valuation of the respective taxing units.

The schedule presented above is based on information furnished by the obligors or other sources and is deemed reliable. We make no representation or warranty as to its accuracy or completeness.

DEBT RATIOS

The following presents the ratios relative to the revenue supported indebtedness of the taxing units within and overlapping the City of Valparaiso as of September 16, 2014, including issuance of the 2014 Bonds.

	Direct Waterworks Revenue Supported Debt $24,810,000	Direct Sewage Works Revenue Supported Debt $29,733,000 *	Direct Storm Water Revenue Supported Debt $6,935,000	Total Direct Utility Revenue Debt $61,478,000
Per capita (1)	$781.91	$937.06	$218.56	$1,937.53
Per user (2)				
Waterworks	$1,928.34			
Sewage Works		$2,675.27		
Storm Water			$644.88	

* Preliminary, subject to change.

* Includes $10,000,000 of Taxable Economic Development Revenue Bonds supported from Sewage Works net revenues.

(1) According to the U.S. Census Bureau, the 2010 population of the City of Valparaiso is 31,730.

(2) Based upon the billing records, the current number of users are as follows:

Water	12,866
Sewage	11,114
Storm Water	10,754

SCHEDULE OF HISTORICAL NET ASSESSED VALUATION

(As Provided by the Porter County Auditor's Office)

Year Payable		Real Estate	Utilities	Personal Property	Total Taxable Value
2010		$1,491,178,811	$29,938,030	$165,542,640	$1,686,659,481
2011		1,464,366,571	29,723,050	151,644,025	1,645,733,646
2012		1,456,016,862	25,577,310	148,638,490	1,630,232,662
2013	(1)	1,332,940,299	27,080,490	156,766,780	1,516,787,569
2014		1,311,043,496	25,042,900	137,442,550	1,473,528,946

(1) Represents results of general reassessment. Changes in assessed values of real property occur periodically as a result of general reassessments scheduled by the State legislature, as well as when changes occur in the property value due to new construction or demolition of improvements. Before July 1 of every fourth year, county assessors will prepare and submit to the DLGF a reassessment plan for each county. The DLGF must complete its review and approval of the reassessment plan before March 1 of the year following the year in which the reassessment plan is submitted by the county. The reassessment plan must divide all parcels of real property in the county into four (4) different groups of parcels. Each group of parcels must contain approximately twenty-five percent (25%) of the parcels within each class of real property in the county. All real property in each group of parcels shall be reassessed under the county's reassessment plan once during each four (4) year cycle.

NOTE: Net assessed valuations represent the assessed value less certain deductions for mortgages, veterans, the aged and the blind, as well as tax-exempt property.

Real property is valued for assessment purposes at its true tax value as defined in the Real Property Assessment Rule, 50 IAC 2.4, the 2011 Real Property Assessment Manual ("Manual"), as incorporated into 50 IAC 2.4, and the 2011 Real Property Assessment Guidelines ("Guidelines"), as adopted by the Department of Local Government Finance ("DLGF"). In the case of agricultural land, true tax value is the value determined in accordance with the Guidelines adopted by the DLGF and IC 6-1.1-4-13. In the case of all other real property, true tax value is defined as "The market value-in-use of a property for its current use, as reflected by the utility received by the owner or by a similar user, from the property."

Real property assessments are annually adjusted to market value based on sales data. The process of adjusting real property assessments to reflect market values has been termed "trending" by the DLGF.

The Manual permits assessing officials in each county to choose any acceptable mass appraisal method to determine true tax value, taking into consideration the ease of administration and the uniformity of the assessments produced by that method. The Guidelines were adopted to provide assessing officials with an acceptable appraisal method, although the Manual makes it clear that assessing officials are free to select from any number of appraisal methods, provided that they produce accurate and uniform values throughout the jurisdiction and across all classes of property. The Manual specifies the standards for accuracy and validation that the DLGF uses to determine the acceptability of any alternative appraisal method.

NOTE: THE BONDS ARE NOT PAYABLE FROM PROPERTY TAXES

DETAIL OF NET ASSESSED VALUATION

As of 2013 for Taxes Payable in 2014

(As Provided by the Porter County Auditor's Office)

	Valparaiso Center Twp.	Valparaiso Washington Twp.	Total
Gross Value of Land	$637,555,870	$52,985,100	$690,540,970
Gross Value of Improvements	1,652,722,300	157,627,700	1,810,350,000
Total Gross Value of Real Estate	2,290,278,170	210,612,800	2,500,890,970
Less: Mortgage Exemptions, Veterans, Blind Age 65 & Other Exemptions	(685,449,035)	(28,459,465)	(713,908,500)
Tax Exempt Property	(249,236,137)	(7,415,300)	(256,651,437)
TIF	(143,880,830)	(75,406,707)	(219,287,537)
Net Assessed Value of Real Estate	1,211,712,168	99,331,328	1,311,043,496
Business Personal Property	107,844,300	75,650,420	183,494,720
Less: Deductions	(26,085,030)	(19,967,140)	(46,052,170)
Net Assessed Value of Personal Property	81,759,270	55,683,280	137,442,550
Net Assessed Value of Utility Property	22,588,910	2,453,990	25,042,900
Total Net Assessed Value	$1,316,060,348	$157,468,598	$1,473,528,946

NOTE: THE BONDS ARE NOT PAYABLE FROM PROPERTY TAXES

COMPARATIVE SCHEDULE OF CERTIFIED TAX RATES

Per $100 of Net Assessed Valuation

	Year Taxes Payable				
	2010	2011	2012	2013	2014
Detail of Certified Tax Rate:					
General	$0.6612	$0.8629	$0.9279	$0.8960	$0.7801
Debt Service	0.0266	0.0504	0.0266	0.0429	0.0607
Fire Pension	0.0161				
Police Pension	0.0110				
Motor Vehicle Highway	0.0761	0.0069	0.0388	0.0596	0.0012
Park & Recreation	0.1592	0.1173	0.1214	0.1503	0.1133
Park Bond & Interest	0.0167	0.0227	0.0201	0.0257	
Cumulative Capital Development	0.0197	0.0197	0.0197	0.0162	0.0162
Sp Fire Ter Gen					0.2661
Sp Fire Ter Equ					0.0200
Totals	$0.9866	$1.0799	$1.1545	$1.1907	$1.2576
Total District Certified Tax Rate (1)					
Valparaiso - Center Twp.	$2.2199	$2.4181	$2.6165	$2.6983	$2.7118
Valparaiso - Washington Twp.	$2.5325	$2.7309	$2.7730	$2.7808	$2.8543

(1) Includes certified tax rates of overlapping taxing units.

Source: DLGF Certified Budget Orders for the City.

NOTE: THE BONDS ARE NOT PAYABLE FROM PROPERTY TAXES

PROPERTY TAXES LEVIED AND COLLECTED

Collection Year	Certified Taxes Levied	Circuit Breaker Tax Credit (1)	Certified Taxes Levied Net of Circuit Breaker Tax Credit	Taxes Collected	Collected as Percent of Gross Levy	Collected as Percent of Net Levy
2009	$16,249,346		$16,249,346	$15,393,468	94.73%	94.73% (2)
2010	16,643,236	($376,753)	16,266,483	15,462,821	92.91%	95.06% (2)
2011	17,496,908	(1,311,367)	16,185,541	15,461,122	88.36%	95.52% (2)
2012	17,514,220	(2,067,754)	15,446,466	15,239,973	87.01%	98.66% (2)
2013	18,117,692	(1,932,519)	16,185,173	15,497,240	85.54%	95.75% (2)

Source: The Porter County Auditor's Office and the DLGF Certified Budget Orders for the City.

(1) Circuit Breaker Tax Credits allocable to the City per the DLGF and Porter County Abstracts.

(2) According to the Porter County Auditor's office, property tax collections in 2009, 2010, 2011, 2012 and 2013 show a low percentage of collections due to delinquencies and appeals.

Indiana Code 6-1.1-20.6 provides taxpayers with a tax credit for all property taxes in an amount that exceeds the gross assessed value of real and personal property eligible for the credit ("Circuit Breaker Tax Credit"). For property assessed as a homestead (as defined in IC 6-1.1-20.9-1), the Circuit Breaker Tax Credit was the amount by which the property taxes attributable to the homestead exceeded 2% of the gross assessed value of the homestead, beginning with property taxes first due and payable in 2008. The following year, the Indiana General Assembly expanded these tax credits. For taxes payable in 2009, property taxes for homesteads were limited to 1.5% of the gross assessed value of the homestead; property taxes for agricultural, other residential property and long term care facilities were limited to 2.5% of their gross assessed value; and property taxes for all other real and personal property were limited to 3.5% of gross assessed value.

Effective with property taxes payable in 2010, property taxes for residential homesteads are limited to 1.0% of the gross assessed value of the homestead; property taxes for agricultural, other residential property and long term care facilities are limited to 2.0% of their gross assessed value; and property taxes for all other real and personal property are limited to 3.0% of gross assessed value. Additional property tax limits have been made available to certain senior citizens. School corporations are authorized to impose a referendum tax levy to replace property tax revenue that the school corporation will not receive due to the Circuit Breaker Tax Credit. Other political subdivisions may not increase their property tax levy or borrow money to make up for any property tax revenue shortfall due to the application of the Circuit Breaker Tax Credit.

The Statute categorizes property taxes levied to pay Debt Service Obligations as "protected taxes," regardless of whether the property taxes were approved at a referendum, and all other property taxes as "unprotected taxes." The total amount of revenue to be distributed to the fund for which the protected taxes were imposed shall be determined without applying the Circuit Breaker Tax Credit. The application of the Circuit Breaker Tax Credit must reduce only the amount of unprotected taxes distributed to a fund. The political subdivision may allocate the reduction by using a combination of unprotected taxes of the political subdivision in those taxing districts in which the Circuit Breaker Credit caused a reduction in protected taxes. The tax revenue and each fund of any other political subdivisions must not be affected by the reduction.

NOTE: THE BONDS ARE NOT PAYABLE FROM PROPERTY TAXES

LARGE TAXPAYERS

The following is a list of the ten largest taxpayers located within the City of Valparaiso.

Name	Type of Business	2013/2014 Net Assessed Valuation	Percent of Total Net Assessed Valuation (1)
Northern Indiana Public Service Co. (2)	Natural gas & electric utility	$57,036,690	3.87%
PedCor Investments, LLC	Real estate developer	26,049,440	1.77%
Porter Hospital LLC (2)	Health services	24,906,950	1.69%
Worthington Steel Company	Steel manufacturer	23,128,070	1.57%
Mark J. & Michael J. Forszt/ MFJ Development Inc.	Real estate developer	18,061,900	1.23%
Compass Pointe LP	Apartments	16,511,890	1.12%
Jamestown Apartments of Valparaiso	Apartments	16,321,090	1.11%
McGill Manufacturing Co. Inc.	Mfr. anti-friction bearings	16,295,788	1.11%
Von Tobel Corporation	Lumber & hardware store	14,966,110	1.02%
Jet Corr, Inc./Pratt Paper (IN) LLC/ Pratt Recycling Inc. (2)	Paper recycling	14,474,920	0.98%
Totals		$227,752,848	15.47%

(1) The total net assessed valuation of the City of Valparaiso is $1,473,528,946 for taxes payable in 2014, according to the Porter County Auditor's office.

(2) Some or all of the parcels are located within an allocation area for tax increment financing (TIF). All or a portion of the taxes are captured for TIF.

Source: County Auditor's office and the DLGF. Individual parcel data is submitted by the County Auditor to the DLGF once a year for preparation of the county abstract.

NOTE: THE BONDS ARE NOT PAYABLE FROM PROPERTY TAXES

The City certifies to the best of its knowledge and belief that this Official Statement, as of its date and as it relates to the City and its economic and financial condition, (i) is complete and accurate; (ii) does not contain any untrue statement of a material fact; and (iii) does not omit any material facts or information which would make the statements contained herein misleading.

This Official Statement and its execution are duly authorized.

CITY OF VALPARAISO

By: _____
Mayor

Attest:

_____
Clerk-Treasurer

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APPENDIX B

APPENDIX B

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ACCOUNTANTS' FORECAST AND COMPILATION REPORT

November 20, 2014

Common Council of the
City of Valparaiso
166 West Lincolnway
Valparaiso, Indiana 46383-5524

We have compiled the accompanying forecasted statement of net position, statement of revenues, expenses and changes in net position and cash flows (and supplementary data) of the Valparaiso Municipal Water Utility as of December 31, 2014, December 31, 2015 and December 31, 2016 and for the years then ending in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast, information that is the representation of management and does not include evaluation of the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We have also compiled the accompanying comparative statement of net position of the Water Utility as of December 31, 2011, December 31, 2012, December 31, 2013 and August 31, 2014 and the related comparative statements of revenues, expenses, and changes in net position, and cash flows for the periods then ended and supplementary data. We have not audited or reviewed the accompanying historical financial statements and supplementary data, and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The object of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Water Utility's financial position, results of operations and its cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

VALPARAISO (INDIANA) MUNICIPAL WATER UTILITY
Valparaiso, Indiana

FORECASTED FINANCIAL STATEMENTS

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VALPARAISO (INDIANA) MUNICIPAL WATER UTILITY

FORECASTED COMPARATIVE STATEMENT OF NET POSITION
(Amounts rounded to the nearest $100)

	As of December 31st,		
ASSETS:	2014	2015	2016
Current Assets:			
Operating cash and cash equivalents	$706,500	$735,300	$774,500
Restricted cash and cash equivalents:			
Bond redemption account	716,300	1,168,100	1,394,700
Improvement account	2,369,400	2,002,800	1,966,400
Construction account	17,612,800	-	-
Customer deposits account	170,000	170,000	170,000
Accounts receivable (net of allowance)	365,200	365,200	365,200
Other receivables	93,200	93,200	93,200
Collections held for others	116,900	116,900	116,900
Inventories	120,500	120,500	120,500
Total Current Assets	22,270,800	4,772,000	5,001,400
Non-Current Assets:			
Capital Assets:			
Depreciable capital assets	58,147,900	76,514,700	77,541,700
Less: Accumulated depreciation	(13,145,100)	(14,668,500)	(16,212,400)
Sub-totals	45,002,800	61,846,200	61,329,300
Land	410,600	410,600	410,600
Net Capital Assets	45,413,400	62,256,800	61,739,900
Total Assets	$67,684,200	$67,028,800	$66,741,300

(Continued on next page)

(The Accountants' Compilation Report and the summary of significant accounting policies, assumptions and notes are an integral part of this statement.)

VALPARAISO (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

FORECASTED COMPARATIVE STATEMENT OF NET POSITION

(Amounts rounded to the nearest $100)

	As of December 31st,		
LIABILITIES:	2014	2015	2016
Current Liabilities:			
Accounts payable	$156,600	$156,600	$156,600
Accrued wages and benefits payable	65,600	65,600	65,600
Compensated absences	6,600	6,600	6,600
Taxes payable	22,200	22,200	22,200
Payable from Restricted Assets:			
Customer deposits payable	170,000	170,000	170,000
Revenue bonds payable (current)	900,000	915,000	925,000
Accrued interest payable	46,500	177,800	174,100
Total Current Liabilities	1,367,500	1,513,800	1,520,100
Noncurrent Liabilities:			
Revenue bonds payable (net)	23,626,700	22,719,000	21,801,300
Compensated absences	145,600	145,600	145,600
Total Noncurrent Liabilities	23,772,300	22,864,600	21,946,900
Total Liabilities	$25,139,800	$24,378,400	$23,467,000
NET POSITION:			
Invested in Capital Assets, Net of Related Debt	$20,886,700	$38,622,800	$39,013,600
Restricted	20,868,500	3,340,900	3,531,100
Unrestricted	789,200	686,700	729,600
Total Net Position	$42,544,400	$42,650,400	$43,274,300

(The Accountants' Compilation Report and the summary of significant accounting policies, assumptions and notes are an integral part of this statement.)

VALPARAISO (INDIANA) MUNICIPAL WATER UTILITY

FORECASTED COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(Amounts rounded to the nearest $100)

	Calendar Year Ending		
	12/31/2014	12/31/2015	12/31/2016
Operating Revenues:			
Metered water revenue:			
Residential	$3,199,300	$3,362,700	$3,456,500
Commercial	975,400	1,025,200	1,053,800
Industrial	273,100	557,400	1,106,400
Multiple family dwellings	972,600	1,022,300	1,050,800
Public authorities	173,800	182,700	187,800
Sales for resale	125,900	132,300	136,000
Fire protection	994,500	1,045,300	1,074,400
Penalties	67,300	70,800	72,800
Rental income	54,800	54,800	54,800
Total Operating Revenues	6,836,700	7,453,500	8,193,300
Operating Expenses:			
Transmission and distribution	1,218,700	1,249,700	1,281,500
Pumping	885,800	950,400	1,062,800
Treatment and disposal	718,800	745,000	781,500
Customer accounts	890,200	912,100	934,600
Administration and general	820,500	840,100	860,300
Miscellaneous expenses	164,400	174,100	185,800
Less: Reimbursements	(459,400)	(459,400)	(459,400)
Sub-totals	4,239,000	4,412,000	4,647,100
Depreciation expense	1,163,000	1,523,400	1,543,900
Total Operating Expenses	5,402,000	5,935,400	6,191,000
Operating Income	1,434,700	1,518,100	2,002,300
Nonoperating Revenue:			
Interest income	5,900	5,900	5,900
Miscellaneous revenue	86,200	86,200	86,200
Total Nonoperating Revenue	92,100	92,100	92,100
Nonoperating Expense:			
Cost of issuance	277,200	-	-
Interest expense	195,800	744,600	710,900
Total Nonoperating Expense	473,000	744,600	710,900
Income before contributions and transfers	1,053,800	865,600	1,383,500
Payment in lieu of taxes	(759,600)	(759,600)	(759,600)
Change in Net Position	294,200	106,000	623,900
Net Position - Beginning	42,250,200	42,544,400	42,650,400
Net Position - Ending	$42,544,400	$42,650,400	$43,274,300

(The Accountants' Compilation Report and the summary of significant accounting policies, assumptions and notes are an integral part of this statement.)

VALPARAISO (INDIANA) MUNICIPAL WATER UTILITY

FORECASTED COMPARATIVE STATEMENT OF CASH FLOWS
Increase (Decrease) in Cash & Cash Equivalents
(Amounts rounded to the nearest $100)

	Calendar Year Ending		
	12/31/2014	12/31/2015	12/31/2016
Cash Flows From Operating Activities:			
Cash received from customers	$6,836,600	$7,453,500	$8,193,300
Cash paid to suppliers, employees and others	(4,244,500)	(4,412,000)	(4,647,100)
Net Cash From Operating Activities	2,592,100	3,041,500	3,546,200
Cash From Noncapital Financing Activities:			
Miscellaneous revenue	86,200	86,200	86,200
Payment in lieu of taxes	(759,600)	(759,600)	(759,600)
Net Cash From Noncapital Financing Activities	(673,400)	(673,400)	(673,400)
Cash Flows From Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(475,000)	(18,366,800)	(1,027,000)
Proceeds from 2014 Revenue Bonds	17,890,000	-	-
Bond issuance costs	(277,200)	-	-
Capital lease payments	(61,600)	-	-
Principal paid on capital debt	(455,000)	(900,000)	(915,000)
Interest paid on capital debt	(174,700)	(606,000)	(707,300)
Net Cash From Capital and Related Financing Activities	16,446,500	(19,872,800)	(2,649,300)
Cash Flows From Investing Activities:			
Interest income	5,900	5,900	5,900
Cash and Cash Equivalents:			
Increase (Decrease)	18,371,100	(17,498,800)	229,400
Beginning Balance	3,203,900	21,575,000	4,076,200
Ending Balance	$21,575,000	$4,076,200	$4,305,600

(The Accountants' Compilation Report and the summary of significant accounting policies, assumptions and notes are an integral part of this statement.)

VALPARAISO (INDIANA) MUNICIPAL WATER UTILITY

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ASSUMPTIONS AND NOTES
See Accountants' Compilation Report

The City of Valparaiso, Indiana owns and operates the Valparaiso Municipal Water Utility (the "Utility"). The Utility provides clean water services to 12,866 residential, commercial and industrial customers. These financial forecasts present, to the best of management's knowledge and belief, the Valparaiso Municipal Water Utility's expected financial position, results of operations, and cash flows for the forecast period. Accordingly, the forecast reflects management's judgment of the expected conditions and its expected course of action as of November 20, 2014, the date of this forecast. The financial forecast is based on management's assumptions concerning future events and circumstances. The assumptions disclosed herein are those which management believes are significant to the forecast or are key factors upon which the financial results of the enterprise depend.

Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to November 20, 2014, the date of this forecast. Therefore, the actual results achieved during the forecast period could vary from the forecast and the variations may be material. Management does not intend to revise this forecast to reflect changes in present circumstances or the occurrence of unanticipated events.

The financial forecast has been prepared in conjunction with the following:

(1) The issuance of $17,890,000 Waterworks Revenue Bonds, Series 2014, (the "Proposed Bonds") by the Valparaiso Municipal Water Utility for improvements including well field development, a raw water transmission main, new reservoirs, high service pumps, filters and a backwash reclamation system. The Utility also plans SCADA system upgrades and electrical/instrumentation and control upgrades.

Significant Accounting Policies

Reporting Entity:

The financial statements of the Utility, a component unit (Enterprise Fund) of the City of Valparaiso, Indiana, conform to generally accepted accounting principles for state and local governments. The Utility provides water services for the greater Valparaiso area. These services primarily consist of providing clean water to customers. The utility's customer base includes residential, commercial, industrial and governmental customers, as well as churches, schools and a university. The Utility had 12,866 customers at September 24, 2014.

Basis of Accounting:

The Utility reports its financial statements using the economic resources measurement focus and the accrual basis of accounting as prescribed by the Governmental Accounting Standards Board. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

(Continued on next page)

Capital Assets: Property and equipment are recorded at actual or estimated historical cost. Maintenance and repairs are charged to operating expense as incurred; major renewals and betterments are capitalized. Contributed or donated assets are reported at estimated fair value at the time received.

Depreciation: Depreciation is computed on the straight-line method, using a composite depreciation rate based on the estimated useful service lives of various classes of property.

Operating revenue: Operating revenues are based on monthly billings and are recorded when billed.

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Accounts Receivable: Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for uncollectibles.

Basis of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Significant Assumptions and Notes

(1) Proposed Improvement Project and Related Bond Issue

The Utility, acting through the Common Council, has proposed certain improvements to its waterworks system. The proposed project being funded by the Proposed Bonds includes improvements related to well field development, a raw water transmission main, new reservoirs, high service pumps, filters and a back wash reclamation system. In addition, the Utility plans electrical/instrumentation and control upgrades and improvements to its current SCADA systems. The project is estimated to cost $17,890,000 including construction estimates of $14,527,000 and estimated non-construction costs of $3,363,000. Construction is assumed to commence in early 2015 and be completed by the end of 2015. The Project will be financed from the proceeds of $17,890,000 of the Proposed Bonds.

(2) Revenues

Forecasted annual operating and nonoperating revenues for the forecast period are based upon the Utility's actual revenues for the twelve months ended December 31, 2013. Operating revenues have been normalized to reflect the 19.01% water rate increase effective January 1, 2014, the 10.76% water rate increase effective July 1, 2014 and the 2.79% water rate increase effective January 1, 2016. In addition, industrial revenues have been adjusted to reflect estimated additional revenues of $811,800 per year beginning in September of 2015 related to expansion at Pratt Industries. It is estimated that Pratt's annual flow will increase approximately 292 million gallons beginning in September of 2015.

(Continued on next page)

(3) Operating Expenses

Forecasted operating expenses for 2014 are based upon the adopted 2014 operating budget for the water utility and the following adjustments:

(1) Utility receipts tax (part of miscellaneous expense) has been adjusted to reflect the estimated increase in water revenues in 2014.

Forecasted operating expenses for 2015 are based on the 2014 budget and the following adjustments:

(1) Salary and wage related accounts have been increased 3%.
(2) All other operating expenses have been increased 2% as an allowance for inflation.
(3) Pumping expenses have been increased $44,600 in 2015 for additional costs anticipated to be incurred due to Pratt's expansion (assumes additional Pratt expenses begin in September of 2015).
(4) Water treatment expenses have been increased $9,200 in 2015 for additional costs anticipated to be incurred due to Pratt's expansion (assumes additional Pratt expenses begin in September of 2015).
(5) Utility receipts tax (part of miscellaneous expense) has been adjusted to reflect the estimated increase in water revenues in 2015.

Forecasted operating expenses for 2016 are based on forecasted 2015 operating expenses and the following adjustments:

(1) Salary and wage related accounts have been increased 3%.
(2) All other operating expenses have been increased 2% as an allowance for inflation.
(3) Pumping expenses have been increased $133,700 in 2016 for additional costs anticipated to be incurred due to Pratt's expansion.
(4) Water treatment expenses have been increased $27,600 in 2016 for additional costs anticipated to be incurred due to Pratt's expansion.
(5) Utility receipts tax has been adjusted to reflect the estimated increase in water revenues in 2016.

(4) Debt Service

Debt Service Payments: Principal and interest payments on the outstanding and proposed bonds are forecasted to average approximately $1,620,700 annually for the twenty bond years ended October 1, 2016 through October 1, 2035 as shown on page B-14. The Proposed Bonds are assumed to be dated December 18, 2014 and are amortized at semiannual interest rates as shown on page B-13.

Debt Service Reserve: It is assumed the Debt Service Reserve Account requirement will be funded through water utility revenues over a period not to exceed five (5) years from the dating of the bonds.

(5) Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired.

(Continued on next page)

(6) Interfund Transactions

During the course of its operation, the water utility has numerous transactions with the governmental funds and other enterprise funds to provide goods and services. To the extent that these transactions have not been paid or received at year-end, balances of these assets/liabilities have been recorded in the statement of net position. The forecasted statement of net position assumes balances at December 31, 2013 will remain unchanged.

7) Deposits and Investments

State statute (IC 5-13-9) authorizes the City to invest in securities holding, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Nonparticipating certificates of deposit, demand deposits, and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost.

(8) Pension Liabilities

Most employees of the City have pensions funded under the Public Employees' Retirement Fund of the State of Indiana. However, utility employees do not take part in the Public Employees' Retirement Fund of the State of Indiana, but are enrolled in a 401K retirement plan.

(9) Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties.

(10) Compensated Absences

Paid Time Off – Utility employees can earn paid time off at the rate of 12 days to 33 days per year depending on the length of employment. Unused paid time off may be accumulated. Accumulated paid time off up to 240 hours per year may be carried over to the next year and is paid to employees upon termination. Supplemental paid time off up to 184 hours per year may be carried over to the next year and is not paid to employees upon termination.

(Continued on next page)

(11) Replacements and Improvements (Capital Additions)

The Utility's cash expenditures for replacement and improvements aside from those to be funded by the bond issue are assumed as follows:

Forecasted 2014 - $475,000
Forecasted 2015 - $754,000
Forecasted 2016 - $1,027,000

(12) Forecasted Cash and Investment Balances

(A) Operation and Maintenance Account - The forecasted balance is assumed to be equal to two months' forecasted cash operating expenses.

(B) Bond Redemption Account:

Debt Service Subaccount – The forecasted balance is assumed to be equal to 1/2 of the next April 1 semiannual principal and interest payment.

Reserve Subaccount – The requirement after issuing the Proposed Bonds is assumed to be equal to the maximum annual combined debt service of the 2010 Waterworks Revenue Bonds, 2013 Waterworks Refunding Revenue Bonds and 2014 Waterworks Revenue Bonds ($1,623,840). The requirement is assumed to be funded in part through existing reserves and water utility revenues over a five-year period.

(C) Customer Deposits Account – The forecasted balance is assumed to remain at the December 31, 2013 balance.

(D) Construction Account – The forecasted balance for 2014 assumes all bond proceeds, after paying for the cost of issuing the bonds, are deposited in the Construction Account. It is assumed that all construction monies are spent by the end of 2015.

(E) Improvement Account - The forecasted balance consists of the remaining forecasted cash and investment balances not provided for above.

(13) Long-Term Debt

Long-term debt consists of Water Utility Revenue Bonds secured by the net revenues of the Utility. The amortization of the proposed 2014 Bonds is shown on page B-13 and the amortization of the outstanding 2010 and 2013 Bonds is shown on pages B-24 and B-25, respectively. The proposed 2014 Bonds will be issued on parity with the outstanding 2010 and 2013 Bonds.

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VALPARAISO (INDIANA) MUNICIPAL WATER UTILITY
Valparaiso, Indiana

SUPPLEMENTAL INFORMATION TO FORECASTED FINANCIAL STATEMENTS

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VALPARAISO (INDIANA) MUNICIPAL WATER UTILITY

GENERAL COMMENTS

The City of Valparaiso, Indiana, proposes to issue $17,890,000 par amount of Waterworks Revenue Bonds, Series 2014. Proceeds from the sale of the Proposed Bonds, after payment of issuance costs, will be used to provide funds for upgrading the existing infrastructure to assure quality, safety to the community and expansion for long-term water availability.

The Proposed Bonds will be secured by the Net Revenues of the water utility defined as the gross revenues less operation, repair and maintenance expenses, excluding payment in lieu of taxes. It is anticipated the Proposed Bonds will be issued on a parity basis with the outstanding 2010 and 2013 Bonds.

Schedule of Estimated Project Costs and Funding - Page B-12

This schedule presents the estimated project costs and sources of funding. The project costs are based on estimated construction costs provided by the water utility's consulting engineer. The Project (to be financed with the proceeds of the Proposed Bonds) includes improvements related to well field development, a raw water transmission main, new reservoirs, high service pumps, a backwash reclamation system and electrical/instrumentation and control and SCADA upgrades.

Schedule of Amortization of $17,890,000 Principal Amount of Proposed Waterworks Revenue Bonds, Series 2014 - Page B-13

The amortization of the $17,890,000 par amount of Proposed Bonds is presented in this schedule. The Proposed Bonds are anticipated to be dated December 18, 2014 and will mature over a period of approximately twenty years and nine months ending October 1, 2035. Principal is scheduled to be payable semiannually on April 1 and October 1 beginning April 1, 2015. Interest will be payable semiannually on April 1 and October 1 beginning April 1, 2015 at tax-exempt interest rates.

Schedule of Combined Bond Amortization – Page B-14

This schedule combines the amortization of the Proposed Bonds and the outstanding 2010 and 2013 Bonds.

Computation of Forecasted Bond Coverage - Page B-15

This schedule presents the forecasted annual debt service coverage based upon the forecasted annual principal and interest payments on the outstanding and Proposed Bonds assuming semiannual interest rates on the Proposed Bonds as shown on page B-13. The computations are based upon forecasted operating revenues, interest income and miscellaneous revenue less the forecasted annual operation and maintenance expenses for the forecasted calendar years 2014, 2015 and 2016.

Schedule of Present Water Rates and Charges - Page B-16

This schedule displays the current water utility rates and charges that were adopted by the Common Council on November 25, 2013. The Water Utility is currently in the second phase of a three phase rate increase. Rates are scheduled to increase 2.79% January 1, 2016.

VALPARAISO (INDIANA) MUNICIPAL WATER UTILITY

SCHEDULE OF ESTIMATED PROJECT COSTS AND FUNDING

Estimated Project Costs:	
Construction Costs:	
Guaranteed Maximum Contract	$14,527,000
Non-Construction Costs:	
NIPSCO	200,000
Easement and Land Acquisition	265,000
Lagoon Waste Disposal	70,000
Engineering Design, Construction Services & Reimbursement	2,550,831
Allowance for Underwriter's Discount (1%)	178,900
Allowance for Issuance Costs	98,269
Total Non-Construction Costs	3,363,000
Total Estimated Project Costs	$17,890,000
Estimated Project Funding:	
Waterworks Revenue Bonds, Series 2014	$17,890,000

(The Accountants' Compilation Report and the accompanying comments are an integral part of this statement.)

VALPARAISO (INDIANA) MUNICIPAL WATER UTILITY

SCHEDULE OF AMORTIZATION OF $17,890,000 PRINCIPAL AMOUNT OF PROPOSED WATERWORKS REVENUE BONDS, SERIES 2014
Principal and interest payable semiannually on April 1st and October 1st
Assumes interest rates as indicated
Assumes Bonds dated December 18, 2014

Payment Date	Principal Balance	Principal	Assumed Interest Rate	Interest	Total	Bond Year Total
	(-----In $1,000's-----)		(%)	(----------In Dollars----------)		
4/1/2015	$17,890	$180	0.50	$154,145.22	$334,145.22	
10/1/2015	17,710	180	0.50	268,930.00	448,930.00	$783,075.22
4/1/2016	17,530	180	0.80	268,480.00	448,480.00	
10/1/2016	17,350	185	0.80	267,760.00	452,760.00	901,240.00
4/1/2017	17,165	180	1.05	267,020.00	447,020.00	
10/1/2017	16,985	180	1.05	266,075.00	446,075.00	893,095.00
4/1/2018	16,805	185	1.35	265,130.00	450,130.00	
10/1/2018	16,620	185	1.35	263,881.25	448,881.25	899,011.25
4/1/2019	16,435	190	1.65	262,632.50	452,632.50	
10/1/2019	16,245	190	1.65	261,065.00	451,065.00	903,697.50
4/1/2020	16,055	190	1.95	259,497.50	449,497.50	
10/1/2020	15,865	195	1.95	257,645.00	452,645.00	902,142.50
4/1/2021	15,670	195	2.30	255,743.75	450,743.75	
10/1/2021	15,475	200	2.30	253,501.25	453,501.25	904,245.00
4/1/2022	15,275	200	2.55	251,201.25	451,201.25	
10/1/2022	15,075	195	2.55	248,651.25	443,651.25	894,852.50
4/1/2023	14,880	290	2.70	246,165.00	536,165.00	
10/1/2023	14,590	295	2.70	242,250.00	537,250.00	1,073,415.00
4/1/2024	14,295	300	2.85	238,267.50	538,267.50	
10/1/2024	13,995	305	2.85	233,992.50	538,992.50	1,077,260.00
4/1/2025	13,690	310	2.95	229,646.25	539,646.25	
10/1/2025	13,380	310	2.95	225,073.75	535,073.75	1,074,720.00
4/1/2026	13,070	315	3.05	220,501.25	535,501.25	
10/1/2026	12,755	315	3.05	215,697.50	530,697.50	1,066,198.75
4/1/2027	12,440	600	3.15	210,893.75	810,893.75	
10/1/2027	11,840	610	3.15	201,443.75	811,443.75	1,622,337.50
4/1/2028	11,230	620	3.20	191,836.25	811,836.25	
10/1/2028	10,610	630	3.20	181,916.25	811,916.25	1,623,752.50
4/1/2029	9,980	640	3.25	171,836.25	811,836.25	
10/1/2029	9,340	650	3.25	161,436.25	811,436.25	1,623,272.50
4/1/2030	8,690	660	3.30	150,873.75	810,873.75	
10/1/2030	8,030	670	3.30	139,983.75	809,983.75	1,620,857.50
4/1/2031	7,360	680	3.40	128,928.75	808,928.75	
10/1/2031	6,680	690	3.40	117,368.75	807,368.75	1,616,297.50
4/1/2032	5,990	705	3.45	105,638.75	810,638.75	
10/1/2032	5,285	715	3.45	93,477.50	808,477.50	1,619,116.25
4/1/2033	4,570	730	3.50	81,143.75	811,143.75	
10/1/2033	3,840	740	3.50	68,368.75	808,368.75	1,619,512.50
4/1/2034	3,100	755	3.55	55,418.75	810,418.75	
10/1/2034	2,345	770	3.55	42,017.50	812,017.50	1,622,436.25
4/1/2035	1,575	780	3.60	28,350.00	808,350.00	
10/1/2035	795	795	3.60	14,310.00	809,310.00	1,617,660.00
	Totals	$17,890		$8,068,195.22	$25,958,195.22	$25,958,195.22

(The Accountants' Compilation Report and the accompanying comments are an integral part of this statement.)

VALPARAISO (INDIANA) MUNICIPAL WATER UTILITY

SCHEDULE OF PROPOSED COMBINED BOND AMORTIZATION

Payment Date	Outstanding 2010 Bonds	Outstanding 2013 Bonds	Proposed 2014 Bonds	Total	Bond Year Total	
10/1/2014	$54,285.00	$306,537.50		$360,822.50	$360,822.50	
4/1/2015	54,172.50	308,770.75	$334,145.22	697,088.47		
10/1/2015	54,042.50	305,949.75	448,930.00	808,922.25	1,506,010.72	
4/1/2016	53,912.50	308,128.75	448,480.00	810,521.25		
10/1/2016	53,762.50	305,253.50	452,760.00	811,776.00	1,622,297.25	
4/1/2017	53,612.50	307,378.25	447,020.00	808,010.75		
10/1/2017	53,447.50	309,448.75	446,075.00	808,971.25	1,616,982.00	
4/1/2018	53,282.50	306,465.00	450,130.00	809,877.50		
10/1/2018	53,107.50	308,481.25	448,881.25	810,470.00	1,620,347.50	
4/1/2019	52,932.50	305,443.25	452,632.50	811,008.25		
10/1/2019	52,750.00	307,405.25	451,065.00	811,220.25	1,622,228.50	
4/1/2020	52,567.50	309,313.00	449,497.50	811,378.00		
10/1/2020	52,382.50	306,166.50	452,645.00	811,194.00	1,622,572.00	
4/1/2021	52,197.50	308,020.00	450,743.75	810,961.25		
10/1/2021	52,007.50	304,819.25	453,501.25	810,328.00	1,621,289.25	
4/1/2022	51,817.50	306,618.50	451,201.25	809,637.25		
10/1/2022	51,622.50	313,363.50	443,651.25	808,637.25	1,618,274.50	
4/1/2023	271,427.50		536,165.00	807,592.50		
10/1/2023	271,827.50		537,250.00	809,077.50	1,616,670.00	
4/1/2024	272,127.50		538,267.50	810,395.00		
10/1/2024	272,207.50		538,992.50	811,200.00	1,621,595.00	
4/1/2025	272,185.00		539,646.25	811,831.25		
10/1/2025	276,935.00		535,073.75	812,008.75	1,623,840.00	*
4/1/2026	276,475.00		535,501.25	811,976.25		
10/1/2026	280,843.75		530,697.50	811,541.25	1,623,517.50	
4/1/2027			810,893.75	810,893.75		
10/1/2027			811,443.75	811,443.75	1,622,337.50	
4/1/2028			811,836.25	811,836.25		
10/1/2028			811,916.25	811,916.25	1,623,752.50	
4/1/2029			811,836.25	811,836.25		
10/1/2029			811,436.25	811,436.25	1,623,272.50	
4/1/2030			810,873.75	810,873.75		
10/1/2030			809,983.75	809,983.75	1,620,857.50	
4/1/2031			808,928.75	808,928.75		
10/1/2031			807,368.75	807,368.75	1,616,297.50	
4/1/2032			810,638.75	810,638.75		
10/1/2032			808,477.50	808,477.50	1,619,116.25	
4/1/2033			811,143.75	811,143.75		
10/1/2033			808,368.75	808,368.75	1,619,512.50	
4/1/2034			810,418.75	810,418.75		
10/1/2034			812,017.50	812,017.50	1,622,436.25	
4/1/2035			808,350.00	808,350.00		
10/1/2035			809,310.00	809,310.00	1,617,660.00	
Totals	$3,095,931.25	$5,227,562.75	$25,958,195.22	$34,281,689.22	$34,281,689.22	

Average annual debt service for 20 bond years ended 10/1/16 through 10/1/2035. $1,620,700

* Proposed combined maximum annual debt service.

(The Accountants' Compilation Report and the accompanying comments are an integral part of this statement.)

VALPARAISO (INDIANA) MUNICIPAL WATER UTILITY

COMPUTATION OF FORECASTED BOND COVERAGE
(Amounts rounded to the nearest $100)

	Calendar Years Ending		
	12/31/2014	12/31/2015	12/31/2016
Operating Revenues: (1)			
Metered water revenue:			
Residential	$3,199,300	$3,362,700	$3,456,500
Commercial	975,400	1,025,200	1,053,800
Industrial	273,100	557,400	1,106,400
Multiple family dwellings	972,600	1,022,300	1,050,800
Public authorities	173,800	182,700	187,800
Sales for resale	125,900	132,300	136,000
Fire protection	994,500	1,045,300	1,074,400
Penalties	67,300	70,800	72,800
Rental income	54,800	54,800	54,800
Sub-totals	6,836,700	7,453,500	8,193,300
Forecasted Interest Income (1)	5,900	5,900	5,900
Forecasted Miscellaneous Revenue (1)	86,200	86,200	86,200
Total Available Revenues	6,928,800	7,545,600	8,285,400
Less: Forecasted Annual Operation and Maintenance Expense (1)	(4,239,000)	(4,412,000)	(4,647,100)
Forecasted Net Revenues Available for Debt Service	$2,689,800	$3,133,600	$3,638,300
Forecasted Annual Principal and Interest Payments on the Outstanding and Proposed Bonds (2)	$629,700	$1,506,000	$1,622,300
Forecasted Debt Service Coverage (3)	427%	208%	224%

(1) See page B-4.
(2) See page B-14.
(3) The forecasted debt service coverage including the payment in lieu of property taxes transfer at the forecasted amount of $759,600 annually is 307%, 158%, 177% for years 2014, 2015, and 2016 respectively.

(The Accountants' Compilation Report and the accompanying comments are an integral part of this statement.)

VALPARAISO (INDIANA) MUNICIPAL WATER UTILITY

SCHEDULE OF PRESENT WATER RATES AND CHARGES

	Present Rates	
	Effective July 1, 2014 (1)	Effective January 1, 2016 (1)
Metered Rates and Charges - General Service (rate per 100 cubic feet)		
Consumption per Month		
First 2,000 cubic feet	$3.09	$3.18
Next 8,000 cubic feet	2.50	2.57
Over 10,000 cubic feet	1.96	2.01
Metered Rates and Charges - Large Service (rate per 100 cubic feet)		
Consumption per Month		
For all consumption	$2.08	$2.08
General Service:		
Monthly Service Charge (Including Public Fire Protection)		
Meter Size		
5/8"	$12.45	$12.80
3/4"	12.45	12.80
1"	20.55	21.10
1 1/2"	36.90	37.95
2"	59.90	61.55
3"	125.75	129.25
4"	217.95	224.05
5"	417.70	429.35
6"	481.00	494.40
8"	849.70	873.40
10"	1,323.40	1,360.30
Monthly Minimum Charge per Customer		
Meter Size / Cubic Feet Allowed		
5/8" 300	$21.72	$22.34
3/4" 300	21.72	22.34
1" 800	45.27	46.54
1 1/2" 1,700	89.43	92.01
2" 3,000	146.70	150.85
3" 6,800	307.55	316.21
4" 12,200	522.87	537.47
5" 23,700	948.02	973.92
6" 27,400	1,083.84	1,113.34
8" 48,600	1,868.06	1,918.46
10" 76,000	2,878.80	2,956.10
Private Fire Protection Charge - Automatic Sprinkler System (Annual charge)		
Size of Connection		
2"	$84.90	$87.25
3"	192.95	198.35
4"	339.60	349.05
5"	671.50	690.25
6"	771.75	793.30
8"	1,373.80	1,412.15
10"	2,145.55	2,205.40

(1) Per Ordinance No. 27-2013 adopted November 25, 2013.

(The Accountants' Compilation Report and the accompanying comments are an integral part of this statement.)

VALPARAISO (INDIANA) MUNICIPAL WATER UTILITY
Valparaiso, Indiana

SUPPLEMENTARY HISTORICAL DATA

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VALPARAISO (INDIANA) MUNICIPAL WATER UTILITY

COMPARATIVE STATEMENT OF NET POSITION

	As of			
ASSETS:	12/31/2011	12/31/2012	12/31/2013	8/31/2014
Current Assets:				
Operating cash and cash equivalents	$1,218,457	$1,092,513	$770,205	$709,162
Restricted cash and cash equivalents:				
Bond redemption account	979,739	978,062	597,342	835,881
Improvement account	655,426	700,482	1,541,322	1,573,225
Construction account	496,034	376,495	125,087	-
Customer deposits account	213,287	212,550	169,966	137,233
Accounts receivable (net of allowance)	379,866	359,764	365,172	560,461
Other receivables	135,761	72,121	93,150	108,684
Collections held for others	100,767	135,685	116,947	82,714
Inventories	104,705	103,211	120,514	120,514
Prepaid items	1,013	1,015	-	-
Total Current Assets	4,285,055	4,031,898	3,899,705	4,127,874
Noncurrent Assets:				
Regulatory Assets	98,551	90,778	-	-
Capital Assets:				
Depreciable capital assets	54,632,597	56,267,507	57,672,910	57,038,097
Less: Accumulated depreciation	(10,160,619)	(10,977,156)	(11,982,075)	(11,573,410)
Sub-totals	44,471,978	45,290,351	45,690,835	45,464,687
Land	338,282	348,907	410,590	410,590
Construction work in progress	255,467	-	-	-
Net Capital Assets	45,065,727	45,639,258	46,101,425	45,875,277
Total Noncurrent Assets	45,164,278	45,730,036	46,101,425	45,875,277
Total Assets	$49,449,333	$49,761,934	$50,001,130	$50,003,151

(Continued on next page)

(See Accountants' Compilation Report and the accompanying summary of accounting policies.)

VALPARAISO (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

COMPARATIVE STATEMENT OF NET POSITION

	As of			
LIABILITIES:	12/31/2011	12/31/2012	12/31/2013	8/31/2014
Current Liabilities:				
Accounts payable	$86,434	$57,274	$156,647	$131,171
Interfund payables	17,756	17,756	-	-
Accrued wages and benefits payable	41,480	49,205	65,613	21,559
Compensated absences	6,871	7,213	6,636	7,148
Taxes payable	16,727	19,823	22,182	46,873
Payable from Restricted Assets:				
Retainage payable	-	-	5,529	5,529
Advances for construction	273,279	15,148	-	(6,538)
Customer deposits payable	210,539	209,802	169,966	138,388
Revenue bonds payable (current)	430,000	445,000	455,000	535,000
Leases payable	179,275	121,374	61,569	-
Accrued interest payable	94,154	87,961	32,867	79,852
Total Current Liabilities	1,356,515	1,030,556	976,009	958,982
Noncurrent Liabilities:				
Revenue bonds payable (net)	7,413,401	6,975,709	6,629,391	6,364,263
Compensated absences	150,716	158,231	145,569	156,800
Total Noncurrent Liabilities	7,564,117	7,133,940	6,774,960	6,521,063
Total Liabilities	$8,920,632	$8,164,496	$7,750,969	$7,480,045
NET POSITION:				
Invested in Capital Assets, Net of Related Debt	$36,956,452	$38,017,884	$38,929,856	$38,955,277
Restricted	2,344,486	2,267,589	2,433,717	2,546,339
Unrestricted	1,227,763	1,311,965	886,588	1,021,490
Total Net Position	$40,528,701	$41,597,438	$42,250,161	$42,523,106

(See Accountants' Compilation Report and the accompanying summary of accounting policies.)

VALPARAISO (INDIANA) MUNICIPAL WATER UTILITY

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Calendar Year Ended			12 Months Ended
	12/31/2011	12/31/2012	12/31/2013	8/31/2014
Operating Revenues:				
Metered water revenue:				
Residential	$2,520,298	$2,630,323	$2,551,041	$2,895,902
Commercial	835,855	841,273	777,783	891,748
Industrial	228,758	226,634	213,382	294,391
Multiple family dwellings	770,859	783,591	775,539	893,099
Public authorities	141,117	139,626	138,590	162,885
Sales for resale	99,662	112,169	100,389	115,019
Fire protection	733,281	770,882	792,980	929,245
Penalties	53,031	54,616	53,695	57,756
Rental income	65,913	61,773	54,840	47,655
Other water revenue	19,554	40	4,451	29,889
Total Operating Revenues	5,468,328	5,620,927	5,462,690	6,317,589
Operating Expenses:				
Transmission and distribution	1,054,077	1,152,359	1,141,919	1,210,031
Pumping	748,572	767,304	748,524	814,568
Treatment and disposal	746,517	608,593	493,709	689,093
Customer accounts	641,114	670,400	698,508	930,284
Administration and general	784,457	832,579	816,847	851,778
Miscellaneous expenses	141,559	145,757	145,208	152,737
Less: Reimbursements	(521,833)	(528,123)	(534,625)	(488,801)
Sub-Totals	3,594,463	3,648,869	3,510,090	4,159,690
Depreciation expense	1,074,199	1,092,207	1,153,458	1,168,652
Total Operating Expenses	4,668,662	4,741,076	4,663,548	5,328,342
Operating Income	799,666	879,851	799,142	989,247

(Continued on next page)

(See Accountants' Compilation Report and the accompanying summary of accounting policies.)

VALPARAISO (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Calendar Year Ended			12 Months Ended
	12/31/2011	12/31/2012	12/31/2013	8/31/2014
Nonoperating Revenues:				
Interest income	$6,402	$5,837	$6,443	$5,910
Miscellaneous revenue	134,387	115,117	178,175	86,156
Total Nonoperating Revenues	140,789	120,954	184,618	92,066
Nonoperating Expenses:				
Interest expense	381,327	363,130	471,842	385,713
Income before contributions and transfers	559,128	637,675	511,918	695,600
Contributions and Transfers:				
Capital contributions	357,212	1,042,294	241,248	267,412
Payment in lieu of taxes	(334,643)	(334,643)	(334,643)	(617,977)
Transfers	-	-	55,177	56,042
Total Contributions and Transfers	22,569	707,651	(38,218)	(294,523)
Change in Net Position	581,697	1,345,326	473,700	401,077
Net Position - Beginning	40,093,197	40,528,701	41,597,438	41,843,253
Net Position - Adjustment	(146,193)	(276,589)	179,023	278,776
Net Position - Ending	$40,528,701	$41,597,438	$42,250,161	$42,523,106

(See Accountants' Compilation Report and the accompanying summary of accounting policies.)

VALPARAISO (INDIANA) MUNICIPAL WATER UTILITY

COMPARATIVE STATEMENT OF CASH FLOWS
Increase (Decrease) in cash and cash equivalents

	Calendar Year Ended			12 Months Ended
	12/31/2011	12/31/2012	12/31/2013	8/31/2014
Cash Flows From Operating Activities:				
Cash received from customers	$5,970,643	$6,197,874	$5,454,991	$6,243,922
Cash paid to suppliers, employees and others	(4,123,335)	(4,186,719)	(3,473,540)	(4,084,490)
Net Cash From Operating Activities	1,847,308	2,011,155	1,981,451	2,159,432
Cash Flows From Noncapital Financing Activities:				
Miscellaneous revenues	134,387	115,117	178,175	86,156
Payment in lieu of taxes	(334,643)	(334,643)	(334,643)	(617,977)
Transfers	-	-	55,177	56,042
Net Cash From Noncapital Financing Activities	(200,256)	(219,526)	(101,291)	(475,779)
Cash Flows From Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(974,764)	(2,200,459)	(1,365,156)	(873,342)
Capital contributions	357,212	1,042,294	241,248	267,412
Bond proceeds	-	-	4,930,000	4,930,000
Deposit to bond redemption account	-	-	(4,935,369)	(4,935,369)
Bond issuance costs	-	-	(77,683)	(77,683)
Principal paid on capital debt	(415,000)	(430,000)	(445,000)	(415,000)
Interest paid on capital debt	(372,035)	(354,241)	(331,018)	(302,522)
Capital lease payments	(55,725)	(57,901)	(59,805)	(61,569)
Net Cash From Capital and Related Financing Activities	(1,460,312)	(2,000,307)	(2,042,783)	(1,468,073)
Cash Flows From Investing Activities:				
Interest income	6,402	5,837	6,443	5,910
Cash and Cash Equivalents:				
Increase (Decrease)	193,142	(202,841)	(156,180)	221,490
Beginning Balance	3,369,801	3,562,943	3,360,102	3,034,011
Ending Balance	$3,562,943	$3,360,102	$3,203,922	$3,255,501

(Continued on next page)

(See Accountants' Compilation Report and the accompanying summary of accounting policies.)

VALPARAISO (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

COMPARATIVE STATEMENT OF CASH FLOWS
Increase (Decrease) in cash and cash equivalents

	Calendar Year Ended			12 Months Ended
	12/31/2011	12/31/2012	12/31/2013	8/31/2014
Reconciliation of net operating income to cash provided from operations:				
Net operating income	$799,666	$879,851	$799,142	$989,247
Adjustments to reconcile net income to net cash provided from operating activities:				
Depreciation expense	1,074,199	1,092,207	1,153,458	1,168,652
Changes in assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	(40,539)	(14,816)	13,330	(49,196)
Other receivables	21,021	63,640	(21,029)	(24,471)
Inventories	5,864	1,494	(17,303)	(17,303)
Prepaid items	237	(2)	1,015	61,671
Increase (decrease) in:				
Accounts payable	(16,236)	(29,160)	99,373	128,784
Taxes payable	(2,699)	3,096	2,359	7,336
Accrued wages and benefits payable	22	7,725	16,408	(25,776)
Compensated absence payable	(833)	7,857	(13,239)	(1,496)
Interfund payables	-	-	(17,756)	(17,756)
Customer deposits	6,606	(737)	(39,836)	(54,731)
Retainage payable	-	-	5,529	(5,529)
Net cash provided from operating activities	$1,847,308	$2,011,155	$1,981,451	$2,159,432

(See Accountants' Compilation Report and the accompanying summary of accounting policies.)

VALPARAISO (INDIANA) MUNICIPAL WATER UTILITY

COMPARISON OF ACCOUNT BALANCES WITH MINIMUM BALANCES REQUIRED

Account:	Balance at 8/31/2014	Reserves Required (1)	Ref.	Variance
Operation and Maintenance Account	$709,162	$706,641	(2)	$2,521
Bond Redemption Account:				
Debt Service Subaccount	316,594	300,685	(3)	15,909
Reserve Subaccount	519,287	519,287	(4)	-
Improvement Account	1,573,225	1,153,458	(5)	419,767
Customer Deposits Account	137,233	137,233	(6)	-
Totals	$3,255,501	$2,817,304		$438,197

(1) Balances required in accordance with Bond Ordinance No. 25, 2013.

(2) The balance maintained in the operation and maintenance account should be sufficient to pay the expenses of operation, repair, and maintenance of the utility for the next succeeding two (2) calendar months.

2014 Operation and Maintenance Budget	$4,239,000
Times factor for 2 months	0.1667
Minimum balance required	$706,641

(3) A balance must be maintained equal to the sum of the monthly transfers in the amount of one-sixth (1/6) of the next succeeding principal payment and one-sixth (1/6) of the next succeeding interest payment.

	Payment	Transfer	Amount
2010 Bonds:			
Principal due 10/1/2014	$10,000	5/6	$8,333
Interest due 10/1/2014	44,285	5/6	36,904
2013 Bonds:			
Principal due 10/1/2014	255,000	5/6	212,500
Interest due 10/1/2014	51,538	5/6	42,948
Minimum balance required			$300,685

(4) A balance equal to 10% of the proceeds of all outstanding bonds of the Waterworks ($718,000) to be funded over a period of sixty months.

Minimum balance required	$519,287

(5) No minimum balance required, however a balance equal to annual depreciation expense is recommended to provide for replacements and improvements to the water system.

Minimum balance recommended (Calendar Year 2013)	$1,153,458

(6) Restricted for meter deposit returns.

(See Accountants' Compilation Report and the accompanying summary of accounting policies.)

VALPARAISO (INDIANA) MUNICIPAL WATER UTILITY

SCHEDULE OF AMORTIZATION OF $2,170,000 PRINCIPAL AMOUNT OF OUTSTANDING WATERWORKS REVENUE BONDS, SERIES 2010
Principal and interest payable semiannually on April 1st and October 1st
Interest rates as indicated

Payment Date	Principal Balance	Principal	Interest Rates	Interest	Total	Bond Year Total
	(-----In $1,000's-----)		(%)	(----------In Dollars----------)		
10/1/2014	$2,170	$10	2.25	$44,285.00	$54,285.00	$54,285.00
4/1/2015	2,160	10	2.60	44,172.50	54,172.50	
10/1/2015	2,150	10	2.60	44,042.50	54,042.50	108,215.00
4/1/2016	2,140	10	3.00	43,912.50	53,912.50	
10/1/2016	2,130	10	3.00	43,762.50	53,762.50	107,675.00
4/1/2017	2,120	10	3.30	43,612.50	53,612.50	
10/1/2017	2,110	10	3.30	43,447.50	53,447.50	107,060.00
4/1/2018	2,100	10	3.50	43,282.50	53,282.50	
10/1/2018	2,090	10	3.50	43,107.50	53,107.50	106,390.00
4/1/2019	2,080	10	3.65	42,932.50	52,932.50	
10/1/2019	2,070	10	3.65	42,750.00	52,750.00	105,682.50
4/1/2020	2,060	10	3.70	42,567.50	52,567.50	
10/1/2020	2,050	10	3.70	42,382.50	52,382.50	104,950.00
4/1/2021	2,040	10	3.80	42,197.50	52,197.50	
10/1/2021	2,030	10	3.80	42,007.50	52,007.50	104,205.00
4/1/2022	2,020	10	3.90	41,817.50	51,817.50	
10/1/2022	2,010	10	3.90	41,622.50	51,622.50	103,440.00
4/1/2023	2,000	230	4.00	41,427.50	271,427.50	
10/1/2023	1,770	235	4.00	36,827.50	271,827.50	543,255.00
4/1/2024	1,535	240	4.10	32,127.50	272,127.50	
10/1/2024	1,295	245	4.10	27,207.50	272,207.50	544,335.00
4/1/2025	1,050	250	4.20	22,185.00	272,185.00	
10/1/2025	800	260	4.20	16,935.00	276,935.00	549,120.00
4/1/2026	540	265	4.25	11,475.00	276,475.00	
10/1/2026	275	275	4.25	5,843.75	280,843.75	557,318.75
Totals		$2,170		$925,931.25	$3,095,931.25	$3,095,931.25

(See Accountants' Compilation Report and the accompanying summary of accounting policies.)

VALPARAISO (INDIANA) MUNICIPAL WATER UTILITY

SCHEDULE OF AMORTIZATION OF $4,750,000 PRINCIPAL AMOUNT OF OUTSTANDING WATERWORKS REFUNDING REVENUE BONDS, SERIES 2013
Principal and interest payable semiannually on April 1st and October 1st
Interest rate as indicated

Payment Date	Principal Balance	Principal	Interest Rate	Interest	Total	Bond Year Total
	(-----In $1,000's-----)		(%)	(----------In Dollars----------)		
10/1/2014	$4,750	$255	2.17	$51,537.50	$306,537.50	$306,537.50
4/1/2015	4,495	260	2.17	48,770.75	308,770.75	
10/1/2015	4,235	260	2.17	45,949.75	305,949.75	614,720.50
4/1/2016	3,975	265	2.17	43,128.75	308,128.75	
10/1/2016	3,710	265	2.17	40,253.50	305,253.50	613,382.25
4/1/2017	3,445	270	2.17	37,378.25	307,378.25	
10/1/2017	3,175	275	2.17	34,448.75	309,448.75	616,827.00
4/1/2018	2,900	275	2.17	31,465.00	306,465.00	
10/1/2018	2,625	280	2.17	28,481.25	308,481.25	614,946.25
4/1/2019	2,345	280	2.17	25,443.25	305,443.25	
10/1/2019	2,065	285	2.17	22,405.25	307,405.25	612,848.50
4/1/2020	1,780	290	2.17	19,313.00	309,313.00	
10/1/2020	1,490	290	2.17	16,166.50	306,166.50	615,479.50
4/1/2021	1,200	295	2.17	13,020.00	308,020.00	
10/1/2021	905	295	2.17	9,819.25	304,819.25	612,839.25
4/1/2022	610	300	2.17	6,618.50	306,618.50	
10/1/2022	310	310	2.17	3,363.50	313,363.50	619,982.00
	Totals	$4,750		$477,562.75	$5,227,562.75	$5,227,562.75

(See Accountants' Compilation Report and the accompanying summary of accounting policies.)

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APPENDIX C

ORDINANCE NO. 19, 2014

AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF VALPARAISO, INDIANA, AUTHORIZING THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF EXTENSIONS, ADDITIONS, AND IMPROVEMENTS TO THE WATERWORKS OF THE CITY OF VALPARAISO, INDIANA, AUTHORIZING THE ISSUANCE OF WATERWORKS REVENUE BONDS TO PROVIDE FOR THE COSTS THEREOF, THE ISSUANCE AND SALE OF BOND ANTICIPATION NOTES IN ANTICIPATION OF THE ISSUANCE AND SALE OF SUCH BONDS, THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SUCH WATERWORKS, AND CERTAIN OTHER MATTERS CONNECTED THEREWITH.

PASSED 7/28/14 4-0 VOTE

ORDINANCE NO. _19, 2014_____

AN ORDINANCE OF THE CITY OF VALPARAISO, INDIANA, AUTHORIZING THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF EXTENSIONS, ADDITIONS, AND IMPROVEMENTS TO THE WATERWORKS OF THE CITY OF VALPARAISO, INDIANA, AUTHORIZING THE ISSUANCE OF WATERWORKS REVENUE BONDS TO PROVIDE FOR THE COSTS THEREOF, THE ISSUANCE AND SALE OF BOND ANTICIPATION NOTES IN ANTICIPATION OF THE ISSUANCE AND SALE OF SUCH BONDS, THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SUCH WATERWORKS, AND CERTAIN OTHER MATTERS CONNECTED THEREWITH.

WHEREAS, the City of Valparaiso, Indiana (the "City"), has heretofore constructed and now owns and operates a municipal waterworks utility system (the "Waterworks") by and through the City's Utility Board (the "Board"), furnishing the public water supply to the City and its inhabitants pursuant to the provisions of Indiana Code 8-1.5, as amended (the "Act"); and

WHEREAS, the Board has caused to be prepared plans, maps, specifications, drawings, detailed descriptions, and estimates of the costs of the necessary additions, improvements, and extensions to the Waterworks (the "Project Plans"); and

WHEREAS, this Common Council finds that the cost of the Project to be financed through the issuance of bonds therefor, as shown on the aforementioned Project Plans, together with all incidental and other authorized expenses relating thereto, including the costs of issuance of bonds and, if necessary, bond anticipation notes (the "BANs") on account thereof, will be in the amount not to exceed Eighteen Million Dollars ($18,000,000); and

WHEREAS, this Common Council hereby finds that the cost of the Project to be financed through the issuance of bonds and, if necessary, BANs cannot be provided for out of funds of the Waterworks currently available or reasonably anticipated to be received prior to the completion of the Project and that, in order to obtain funds to pay for the costs of the Project, it will be necessary to issue and sell waterworks revenue bonds, payable solely out of the revenues of the Waterworks, as hereinafter defined, and not constituting a general obligation of the City, and, if necessary, BANs; and

WHEREAS, pursuant to Ordinance No. 11, 2010, adopted by this Common Council on March 22, 2010 (the "2010 Ordinance"), the City has heretofore issued revenue bonds payable from the net revenues of the Waterworks, designated "City of Valparaiso, Indiana, Waterworks Utility Revenue Bonds, Series 2010" (the "2010 Bonds"), currently outstanding in the amount of Two Million One Hundred Seventy Thousand Dollars ($2,170,000); and

WHEREAS, pursuant to Ordinance No.25-2013, adopted by this Common Council on October 28, 2013 (the "2013 Ordinance" and, together with the 2010 Ordinance, the "Prior Ordinances"), the City has heretofore issued revenue bonds payable from the net revenues of the Waterworks, designated "City of Valparaiso, Indiana, Waterworks Refunding Revenue Bonds,

Series 2013" (the "2013 Bonds" and, together with the 2010 Bonds, the "Prior Bonds"), currently outstanding in the amount of Four Million Seven Hundred Fifty Thousand Dollars ($4,750,000); and

WHEREAS, this Common Council now finds that all conditions precedent to the adoption of an ordinance, authorizing the issuance of waterworks revenue bonds, on a parity basis with the Prior Bonds, and, if necessary, BANs to provide the necessary funds to be applied to the cost of the Project, and the authorized costs relating thereto, have been complied with in accordance with the provisions of the Act and Indiana Code 5-1-14-5; and

WHEREAS, this Common Council consequently seeks to authorize the issuance of revenue bonds and, if necessary, BANs to finance the acquisition and construction of the Project to be financed thereby pursuant to the Act and Indiana Code 5-1-14-5, subject to and dependent upon the terms and conditions hereinafter set forth;

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

Section 1. Acquisition and Construction of the Project. The City, being the owner of and engaged in operating the Waterworks, hereby orders, authorizes, and directs the Board to acquire any and all necessary property and to proceed with the construction of the Project, pursuant to the Act and in accordance with the Project Plans prepared and filed with the Board, which Project Plans are hereby adopted and approved and, by reference, incorporated fully in this Ordinance, and to finance all or a portion of the costs of the Project through the issuance of waterworks revenue bonds and, if necessary, the BANs, pursuant to and in the manner described by the Act, Indiana Code 5-1-14-5 and this Ordinance, which revenue bonds shall be payable solely out of the revenues of the Waterworks in accordance with the Act and this Ordinance and which BANs, if issued, shall be payable solely from the proceeds of such revenue bonds. Where used in this Ordinance, the term "City" shall be construed also to include any department, board (including the Board), commission, officer, or officers of the City or of any such department, board, or commission.

The terms 'Waterworks," Water Works," "waterworks," "water works," "works," "water system," and "waterworks system," and similar terms used in this Ordinance shall be construed to mean and include the existing structures and property of the Waterworks owned by the City and all extensions, additions, and improvements thereto and replacements thereof, now or subsequently constructed or acquired.

Section 2. Description of the Project. The Project shall be acquired, constructed, installed, and equipped in accordance with the Project Plans prepared and filed with the Board. The Project shall include, without limitation, the construction of new source of supply, treatment, transmission and distribution systems for the Waterworks.

Section 3. The Bonds. In accordance with the Act and for the purpose of providing funds with which to pay all or a portion of the costs of the Project, together with authorized expenses relating thereto, including the costs of issuance of the Bonds (as hereinafter defined) and the BANs, and the refunding of the BANs, if issued, the City shall issue and sell its

waterworks revenue bonds pursuant to the provisions of the Act and this Ordinance, which bonds shall be payable only out of the revenues of the Waterworks on deposit from time to time in the Bond Redemption Account, as defined herein, or as otherwise provided herein.

The bonds authorized by this Ordinance shall be designated as "City of Valparaiso, Indiana, Waterworks Revenue Bonds, Series 2014" (the "Bonds"), shall be issued in an aggregate principal amount not to exceed Eighteen Million Dollars ($18,000,000), shall be issued in the denominations of Five Thousand Dollars ($5,000) and any integral multiple thereof not exceeding the aggregate principal amount of the Bonds maturing on any one date, shall be numbered consecutively from 14R-1 upward, and shall bear interest at a rate or rates not exceeding five and five-tenths percent (5.5%) per annum (the exact rate or rates to be determined by bidding). Interest on the Bonds shall be payable semiannually on the first day of April and the first day of October of each year beginning not sooner than October 1, 2014, as determined by the Clerk-Treasurer of the City (the "Clerk-Treasurer") prior to the sale of the Bonds (each an "Interest Payment Date"), and such interest shall be calculated on the basis of twelve (12) thirty (30)-day months for a three hundred and sixty (360)-day year. The Bonds shall mature serially beginning no earlier than October 1, 2014, and semiannually on April 1 and October 1 of each year thereafter in the principal amounts and on the dates to be determined by the Clerk-Treasurer of the City (the "Clerk-Treasurer"), based upon the advice of H.J. Umbaugh & Associates, the financial advisor of the City (the "Financial Advisor"), with the final maturity of the Bonds to be no later than October 1, 2037, all of which is to be indicated in the Clerk-Treasurer's Certificate (as hereinafter defined).

The Bonds shall bear an original issue date which shall be the date of delivery thereof, and each Bond shall also bear the date of its authentication. Any Bond authenticated on or before the fifteenth (15th) day of the month preceding the first Interest Payment Date shall pay interest from its original issue date. Any Bond authenticated thereafter shall pay interest from the Interest Payment Date next preceding the date of authentication of such Bond to which interest thereon has been paid or duly provided for, unless such Bond is authenticated after the fifteenth (15th) day of the month immediately preceding an Interest Payment Date and on or before such Interest Payment Date, in which case interest thereon shall be paid from such Interest Payment Date.

Principal of and redemption premium, if any, and final interest payment on the Bonds shall be payable at the principal corporate trust office of the Paying Agent, as defined and described herein. All other payments of interest on the Bonds shall be paid by check or draft mailed one business day before the Interest Payment Date or delivered on the Interest Payment Date by the Paying Agent to the registered owner thereof at the address as it appears on the registration books kept by the Registrar, as defined and described herein, as of the fifteenth (15th) day of the month immediately preceding the Interest Payment Date or at such other address as may be provided to the Paying Agent in writing by such registered owner. All payments of the Bonds shall be made in any coin or currency of the United States of America which, on the dates of such payments, shall be legal tender for the payment of public or private debt.

The Bonds and the BANs, if issued, may, in compliance with all applicable laws, be issued and held in book-entry form on the books of the central depository system, The Depository Trust Company, its successors, or any successor central depository system appointed

by the City from time to time (the "Clearing Agency"). The City and the Registrar may, in connection therewith, do or perform or cause to be done or performed any acts or things not adverse to the rights of the holders of the Bonds and the BANs, as are necessary or appropriate to accomplish or recognize such book-entry form Bonds and the BANs.

During any time that the Bonds or the BANs are held in book-entry form on the books of a Clearing Agency (1) any such Bond or BANs may be registered upon the books kept by the Registrar in the name of such Clearing Agency, or any nominee thereof, including CEDE & Co., as nominee of the Depository Trust Company; (2) the Clearing Agency in whose name such Bond or BAN is so registered shall be, and the City and the Registrar and Paying Agent may deem and treat such Clearing Agency as, the absolute owner and holder of such Bond or BAN for all purposes of this Ordinance, including, without limitation, the receiving of payment of the principal of, premium, if any, on and interest on such Bond or BAN, the receiving of notice and giving of consent; (3) neither the City nor the Registrar or Paying Agent shall have any responsibility or obligation hereunder to any direct or indirect participant, within the meaning of Section 17A of the Securities Exchange Act of 1934, as amended, of such Clearing Agency, or any person on behalf of which, or otherwise in respect of which, any such participant holds any interest in any Bond or BAN, including, without limitation, any responsibility or obligation hereunder to maintain accurate records of any interest in any Bond or BAN or any responsibility or obligation hereunder with respect to the receiving of payment of principal, premium, if any, or interest on any Bonds or BANs, the receiving of notice or the giving of consent; (4) the Clearing Agency, is not required to present any Bond or BAN called for partial redemption prior to receiving payment so long as the Registrar and Paying Agent and the Clearing Agency have agreed to the method for noting such partial redemption; and (5) payment of the principal of and interest on the Bonds or BANs may be made by wire transfer or other method acceptable to the Clearing Agency, as indicated in the Clerk-Treasurer's Certificate.

If either (i) the City receives notice from the Clearing Agency which is currently the registered owner of the Bonds or the BANs to the effect that such Clearing Agency is unable or unwilling to discharge its responsibility as a Clearing Agency for the Bonds or the BANs or (ii) the City elects to discontinue its use of such Clearing Agency as a Clearing Agency for the Bonds or the BANs, then the City and Registrar and Paying Agent each shall do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the Bonds or the BANs, as are necessary or appropriate to discontinue use of such Clearing Agency as a Clearing Agency for the Bonds or the BANs and to transfer the ownership of each of the Bonds or the BANs to such person or persons, including any other Clearing Agency, as the holder of the Bonds or the BANs may direct in accordance with this Ordinance. Any expenses of such discontinuance and transfer, including expenses of printing new certificates to evidence the Bonds or the BANs, shall be paid by the City.

During any time that the Bonds or the BANs are held in book-entry form on the books of a Clearing Agency, the Registrar and Paying Agent shall be entitled to request and rely upon a certificate or other written representation from the Clearing Agency or any participant or indirect participant with respect to the identity of any beneficial owners of the Bonds or the BANs as of a record date selected by the Registrar and Paying Agent. For purposes of determining whether the consent, advice, direction or demand of a Registered Owner of the Bond or BAN has been

obtained, the Registrar or Paying Agent shall be entitled to treat the beneficial owners of the Bonds or the BANs as the Bondholders or holders of the BANs, respectively.

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

Section 4. The BANs. In anticipation of the issuance and sale of the Bonds authorized herein, and to provide interim financing to apply to the cost of the Project, the City is hereby authorized to have prepared and to issue and sell negotiable BANs of the City, in an aggregate principal amount not to exceed Eighteen Million Dollars ($18,000,000) to be designated "City of Valparaiso, Indiana, Waterworks Revenue Bond Anticipation Notes, Series 2014." The BANs shall be issued in fully registered form, shall be numbered consecutively from 14R-1 upwards, shall be issued in denominations of One Thousand Dollars ($1,000) or integral multiples thereof, shall be dated as of the date of issuance of the BANs, shall bear interest at a rate not exceeding three percent (3.0%) per annum (the exact rate of interest to be determined by negotiation), payable on semiannual Interest Payment Dates commencing on the Interest Payment Date which immediately follows the date of delivery of the BANs until the final maturity thereof, and such interest shall be calculated on the basis of twelve (12) thirty (30)-day months for a three hundred and sixty (360) day year. The BANs may be sold at a discount not exceeding five-tenths percent (.5%) of the par amount thereof. The initial BANs delivered will mature two years from the date of issuance and each subsequent BAN delivered will bear the same maturity date as the initial BANs. The BANs shall be subject to renewal or extension for additional terms not to exceed two years, subject to the limitations set forth below, at an interest rate not to exceed three percent (3.0%) with the exact rate to be negotiated. The term of the BANs and all renewal BANs may not, in the aggregate, exceed five years from the date of delivery of the initial BANs.

The BANs shall be issued pursuant to the provisions of Indiana Code 5-1-14-5, and the principal thereof shall be refunded and retired out of the proceeds from the issuance and sale hereunder of the Bonds. The City may also use other revenues or funds of the City legally available therefor, if any, including amounts available to the City out of federal or state funds available for application to the Project, for payment of the principal of the BANs; provided, however, that no funds other than proceeds from the issuance and sale of the Bonds, if and when issued, are pledged to the payment of principal of the BANs. The interest on the BANs shall be payable either from the net revenues of the Waterworks (as hereinafter defined), or from proceeds from the issuance and sale hereunder of the Bonds.

Notwithstanding any other provision of this Ordinance, if the BANs are sold to a purchaser who authorizes the principal thereof to be drawn down in installments, the City may receive payment for the BANs in installments and principal shall not be payable and interest shall not accrue on such BANs until such principal amount has been advanced pursuant to requests made by the City to such purchaser. In the event that the total principal amount of the BANs sold to such purchaser is not advanced to the City, the principal amount of the BANs shall be reduced accordingly.

Section 5. Registrar and Paying Agent. A registrar and a paying agent for the Bonds and the BANs (the 'Registrar" and the "Paying Agent" and, in both such capacities, the "Registrar and Paying Agent") shall be appointed by the Controller of the Board (the "Controller"). The Registrar and Paying Agent shall be charged with and shall by appropriate agreement undertake the performance of all of the duties and responsibilities customarily associated with each such position, including without limitation the authentication of the Bonds and the BANs, if issued. The Controller is further authorized and directed to enter into such agreements and understandings with the Registrar and Paying Agent as will enable and facilitate the performance of its duties and responsibilities, and are authorized and directed to pay such fees as the Registrar and Paying Agent may reasonably charge for its services in such capacity.

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

The Registrar and Paying Agent, if not the Clerk-Treasurer, may at any time resign as Registrar and Paying Agent upon giving thirty (30) days' notice in writing to the City and by first-class mail to each registered owner of the Bonds or BANs then outstanding, and such resignation will take effect at the end of such thirty (30) days or upon the earlier appointment of a successor Registrar and Paying Agent by the City. Any such notice to the City may be served personally or sent by registered mail. The Registrar and Paying Agent may also be removed at any time as Registrar and Paying Agent by the City, in which event the City may appoint a successor Registrar and Paying Agent. The City shall notify each registered owner of Bonds or BANs then outstanding by first-class mail of the removal of the Registrar and Paying Agent. Notices to registered owners of the Bonds or the BANs, as the case may be, shall be deemed to be given when mailed by first-class mall to the addresses of such registered owners as they appear on the registration books kept by the Registrar. Any predecessor Registrar and Paying Agent shall deliver any of the Bonds, BANs and cash in its possession with respect thereto, together with the register of books, to the successor Registrar and Paying Agent. The Controller is hereby authorized to act on behalf of the City with regard to any of the aforementioned actions of the City relating to the resignation or removal of the Registrar and Paying Agent and appointment of a successor Registrar and Paying Agent.

Section 6. Transfer, Exchange and Non-Presentment of Bonds and BANs. Each Bond and BAN shall be transferable or exchangeable only on the books of the City maintained for such purpose at the principal corporate trust office of the Registrar, by the registered owner thereof in person, or by his or her attorney duly authorized in writing upon surrender of such Bond or BAN together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner or his or her attorney duly authorized in writing, and thereupon a new fully registered Bond or Bonds, or BAN or BANs, in the same aggregate principal amount and of the same maturity shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. Each Bond or BAN may be transferred or exchanged without cost to the registered owner or his or her attorney duly authorized in writing, except for any tax or other governmental charge which may be required to be paid with respect to such transfer or exchange. The Registrar shall not be obligated to make any transfer or exchange of any Bond or BAN (i) during the fifteen (15) days

immediately preceding an Interest Payment Date, (ii) during the fifteen (15) days immediately preceding the mailing of a notice of redemption of such Bond or BAN to be redeemed, or (iii) after the mailing of notice calling such Bond or BAN for redemption. The City, the Registrar and the Paying Agent may treat and consider the person in whose name any Bond or BAN is registered as the absolute owner thereof for all purposes including the purpose of receiving payment of, or on account of, the principal thereof, redemption premium, if any, and interest thereon.

In the event any Bond or BAN is mutilated, lost, stolen or destroyed, the City may cause to be executed and the Registrar may authenticate a new Bond or BAN of like date, maturity, and denomination as the mutilated, lost, stolen or destroyed Bond or BAN, which new Bond or BAN shall be marked in a manner to distinguish it from the Bond or BAN for which it was issued; provided, that in the case of any mutilated Bond or BAN, such mutilated Bond or BAN shall first be surrendered to the Registrar, and in the case of any lost, stolen or destroyed Bond or BAN there shall be first furnished to the Registrar evidence of such loss, theft or destruction satisfactory to the City and the Registrar, together with indemnity satisfactory to them. In the event that any such mutilated, lost, stolen or destroyed Bond or BAN shall have matured or been called for redemption, instead of causing to be issued a duplicate Bond or BAN, the Registrar and Paying Agent may pay the same upon surrender of the mutilated Bond or BAN or upon satisfactory indemnification and proof of loss, theft or destruction in the case of a lost, stolen or destroyed Bond or BAN. The City and the Registrar and Paying Agent may charge the owner of any such Bond or BAN with their reasonable fees and expenses in connection with the above. Every substitute Bond or BAN issued by reason of any Bond or BAN being lost, stolen or destroyed shall, with respect to such Bond or BAN, constitute a substitute contractual obligation of the City pursuant to this Ordinance, whether or not the lost, stolen or destroyed Bond or BAN shall be found at any time, and shall be entitled to all the benefits of this Ordinance, equally and proportionately with any and all other Bonds or BANs, as the case may be, duly issued hereunder.

In the event that any Bond or BAN is not presented for payment or redemption on the date established therefor, the City may deposit in trust with the Paying Agent an amount sufficient to pay such Bond or BAN or the redemption price thereof, as appropriate, and thereafter the owner of such Bond or BAN shall look only to the funds so deposited in trust with the Paying Agent for payment and the City shall have no further obligation or liability with respect thereto.

Section 7. Optional Redemption of the BANs and the Bonds; Term Bond. The BANs are prepayable by the City at the option of the City and without premium, in whole or in part, at any time ninety days after the date of issuance thereof, upon seven days' notice to the owner of the BANs. In the case of prepayment, the principal and accrued interest due on the BANs shall be paid only from proceeds of the Bonds, except that the interest due on the BANs may also be paid from other revenues and funds legally available therefor, if any, including federal or state funds available for application to the Project; provided, however, that such funds are not pledged to the payment of the principal of the BANs.

The Bonds shall have such redemption terms as determined by the Clerk-Treasurer prior to the sale of the Bonds. The Bonds may be subject to mandatory sinking fund redemption as provided below.

Official notice of such redemption shall be mailed by the Registrar and Paying Agent by certified or registered mail at least thirty (30) days and not more than sixty (60) days prior to the scheduled redemption date to each of the registered owners of the Bonds called for redemption (unless waived by any such registered owner) at the address shown on the registration books of the Registrar and Paying Agent, or at such other address as is furnished in writing by such registered owner to the Registrar; provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond. The notice shall specify the redemption price, the date and place of redemption, and the registration numbers (and, in case of partial redemption, the respective principal amounts) of the Bonds called for redemption. The place of redemption may be at the principal corporate trust office of the Registrar and Paying Agent or as otherwise determined by the City. Interest on the Bonds (or portions thereof) so called for redemption shall cease to accrue on the redemption date fixed in such notice, if sufficient funds are available at the place of redemption to pay the redemption price on the redemption date and when such Bonds (or portions thereof) are presented for payment. Any Bond redeemed in part may be exchanged for a Bond or Bonds of the same maturity in authorized denominations equal to the remaining principal amount thereof.

In addition to the forgoing notice, the City may also direct that further notice of redemption of the Bonds be given, including without limitation and at the option of the City, notice described in paragraph (a) below given by the Registrar and Paying Agent to the parties described in paragraphs (b) and (c) below. No defect in any such further notice and no failure to give all or any portion of any such further notice shall in any manner defeat the effectiveness of any call for redemption of Bonds so long as notice thereof is given as prescribed above.

(a) If so directed by the City, each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of Issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds being redeemed.

(b) If so directed by the City, each further notice of redemption shall be sent at least thirty-five (35) days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(c) If so directed by the City, each such further notice shall be published one time in The Bond Buyer of New York, New York, or, if the Registrar believes such publication is impractical or unlikely to reach a substantial number of the holders of the Bonds, in some other financial newspaper or journal which regularly carries notices of

redemption of other obligations similar to the Bonds, with any such publication to be made at least thirty (30) days prior to the date fixed for redemption.

Upon the payment of the redemption price of the Bonds (or portions thereof) being redeemed and, if so directed by the City, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying by issue and maturity the Bonds (or portions thereof) being redeemed with the proceeds of such check or other transfer.

As determined by the successful bidder for the Bonds and as to be set forth in the certificate of the Clerk-Treasurer regarding the award of the Bonds (the "Award Certificate"), all or a portion of the Bonds may be aggregated into one or more term bonds payable from mandatory sinking fund redemption payments (the "Term Bonds") required to be made as set forth below. The Term Bonds shall have a stated maturity or maturities of April 1 and/or October 1, beginning not sooner than April 1, 2015, in the years to be determined by the successful bidder for the Bonds and as set forth in the Award Certificate.

In the event that the successful bidder for the Bonds opts to aggregate certain Bonds into Term Bonds, such Term Bonds shall be subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, but without premium, on April 1 and October 1 as set forth in the Award Certificate.

The Registrar shall credit against any mandatory sinking fund redemption requirement for a Term Bond of a particular maturity, any Bonds of such maturity purchased for cancellation by the City and cancelled by the Registrar and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each Bond so purchased shall be credited by the Registrar at 100% of the principal amount thereof against the mandatory sinking fund redemption requirements for the applicable Term Bond in inverse order of mandatory sinking fund redemption (or final maturity) dates, and the principal amount of such Term Bond to be redeemed on such mandatory sinking fund redemption dates by operation of the mandatory sinking fund requirements shall be reduced accordingly.

The Registrar shall determine by lot (treating each $5,000 principal amount of each Bond as a separate Bond for such purpose) the Bonds within a Term Bond of a particular maturity to be redeemed pursuant to mandatory sinking fund redemption requirements on April 1 and October 1 of each year.

Notice of any such mandatory sinking fund redemption shall be given in the manner provided in this Section 7 of this Ordinance.

In the event any of the Bonds are issued as Term Bonds, the form of the Bonds set forth in Appendix A hereto shall be modified accordingly.

Any reference to the payment or maturity of principal of the Bonds shall be deemed to include payment of scheduled mandatory sinking fund redemption payments described in this Section.

Section 8. Execution and Authentication of the Bonds and the BANs. The Bonds and the BANs shall be executed in the name of the City by the manual or facsimile signature of the Mayor of the City (the "Mayor"), and shall be attested by the manual or facsimile signature of the Clerk-Treasurer, with the seal of the City or a facsimile thereof to be affixed to each of the Bonds and the BANs. The Bonds and the BANs shall be authenticated by the manual signature of the Registrar, and no Bond or BAN shall be valid or become obligatory for any purpose until the certificate of authentication thereon has been so executed. In case any official whose signature appears on any Bond or BAN shall cease to be such official before the delivery of such Bond or BAN, the signature of such official shall nevertheless be valid and sufficient for all purposes, the same as if such official had been in office at the time of such delivery. Subject to the provisions of this Ordinance regarding the registration of the Bonds and BANs, the Bonds and BANs shall be fully negotiable instruments under the laws of the State of Indiana.

Section 9. Form of the Bonds. The form and tenor of the Bonds shall be substantially as set forth in Appendix A attached hereto and incorporated herein as if set forth at this place (with all blanks to be properly completed prior to the preparation of the Bonds).

Section 10. Issuance, Sale and Delivery of the Bonds and the BANs. The Clerk-Treasurer is hereby authorized and directed to have the Bonds and the BANs prepared, and the Mayor and the Clerk-Treasurer are each hereby authorized and directed to execute and attest, respectively, the Bonds and the BANs in the form and manner herein provided. The Clerk-Treasurer is hereby authorized and directed to deliver the Bonds and the BANs to the purchaser or purchasers thereof after sale made in accordance with the provisions of the Act, Indiana Code 5-1-1.4-5 and this Ordinance, provided that at the time of said delivery the Clerk-Treasurer shall collect the full amount which the purchaser or purchasers have agreed to pay therefor, which shall be not less than ninety-nine percent (99%) of the par amount of the Bonds (or such higher percentage of the par value of the Bonds as the Clerk-Treasurer, with the advice of the financial advisor to the City, shall determine), plus accrued interest thereon to the date of delivery, if any, and in the case of the BANs, shall not be less than ninety-nine and five-tenths percent (99.5%) of the par amount of the BANs. The proceeds derived from the sale of the Bonds (or, instead, the BANs, if such BANs are issued), shall be and are hereby set aside for application to the costs of the Project, together with the expenses necessarily incurred in connection therewith, including the expenses incurred in the issuance of the Bonds and the BANs. The authorized officers of the City are hereby authorized and directed to draw all proper and necessary warrants and to do whatever other acts and things that may be necessary or appropriate to carry out the provisions of this Ordinance.

The Bonds shall be sold by public sale. Prior to the sale of the Bonds, the Clerk-Treasurer shall cause to be published a notice of intent to sell two times at least one week apart in the Northwest Indiana Times, the Chesterton Tribune and the Court & Commercial Record. The notice of such sale or a summary thereof may also be published in the Bond Buyer, a financial journal published in the City and State of New York and/or in other publications, in the discretion of the Clerk-Treasurer. The notice must state that any person interested in submitting bid for the Bonds may furnish in writing, at the address set forth in the notice, the person's name, address, and telephone number, and that any such person may also furnish a telex number. The notice must also state: (1) the principal amount of the Bonds to be offered; (2) the denominations; (3) the dates of maturity; (4) the maximum rate or rates of interest; (5) the place

of sale; and (6) the time within which the name, address and telephone number must be furnished, which must not be less than seven days after the last publication of the notice. Each person so registered shall be notified of the date and time bids will be received not less than twenty four (24) hours before the date and time of sale. The notification shall be made by telephone at the number furnished by the person, and also by telex if the person furnishes a telex number. Such notice may also include such other information as the Clerk-Treasurer shall deem necessary. Such notice shall also provide, among other things, that each bid shall be accompanied within twenty-four (24) hours by a certified or cashier's check, financial surety bond or wire transfer in an amount equal to one percent (1%) of the principal amount of the Bonds to guarantee performance on the part of the bidder, and that in the event the successful bidder shall fall or refuse to accept delivery of and pay for the Bonds as soon as the Bonds are ready for delivery, or at the time fixed in the notice of intent to sell, then such check, financial surety bond or wire transfer and the proceeds thereof shall become the property of the City and shall be considered as the City's liquidated damages on account of such default.

All bids for the Bonds shall be sealed and shall be presented to the Clerk- Treasurer at the office of the Clerk-Treasurer or such other place designated by the Clerk-Treasurer in the notice of the sale of the Bonds. Bidders for the Bonds shall be required to name the rate or rates of Interest which the Bonds are to bear, which rate or rates shall not exceed five and five-tenths percent (5.5%). Such interest rate or rates shall be in multiples of one-eighth (1/8) or one-hundredth (1/100) of one percent (1.00%). Bids specifying more than one interest rate shall also specify the amount and maturities of the Bonds bearing each rate. All Bonds maturing on the same date shall bear the same rate and the interest rate bid on any maturity of Bonds shall be equal to or greater than the interest rate bid on any and all prior maturities of Bonds. Subject to the provisions set forth below, the Clerk-Treasurer shall award the Bonds to the bidder offering the lowest net interest cost to the City, to be determined by computing the total interest on all of the Bonds from the date thereof to their respective maturities and deducting therefrom the premium bid, if any, or adding thereto the amount of any discount. No bid for less than all of the Bonds or for less than ninety-nine percent (99%) of the par value of the Bonds, plus accrued interest to the date of delivery, shall be considered. The City shall have the right to reject any and all bids. In the event an acceptable bid is not received on the date fixed in the notice, the Clerk-Treasurer shall be authorized to continue the sale from day to day for a period of not to exceed thirty (30) days without readvertisement, subject to the requirements of Indiana law.

The Clerk-Treasurer is hereby authorized to determine, in her discretion, based upon the advice of the Financial Advisor, to sell the Bonds pursuant to the general provisions of Indiana Code 5-1-11 (rather than Section 2(b) thereof), and in the event of such a determination, those portions of this Section 10 which conflict with such provisions shall be deemed inapplicable.

The City, after having satisfied all the statutory requirements for the issuance of the Bonds, may elect to issue its BAN or BANs pursuant to a Bond Anticipation Note Purchase Agreement (the "BAN Purchase Agreement"), to be entered into between the City and the purchaser of the 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 BANs are for all purposes sufficient to authorize the issuance of the Bonds and

the use of the proceeds to repay the BANs. The Mayor and the Clerk-Treasurer are hereby authorized and directed to execute and attest, respectively, a BAN Purchase Agreement in such form or substance as they shall approve acting upon the advice of counsel and the Financial Advisor. 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 and the other documents needed for the financing as they deem necessary or desirable in connection therewith.

Prior to the delivery of the Bonds and the BANs, the Clerk-Treasurer, based upon the advice of the Financial Advisor, (i) shall be authorized to investigate and to obtain insurance, other forms of credit enhancement and/or credit ratings on the Bonds and the BANs, and (ii) shall obtain a legal opinion as to the validity of the Bonds and the BANs from Barnes & Thornburg LLP, Indianapolis, Indiana, bond counsel for the City, with such opinion to be furnished to the purchaser or purchasers of the Bonds and the BANs at the expense of the City. The costs of obtaining any such insurance, other credit enhancement and/or credit ratings, together with bond counsel's fee in preparing and delivering such opinion and in the performance of related services in connection with the issuance, sale and delivery of the Bonds and the BANs, shall be considered as a part of the costs of issuance of the Bonds and BANs and shall be paid out of the proceeds of the sale of the Bonds or, in the discretion of the City, any other legally available funds therefor.

Section 11. Security and Sources of Payment for the Bonds. The Bonds, when fully paid for and delivered to the purchaser or purchasers thereof, together with the Prior Bonds and any other bonds hereafter issued on a parity therewith (to be referred to hereinafter collectively as the "bonds," unless the context otherwise requires), as to both principal and interest, shall be valid and binding special revenue obligations of the City, payable solely from and secured by an irrevocable pledge of and constituting a charge upon all of the net revenues (herein defined as gross revenues after deduction only for the payment of the reasonable expenses of operation, repair and maintenance, but excluding transfers to the City as payment in lieu of taxes) derived from the Waterworks, including all such net revenues from the existing works, the Project and all additions and improvements thereto and replacements thereof subsequently constructed or acquired, to be set aside into the Bond Redemption Account as herein provided. The City shall not be obligated to pay the Bonds or the interest thereon except from the net revenues of the Waterworks, and the Bonds shall not constitute an indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana.

Section 12. Disposition of the Proceeds of the Bonds and BANs; 2014 Waterworks Construction Account. The proceeds from the sale of the BANs (or, if and to the extent the BANs are not issued, the Bonds) shall be deposited in a bank or banks which are legally qualified depositories for the funds of the City, in the special account to be designated as "City of Valparaiso, 2014 Waterworks Construction Account" (the "Construction Account"), excepting accrued interest and premium, if received at the time of the delivery of the Bonds, which shall be deposited in the Bond Redemption Account, as defined and described herein. Amounts in the Construction Account shall be expended only for the purpose of paying the costs of the Project and paying capitalized interest, if any, based upon the recommendation of the Financial Advisor, together with the incidental expenses incurred in connection with the Project and the costs of issuance of the Bonds (and, if the BANs are issued, the BANs), and as otherwise permitted or

required by the Act. Any balance or balances remaining unexpended in the Construction Account after completion of the Project, which are not required to meet unpaid obligations incurred in connection with the acquisition or construction of the Project, shall be used solely for one or more of the purposes permitted under the provisions of Indiana Code 5-1-13, as amended. Pursuant to the Act, the owners of the Bonds and BANs shall be entitled to a lien on the proceeds of the Bonds and BANs, respectively, until such proceeds are applied as required by this Ordinance and by Indiana law.

Notwithstanding the provisions of this Section 12, if BANs are issued, then the proceeds of the Bonds relating thereto shall be used to refund the BANs and are hereby pledged for such purpose, and any proceeds of the Bonds remaining after the BANs have been paid in full shall be deposited in the Construction Account or the Bond and Interest Redemption Account, as appropriate.

Section 13. Segregation and Application of Waterworks Revenues. All revenues derived from the operation of the Waterworks and from the collection of water rates and charges shall be segregated and kept separate and apart from all other funds and bank accounts of the City. Out of such revenues the proper and reasonable expenses of operation, repair and maintenance of the Waterworks shall be paid, the principal and interest of all bonds and fiscal agency charges of bank paying agents shall be paid, and the costs of replacements, extensions, additions and improvements shall be paid as hereinafter provided.

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

(b) Operation and Maintenance Account. On the last day of each calendar month, there shall be credited from the Special Fund to the "City of Valparaiso, Waterworks Operation and Maintenance Account" previously established and continued hereby (the "Operation and Maintenance Account"), a sufficient amount of the revenues of the Waterworks so that the balance in said fund shall be sufficient to pay the expenses of operation, repair and maintenance of the works for the next succeeding two (2) calendar months. The moneys credited to this fund shall be used for the payment of the reasonable and proper operation, repair and maintenance expenses of the Waterworks on a day-to-day basis, but none of the moneys in such fund shall be used for depreciation, replacements, improvements, extensions or additions, or for transfers to the City for payment in lieu of taxes. Any balance in said fund in excess of the expected expenses of operation, repair and maintenance for the next succeeding two (2) calendar months may be transferred to the Bond Redemption Account if necessary to prevent a default in the payment of principal or interest on outstanding bonds of the Waterworks.

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

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

(ii) Reserve Subaccount. On the last day of each calendar month, after making the credits to the Debt Service Subaccount, there shall be credited from available net revenues to the Reserve Subaccount previously created and continued hereby in amounts sufficient to produce, in equal monthly installments over a sixty (60) month period, an amount equal to the least of (i) the maximum annual debt service on all outstanding bonds of the Waterworks, (ii) one hundred twenty-five percent (125%) of the average annual debt service on all outstanding bonds of the Waterworks, or (iii) ten percent (10%) of the proceeds of all outstanding bonds of the Waterworks (the "Reserve Requirement"); provided, however, that the Clerk-Treasurer, based upon the advice of the Financial Advisor, may elect to satisfy all or a portion of the Reserve Requirement on the date of issuance of the Bonds from other available funds of the City. Said credits to the Reserve Subaccount shall continue until the balance therein shall equal the Reserve

Requirement. The Reserve Subaccount shall constitute the margin for safety as a protection against default in the payment of principal of and interest on the Bonds, the Prior Bonds and any other parity bonds of the City payable from the net revenues of its Waterworks hereafter issued so long as the Reserve Requirement has been increased proportionately, and the moneys in the Reserve Subaccount shall be used to pay current principal and interest on the Bonds, the Prior Bonds and any other bonds of the City payable from the net revenues of the Waterworks to the extent that moneys in the Debt Service Subaccount are insufficient for that purpose. Any deficiencies in credits to the Reserve Subaccount shall be promptly made up from the next available net revenues remaining after credits into the Debt Service Subaccount. In the event moneys in the Reserve Subaccount are transferred to the Debt Service Subaccount to pay principal and interest on bonds, then such depletion of the balance in the Reserve Subaccount shall be made up from the next available net revenues after the credits into the Debt Service Subaccount hereinbefore provided for. Any moneys in the Reserve Subaccount in excess of the Reserve Requirement shall be transferred to the Waterworks Improvement Account, and in no event shall such excess moneys be held in the Reserve Subaccount.

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

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

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

Section 14. Investment of Funds. All of the amounts in the funds and accounts created pursuant to this Ordinance shall be deposited in lawful depositories of the State, and shall be continuously held and secured or invested as provided by the laws of Indiana relating to the depositing, securing, holding and investing of public funds, including particularly Indiana Code 5-13-9. The amounts in the Bond Redemption Account and all other funds, accounts and subaccounts created or continued pursuant to this Ordinance shall be kept in separate bank accounts apart from all other bank accounts of the City. In no event shall any of the revenues of

the Waterworks be transferred or used for any purpose not authorized by this Ordinance so long as any of the bonds of the Waterworks issued pursuant to the provisions of this Ordinance shall be outstanding. Investment income earned on moneys in the funds and accounts established by this Ordinance shall become a part of the funds and accounts invested (except as otherwise provided in Section 13(c)(ii) hereof) and shall be used only as provided in this Ordinance.

Section 15. Books of Records and Accounts. The City shall keep proper books of records and accounts, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues collected from the Waterworks and deposited in the special accounts established pursuant to this Ordinance and all disbursements made therefrom and all transactions relating to the Waterworks. There shall be prepared and furnished, upon written request, to any owner of the Bonds or the BANs at the time then outstanding, not more than ninety (90) days after the close of each fiscal year of the Waterworks, complete operating and income statements of the Waterworks, in reasonable detail covering such fiscal year, which statements shall be certified by the Controller or a certified public accountant retained for the purpose of making an accounting study of the records of the Waterworks. Copies of all such statements and reports shall at all times be kept on file and available for inspection in the office of the Board. Any owner of at least five percent (5%) in aggregate principal amount of the then outstanding Bonds or BANs shall have the right at all reasonable times to inspect the Waterworks and the records, accounts and data of the City and the Board relating thereto.

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

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

Section 17. Additional BANs and Bonds. The City reserves the right to authorize and issue additional BANs at any time ranking on a parity with the BANs so long as the interest

thereon is payable only on the same Interest Payment Dates as the original BANs and the principal is payable solely from Bond proceeds. The City also reserves the right to authorize and issue additional bonds, payable out of the net revenues of the Waterworks, ranking on a parity with the Bonds authorized by this Ordinance, for the purpose of financing the cost of future additions, extensions and improvements to the Waterworks and/or to refund outstanding bonds, subject to the following conditions:

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

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

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

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

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

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

(a) All construction contracts let by the City in connection with the Project shall be let to responsible contractors who shall be required to furnish construction bonds running to the City in an amount equal to one hundred percent (100%) of the amount of such contracts to insure the completion of such contracts in accordance with their terms, and such contractors shall be required to carry such amounts of employer's liability and public liability insurance as are required under the laws of the State of Indiana in the case

of public contracts, and shall be governed in all respects by the laws of the State of Indiana relating to public contracts.

(b) The Project shall be contracted for and constructed pursuant to the Project Plans prepared by the engineer or engineers for the Project, and constructed under the supervision of such engineers and such other consulting engineers as may be employed by the Board. All estimates for work done and materials furnished shall first be checked by the Board and such engineers before being approved by the City.

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

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

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

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

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

(h) The provisions of this Ordinance shall constitute a contract by and between the City and the owners of the Bonds and the BANs, all of the terms of which shall be enforceable at law or in equity, and after the issuance of the Bonds or the BANs

this Ordinance shall not be repealed or amended in any respect which would adversely affect the rights and interests of the owners of the Bonds or the BANs, and the Common Council and the Board shall not adopt any law, ordinance or resolution which in any way would adversely affect the rights of such owners so long as any of the principal of or interest on the Bonds or BANs remains unpaid; provided, that the City shall have the right to amend this Ordinance, under certain circumstances, without notice to or approval by any owners of the Bonds or BANs in accordance with Section 22 of this Ordinance if the Common Council determines, in its sole discretion, that such amendment would not adversely affect the owners of the Bonds and the BANs, or as otherwise permitted by Section 22 of this Ordinance. The owners of the Bonds and BANs shall have all of the rights, remedies and privileges provided in the Act and under Indiana law in the event of default in the payment of the principal of or interest on any of the Bonds or BANs herein authorized or in the event of default in respect to any of the provisions of this Ordinance or the Act.

Section 19. Defeasance of the Bonds. If, when the Bonds or a portion thereof shall have become due and payable in accordance with their terms, or shall have been duly called for redemption, or irrevocable instructions to call the Bonds or a portion or portions thereof for redemption shall have been given, and the whole amount of the principal of, redemption premium, if any, on and the interest due and payable on all of the Bonds then outstanding shall be paid; or (i) sufficient moneys, or (ii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, the principal of and the interest on which when due will provide sufficient moneys for such purpose, or (iii) time certificates of deposit fully secured as to both principal and interest by obligations of the kind described in clause (ii) above of a bank or banks, the principal of and interest on which when due will provide sufficient moneys for such purpose, shall be held in trust, and provision shall also be made for paying all fees and expenses for the redemption, then and in such event the Bonds shall no longer be deemed outstanding or entitled to the pledge of the revenues of the Waterworks.

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

(a) No person or entity or any combination thereof, other than the City or any other governmental unit within the meaning of Section 141(b)(6) and Section 150(a)(2) of the Code ("Governmental Unit") will use more than ten percent (10%) of the proceeds of the Bonds or the BANs or property financed by such proceeds of the Bonds or BANs other than as a member of the general public. No person or entity or any combination thereof other than the City or any other Governmental Unit will own property financed out of more than ten percent (10%) of the proceeds of the Bonds or the BANs or will have actual or beneficial use of more than ten percent (10%) of such property pursuant to a lease, a management or incentive payment contract or any other type of arrangement that differentiates that person's or entity's use of such property from the use of such property by the public at large, except pursuant to a management or similar contract that satisfies the requirements of IRS Revenue Procedure 97-13.

(b) No Bond or BAN proceeds will be lent to any entity or person. No Bond or BAN proceeds will be transferred directly or indirectly, or be deemed transferred, to a person or entity other than a Governmental Unit in a fashion that would in substance constitute a loan of such Bond or BAN proceeds.

(c) The City will not take, or cause or permit to be taken by it or by any party under its control, or fail to take or cause or permit to fail to be taken by it or by any parity under its control, any action that would result in the loss of the excludability from gross income for federal income tax purposes of interest on the Bonds or the BANs pursuant to Section 103 of the Code. The City further covenants that it will not make any investment or do any other act or thing during the period that any Bond or BAN is outstanding hereunder which would cause any Bond or BAN to be an "arbitrage bond" within the meaning of Section 148 of the Code and the regulations applicable thereto as in effect on the date of delivery of the Bonds or the BANs, as the case may be. In furtherance of the foregoing, the Clerk-Treasurer and the Controller are hereby authorized to invest or to cause to be invested moneys pursuant to the provisions of this Ordinance at a restricted yield, to the extent permitted by and consistent with the provisions for such investments under the Code and to the extent necessary or advisable to preserve the excludability from gross income of interest on the Bonds and the BANs for federal income tax purposes.

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

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

(f) The Clerk-Treasurer and the Controller are hereby authorized to employ consultants and attorneys from time to time to advise the City with respect to the requirements under federal law for the continuing preservation of the excludability of interest on the Bonds and the BANs from gross income for purposes of federal income taxation, as described in this Section 20.

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

Section 22. Supplemental Ordinances. Without notice to or consent of the owners of the bonds herein authorized, the City may, from time to time and at any time, adopt an ordinance or ordinances supplemental hereto (which supplemental ordinance or ordinances shall thereafter form a part hereof) for any of the following purposes:

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

(b) To grant to or confer upon the owners of the bonds and BANs herein authorized any additional benefits, rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the owners of the bonds and BANs herein authorized or to make any change which, in the judgment of the City, is not to the prejudice of the owners of the bonds or BANs herein authorized;

(c) To modify, amend or supplement this Ordinance to permit the qualification of the bonds or BANs herein authorized for sale under the securities laws of the United States of America or of any of the states of the United States of America or to obtain or maintain bond insurance or other credit enhancement with respect to payments of principal of and interest on bonds or BANs herein authorized;

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

(e) To procure a rating on the bonds herein authorized from a nationally recognized securities rating agency or agencies designated in such supplemental ordinance if such supplemental ordinance will not adversely affect the owners of the bonds herein authorized or any other bonds ranking on a parity with such bonds; or

(f) To accomplish any other purpose which, in the judgment of the City, does not adversely affect the interests of the owners of the bonds or BANs herein authorized.

Subject to the terms and provisions contained in this Section 22, and not otherwise, the owners of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the bonds issued pursuant to this Ordinance and then outstanding shall have the right, from time to time, anything contained in this Ordinance to the contrary notwithstanding, to consent to and approve the adoption by the City of such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this Ordinance, or in any supplemental ordinance; provided, however, that nothing herein contained shall permit or be construed as permitting:

(i) An extension of the maturity of the principal of or interest on any bond issued pursuant to this Ordinance; or

(ii) A reduction in the principal amount of any bond or the redemption premium or the rate of interest thereon; or

(iii) The creation of a lien upon or a pledge of the revenues of the Waterworks ranking prior to the pledge thereof created by this Ordinance; or

(iv) A preference or priority of any bond or bonds issued pursuant to this Ordinance over any other bond or bonds issued pursuant to the provisions of this Ordinance; or

(v) A reduction in the aggregate principal amount of the bonds required for consent to such supplemental ordinance.

The owners of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the bonds outstanding at the time of adoption of such supplemental ordinance shall have consented to and approved the adoption thereof by written instrument to be maintained on file in the office of the Clerk-Treasurer of the City. No owner of any bond issued pursuant to this Ordinance shall have any right to object to the adoption of such supplemental ordinance or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City or its officers from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental ordinance pursuant to the provisions of this Section 22, this Ordinance shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Ordinance of the City and all owners of bonds issued pursuant to the provisions of this Ordinance then outstanding, shall thereafter be determined, exercised and enforced in accordance with this Ordinance, subject in all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this Ordinance, the rights and obligations of the City and of the owners of the bonds authorized by this Ordinance, and the terms and provisions of the bonds and this Ordinance, or any supplemental ordinance, may be modified or altered in any respect with the consent of the City and the consent of the owners of all the bonds issued pursuant to this Ordinance then outstanding.

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

Section 24. Compliance With Rule 15c2-12. If required by the Rule (as hereinafter defined), the Bonds shall be offered and sold pursuant to an Official Statement with respect to the Bonds (the "Official Statement"), to be made available and distributed in such manner, at such times, for such periods and in such number of copies as may be required pursuant to Rule 15c2-12 promulgated by the United States Securities and Exchange Commission (the "Rule")

and any and all applicable rules and regulations of the Municipal Securities Rulemaking Board. The Common Council hereby authorizes the Mayor or the Clerk-Treasurer (a) to authorize and approve a Preliminary Official Statement, as the same may be appropriately confirmed, modified and amended tor distribution as the Preliminary Official Statement of the City; (b) on behalf of the City, to designate the Preliminary Official Statement a final official statement (as defined in the Rule) with respect to the Bonds, subject to completion as permitted by and otherwise pursuant to the Rule; and (c) to authorize and approve the Preliminary Official Statement to be placed into final form and to enter into such agreements or arrangements as may be necessary or advisable in order to provide for the distribution of a sufficient number of copies of the Official Statement of the City with respect to the Bonds under the Rule. The Mayor is further authorized to execute an agreement in connection with the offering of the Bonds in accordance with the Rule by which the City agrees to undertake such continuing disclosure obligations as may be required under the Rule.

Section 25. Payments on Holidays. If the date of making any payment or the last date for performance of any act or the exercising of any right, as provided in this Ordinance, shall be a legal holiday or a day on which banking institutions in the City or the city in which the Registrar and Paying Agent is located are typically closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are typically closed, with the same force and effect as if done on the actual date established in this Ordinance, and no interest shall accrue for the period after such nominal date.

Section 26. Repeal of Other Ordinances. All ordinances and parts of ordinances in conflict herewith are expressly repealed to the extent of such conflict; provided, however, that this Ordinance shall not be deemed in any way to repeal the Prior Ordinance nor be construed as adversely affecting the rights of any of the holders of the Prior Bonds.

Section 27. Captions. The captions in this Ordinance are inserted only as a matter of convenience and reference, and such captions are not intended and shall not be construed to define, limit, establish, interpret or describe the scope, intent or effect of any provision of this Ordinance.

Section 28. Partial Invalidity. If any section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

Section 29. Effective Date. This Ordinance shall be in full force and effect from and after its passage and execution by the Mayor.

PASSED by the Common Council of the City of Valparaiso, Indiana by a 4-0 vote of all members present and voting this 28th day of July, 2014.

Jon Costas, Mayor

ATTEST:

Sharon Swihart, Clerk-Treasurer

Presented by me to the Mayor of the City of Valparaiso, Indiana, this 28th day of July, 2014, at 7:05 o'clock p.m.

Sharon Swihart, Clerk-Treasurer

This Ordinance approved and signed by me this 28th day of July, 2014, at 7:05 o'clock p.m.

Jon Costas, Mayor

APPENDIX A TO THE BOND ORDINANCE

FORM OF REGISTERED BOND

(Form of Face of Bond)

UNITED STATES OF AMERICA
STATE OF INDIANA, COUNTY OF PORTER
CITY OF VALPARAISO, INDIANA
WATERWORKS REVENUE BOND, SERIES 2014

No.14R-_

Interest Rate	Maturity Date	Original Date	Authentication Date	CUSIP

Registered Owner:

Principal Amount:

The City of Valparaiso (the "City"), in Porter County, State of Indiana, for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, upon surrender hereof, solely out of the special revenue fund hereinafter referred to, the Principal Amount specified above on the Maturity Date specified above (unless this bond be subject to and be called for redemption prior to maturity as hereinafter provided), and to pay interest thereon until the Principal Amount is fully paid at the Interest Rate per annum specified above from the interest payment date to which interest has been paid next preceding the Authentication Date of this bond unless this bond is authenticated after the fifteenth day of the month preceding an interest payment date and on or before such interest payment date, in which case it shall bear interest from such interest payment date, and unless this bond is authenticated on or before _____ 15, 201_, in which case it shall bear interest from the Original Date, which interest is payable commencing on _____ 1, 201_, and semiannually on each October 1 and April 1 thereafter. Interest shall be calculated on the basis of twelve (12) thirty (30)-day months for a three hundred sixty (360)-day year.

The principal of and premium, if any, on this bond are payable at the principal corporate trust office of_____ in the _____ of _____, Indiana, acting as registrar and paying agent, or of any successor registrar and paying agent appointed under the Ordinance defined and described herein (the "Registrar" and the "Paying Agent"). Interest hereon will be paid by cash or draft mailed or delivered to the Registered Owner hereof at the address as it appears on the registration books of the Registrar as of the fifteenth day of the month immediately preceding the

applicable interest payment date or at such other address as is furnished to the Paying Agent in writing by such Registered Owner. Notwithstanding the foregoing, if payment of principal and interest is made to a depository, payment shall be made by wire transfer on the payment date in same-day funds. All payments on this bond shall be made in any coin or currency of the United States of America which, on the dates of such payments, shall be legal tender for the payment of public and private debts.

THE CITY IS NOT AND SHALL NOT BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THIS BOND EXCEPT FROM THE HEREINAFTER DESCRIBED BOND AND INTEREST REDEMPTION ACCOUNT OF THE SPECIAL FUND, AND NEITHER THIS BOND NOR ANY OTHER BOND OF THIS ISSUE SHALL CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF THE PROVISIONS AND LIMITATIONS OF THE CONSTITUTION OF THE STATE OF INDIANA.

This bond is one of an authorized issue of bonds of the City of Valparaiso, Indiana, of like date, tenor and effect, except as to numbering, interest rates and dates of maturity, in the total amount of _____ Dollars ($ _____) numbered from 14R-1 upward, issued for the purpose of providing funds to pay the cost of certain additions, improvements and extensions to the waterworks of the City, (to refund notes issued in anticipation of the bonds), and to pay costs of issuance of such bonds, as authorized by an ordinance adopted by the Common Council of the City on the __ day of _____, 2014, entitled "AN ORDINANCE OF THE CITY OF VALPARAISO, INDIANA, AUTHORIZING THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF EXTENSIONS, ADDITIONS, AND IMPROVEMENTS TO THE WATERWORKS OF THE CITY OF VALPARAISO, INDIANA, AUTHORIZING THE ISSUANCE OF WATERWORKS REVENUE BONDS TO PROVIDE FOR THE COSTS THEREOF, THE ISSUANCE AND SALE OF BOND ANTICIPATION NOTES IN ANTICIPATION OF THE ISSUANCE AND SALE OF SUCH BONDS, THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SUCH WATERWORKS, AND CERTAIN OTHER MATTERS CONNECTED THEREWITH" (the "Ordinance"), and in strict compliance with the provisions of the Indiana Code, Title 8, Article 1.5, and the laws amendatory thereof and supplemental thereto (the "Act").

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

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

The City is not and shall not be obligated to pay this bond or the interest thereon except as provided and only from the sources described herein, and this bond does not and shall not

constitute a corporate indebtedness of the City within the meaning of the provisions and limitations of the constitution of the State of Indiana.

This bond and the other bonds of this issue, together with the interest payable hereon and thereon, are payable solely from and secured by an irrevocable pledge of and constitute a charge upon all of the net revenues (herein defined as the gross revenues after deduction only for the payment of the proper and reasonable expenses of operation, repair and maintenance, but excluding transfers to the City as payments in lieu of taxes) derived from the waterworks of the City, including the existing works, the improvements and extensions acquired or constructed out of the proceeds of this bond and the issue of which it is a part, and all additions and improvements thereto subsequently acquired or constructed; and rank on a parity basis with other outstanding bonds of the City designated (i) "City of Valparaiso, Indiana, Waterworks Utility Revenue Bonds, Series 2010" (the "2010 Bonds") outstanding on the issuance date of this bond in the amount of _____ Dollars ($_____) (the "2010 Bonds") and (ii) "City of Valparaiso, Indiana, Waterworks Refunding Revenue Bonds, Series 2013" outstanding on the issuance date of this bond in the amount of _____ Dollars ($_____) (the "2013 Bonds" and, together with the 2010 Bonds, the "Prior Bonds"). The City is not and shall not be obligated to pay this bond or the interest thereon except as provided and only from the sources described herein, and this bond does not and shall not constitute a corporate indebtedness of the City within the meaning of the provisions and limitation of the constitution of the State of Indiana.

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

The City further covenants that it will set aside and pay into its Special Fund a sufficient amount of the net revenues of the Waterworks to meet (a) the interest on all bonds payable from the revenues of the Waterworks, as such interest shall fall due, (b) the necessary fiscal agency charges for paying all bonds and interest, (c) the principal of all bonds payable from the revenues of the Waterworks, and (d) an additional amount as a margin of safety to create the reserve required by the Ordinance.

The bonds of this issue maturing on or after _____ 1, 20__, shall be redeemable at the option of the City, in whole or in part, on _____ 1, 20__; or at any time thereafter, in principal amounts and maturities selected by the City, and by lot within any such maturity or maturities by the Registrar, at a redemption price equal to one hundred percent (100%) of the principal amount

of the Bonds to be redeemed, plus accrued and unpaid interest on the Bonds so redeemed to the redemption date, without premium.

[Insert mandatory sinking fund redemption provisions]

Notice of any such redemption shall be sent by registered or certified mail to the Registered Owner of this bond not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption, unless such notice is waived by the Registered Owner; provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any such bond will not affect the validity of any proceedings for redemption of any other such bonds. The notice shall specify the redemption price, the date and place of redemption, and the registration numbers (and in case of partial redemption, the respective principal amounts) of the bonds called for redemption. Interest on bonds so called for redemption shall cease to accrue on the redemption date fixed in such notice, so long as sufficient funds are available at the place of redemption to pay the redemption price on the redemption date or when presented for payment.

Prior to the date fixed for redemption, funds shall be deposited with the Paying Agent to pay, and the Paying Agent is hereby authorized and directed to apply such funds to the payment of the bonds or portions thereof called, together with accrued interest thereon to the redemption date and any required premium. No payment shall be made by the Paying Agent upon any bond or portion thereof called for redemption until such bond shall have been delivered for payment or cancellation or the Registrar shall have received the items required by the Ordinance with respect to any mutilated, lost, stolen or destroyed bond.

If this bond shall have become due and payable in accordance with its terms or this bond or a portion hereof shall have been duly called for redemption or irrevocable instructions to call this bond or a portion hereof for redemption shall be given and the whole amount of the principal and the premium, if any, and interest, so due and payable upon this bond or such portion hereof shall be paid, or (i) sufficient moneys, or (ii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, the principal of and the interest on which when due will provide sufficient moneys for such purpose, or (iii) time certificates of deposit of a bank or banks, fully secured as to both principal and interest by obligations of the kind described in (ii) above, the principal of and interest on which when due will provide sufficient moneys for such purpose, shall be held in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case this bond or such portion hereof shall no longer be deemed outstanding, entitled to the pledge of the net revenues of the waterworks or an obligation of the City.

If this bond shall not be presented for payment or redemption on the date fixed therefor, the City may deposit in trust with the Paying Agent an amount sufficient to pay such bond or the redemption price, as appropriate, and thereafter the Registered Owner shall look only to the funds so deposited in trust with the Paying Agent for payment, and the City shall have no further obligation or liability with respect thereto.

All bonds which have been redeemed shall be cancelled and cremated or otherwise destroyed and shall not be reissued and a counterpart of the certificate of cremation or other destruction evidencing such cremation or other destruction shall be furnished by the Registrar to

the City; provided, however, that one or more new registered bonds shall be issued for the unredeemed portion of any bond without charge to the holder thereof.

Subject to the provisions of the Ordinance regarding the registration of such bonds, this bond and all other bonds of the issue of which this bond is a part are fully negotiable instruments under the laws of the State of Indiana. This bond is transferable or exchangeable only on the books of the City maintained for such purpose at the principal corporate trust office of the Registrar, by the Registered Owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the Registered Owner or his attorney duly authorized in writing, and thereupon a new fully registered bond or bonds in the same aggregate principal amount and of the same maturity shall be executed and delivered in the name of the transferee or transferees or the Registered Owner, as the case may be, in exchange therefor. This bond may be transferred or exchanged without cost to the Registered Owner or his attorney duly authorized in writing, except for any tax or other governmental charge which may be required to be paid with respect to such transfer or exchange. The Registrar shall not be obligated to make any exchange or transfer of this bond (i) during the-fifteen (15) days immediately preceding an interest payment date on this bond, or (ii) after the mailing of any notice calling this bond for redemption. The City, the Registrar and the Paying Agent for this bond may treat and consider the person in whose name this bond is registered as the absolute owner hereof for all purposes including for the purpose of receiving payment of, or on account of, the principal hereof and the redemption premium, if any, and interest due hereon.

In the event this bond is mutilated, lost, stolen or destroyed, the City may cause to be executed and the Registrar may authenticate a new bond of like date, maturity and denomination as this bond, which new bond shall be marked in a manner to distinguish it from this bond; provided, that in the case of this bond being mutilated, this bond shall first be surrendered to the Registrar, and in the case of this bond being lost, stolen or destroyed, there shall first be furnished to the Registrar evidence of such loss, theft or destruction satisfactory to the City and to the Registrar, together with indemnity satisfactory to them. In the event that this bond, being mutilated, lost, stolen or destroyed, shall have matured or been called for redemption, instead of causing to be issued a duplicate bond the Registrar and Paying Agent may pay this bond upon surrender of this mutilated bond or upon satisfactory indemnity and proof of loss, theft or destruction in the event this bond is lost, stolen or destroyed. In such event, the City and the Registrar may charge the owner of this bond with their reasonable fees and expenses in connection with the above. Every substitute bond issued by reason of this bond being lost, stolen or destroyed shall, with respect to this bond, constitute a substitute contractual obligation of the City, whether or not this bond, being lost, stolen or destroyed shall be found at any time, and shall be entitled to all the benefits of the Ordinance, equally and proportionately with any and all other bonds duly issued thereunder.

In the manner provided in the Ordinance, the Ordinance and the rights and obligations of the City and the owners of the bonds of this issue authorized thereunder, including this bond, may (with certain exceptions as stated in the Ordinance) be modified or amended with the consent of the owners of at least sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of such bonds exclusive of any such bonds which may be owned by the City.

The bonds authorized and issued pursuant to the Ordinance, including this bond, are subject to defeasance prior to redemption or payment as provided in the Ordinance, and the owner of this bond, by the acceptance hereof, hereby agrees to all the terms and provisions contained in the Ordinance.

The City, the Registrar and the Paying Agent may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and the interest due hereon and for all other purposes, and none of the City, the Registrar or the Paying Agent shall be affected by any notice to the contrary.

This bond shall not be valid or become obligatory for any purpose or entitled to any security or benefit under the Ordinance unless and until the certificate of authentication hereon shalt have been executed by a duly authorized representative of the Registrar.

The City hereby certifies, recites and declares that all acts, conditions and things required to be done precedent to and in the preparation, execution, issuance and delivery of this bond have been done and performed in regular and due form as required by law.

IN WITNESS WHEREOF, the City of Valparaiso, in Porter County, State of Indiana, has caused this bond to be executed In its corporate name by the manual or facsimile signature of the Mayor, and its corporate seal be hereunto affixed and attested by the manual or facsimile signature of its Clerk-Treasurer.

CITY OF VALPARAISO

_____

Mayor

(Seal of the City)

ATTEST:

_____

Clerk-Treasurer

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This bond is one of the City of Valparaiso, Indiana, Waterworks Revenue Bonds, Series 2014, described in the within-mentioned Ordinance.

_____

as Registrar

_____

Authorized Representative

ASSIGNMENT

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

Dated: _____

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

Signature Guarantee:

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

(End of Bond Form)

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APPENDIX D

December __, 2014

_____
_____

City of Valparaiso, Indiana
Valparaiso, Indiana

Re: City of Valparaiso, Indiana, Waterworks Revenue Bonds, Series 2014

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Valparaiso, Indiana (the "Issuer"), of $17,890,000 aggregate principal amount of its City of Valparaiso, Indiana, Waterworks Revenue Bonds, Series 2014, dated December __, 2014 (the "Bonds"), pursuant to Indiana Code 8-1.5, as amended, and Ordinance No. 19, 2014, dated July 28, 2014 (the "Ordinance"), adopted by the Common Council of the Issuer. We have examined the law and such certified proceedings and such other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Ordinance, the certified proceedings and other certifications of public officials furnished to us, and certifications, representations and other information furnished to us by or on behalf of the Issuer and others, including certifications contained in the tax and arbitrage certificate of the Issuer, dated the date hereof, without undertaking to verify the same by independent investigation. We have relied upon the legal opinion of Langer & Langer, Valparaiso, Indiana, counsel to the Issuer, dated the date hereof, as to the matters stated therein. We have relied upon the Parity Report, prepared by H.J. Umbaugh & Associates, Certified Public Accountants, LLP, financial advisor to the Issuer, dated the date hereof, as to the matters stated therein.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Issuer is a municipal corporation validly existing under the laws of the State of Indiana, with the corporate power to adopt the Ordinance and perform its obligations thereunder and to issue the Bonds.

2. The Bonds have been duly authorized, executed and delivered by the Issuer, and are valid and binding special revenue obligations of the Issuer enforceable in accordance with their terms. The Bonds rank on a parity basis with the Issuer's Waterworks Utility Revenue Bonds, Series 2010, and Waterworks Refunding Revenue Bonds, Series 2013 (collectively, the "Prior Bonds"). The Bonds, the Prior Bonds and any other bonds hereafter issued on a parity therewith, are payable solely from the Bond Redemption Account, to be provided from the Net Revenues (as defined in the Ordinance) of the waterworks of the Issuer. The Issuer has pledged the Net

Revenues to the payment of the principal of and interest on the Bonds, the Prior Bonds and any bonds hereafter issued on a parity therewith, to the extent necessary for that purpose.

3. Under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on this date (the "Code"), the interest on the Bonds is excludable from gross income for federal income tax purposes. The opinion set forth in this paragraph is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted or represented that it will comply with such requirements. Failure to comply with certain of such requirements may cause the interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

4. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

5. Interest on the Bonds is exempt from income taxation in the State of Indiana (the "State") for all purposes except the State financial institutions tax.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of any offering material relating to the Bonds, and we express no opinion relating thereto.

We express no opinion regarding any tax consequences arising with respect to the Bonds, other than as expressly set forth herein.

With respect to the enforceability of any document or instrument, this opinion is subject to the qualifications that: (i) the enforceability of such document or instrument may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance and similar laws relating to or affecting the enforcement of creditors' rights; (ii) the enforceability of equitable rights and remedies provided for in such document or instrument is subject to judicial discretion, and the enforceability of such document or instrument may be limited by general principles of equity; (iii) the enforceability of such document or instrument may be limited by public policy; and (iv) certain remedial, waiver and other provisions of such document or instrument may be unenforceable, provided, however, that in our opinion the unenforceability of those provisions would not, subject to the other qualifications set forth herein, affect the validity of such document or instrument or prevent the practical realization of the benefits thereof.

This opinion is given only as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX E

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Agreement") is made this ___ day of December, 2014, from the City of Valparaiso, Indiana (the "Issuer" or the "Promisor"), to each registered owner or holder of any Bonds (as hereinafter defined) (each, a "Promisee");

WITNESSETH THAT:

WHEREAS, the Issuer is issuing its $17,890,000 City of Valparaiso, Indiana, Waterworks Revenue Bonds, Series 2014, dated December __, 2014 (the "Bonds"), pursuant to a Bond Ordinance adopted by the Issuer on July 28, 2014 (the "Bond Ordinance"); and

WHEREAS, _____ (the "Underwriter") is, in connection with an offering of the Bonds directly or indirectly by or on behalf of the Issuer, purchasing the Bonds from the Issuer and selling the Bonds to certain purchasers; and

WHEREAS, Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934, as amended (the "Act"), provides that, except as otherwise provided in the Rule, a participating underwriter (as defined in the Rule) shall not purchase or sell municipal securities in connection with an offering (as defined in the Rule) unless the participating underwriter has reasonably determined that an issuer of municipal securities (as defined in the Rule) or an obligated person (as defined in the Rule) for whom financial or operating data is presented in the final official statement (as defined in the Rule) has undertaken, either individually or in combination with other issuers of such municipal securities or obligated persons, in a written agreement or Agreement for the benefit of holders of such securities, to provide certain information; and

WHEREAS, the Promisor desires to enter into this Agreement in accordance with subsection (d)(2) of the Rule in order to assist the Underwriter in complying with the Rule; and

WHEREAS, any registered owner or holder of any Bond shall, by its payment for and acceptance of such Bond, accept and assent to this Agreement and the exchange of (i) such payment and acceptance for (ii) the promises of the Promisor contained herein.

NOW, THEREFORE, in consideration of the Underwriter's and any Promisee's payment for and acceptance of any Bonds, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Promisor hereby promises to each Promisee as follows:

Section 1. **Definitions**. The terms defined herein, including the terms defined above and in this **Section 1**, shall have the meanings herein specified unless the context or use clearly indicates another or different meaning or intent. Any terms defined in the Rule, but not otherwise defined herein, shall have the meanings specified in the Rule unless the context or use clearly indicates another or different meaning or intent.

(a) "Bond" shall mean any of the Bonds.

(b) "Bondholder" shall mean any registered or beneficial owner or holder of any Bond.

(c) "Final Official Statement" shall mean the Official Statement, dated December __, 2014, relating to the Bonds, including any document included therein by specific reference which is available to the public on the MSRB's Internet Web site or filed with the Commission.

(d) "Fiscal Year" of any person shall mean any period from time to time adopted by such person as its fiscal year for accounting purposes.

(e) "MSRB" shall mean the Municipal Securities Rulemaking Board.

(f) "Obligated Person" shall mean any person who is either generally or through an enterprise, fund or account of such person committed by agreement or other arrangement to support payment of all or part of the obligations on the Bonds (other than any providers of municipal bond insurance, letters of credit or liquidity facilities), for whom financial information or operating data is presented in the Final Official Statement.

(g) "State" shall mean the State of Indiana.

Section 2. **Term**. The term of this Agreement shall commence on the date of delivery of the Bonds by the Issuer to the Underwriter and shall expire on the earlier of (a) the date of payment in full of principal of and premium, if any, and interest on the Bonds, whether upon scheduled maturity, redemption, acceleration or otherwise, or (b) the date of defeasance of the Bonds in accordance with the terms of the Bond Ordinance.

Section 3. **Obligated Person(s)**. The Promisor hereby represents and warrants that, as of the date hereof:

(a) The only Obligated Person with respect to the Bonds is the Promisor; and

(b) In the previous five years, the Promisor has failed to consistently comply with its previous undertakings. Specifically, the Promisor was late in filing its 2009, 2010, and 2011 audits, its 2010 unaudited financial statements and its 2010 operating data. In addition, no water user connection information was filed for 2009, 2010, 2011 or 2012 as required by the continuing disclosure undertaking agreement for the Promisor's Waterworks Revenue Bonds, Series 2002. A catch up filing was made on December 18, 2013, for these user connections. The Promisor was late in filing its November 4, 2013 bond rating upgrade from A+ to AA- on its General Obligation Bonds, Series 2006 and its Special Taxing District Bonds, Series 2006A. The Promisor filed the bond rating upgrade on these two bond issues on October 28, 2014. All required filings have been made and the Promisor is now in compliance.

Section 4. **Undertaking to Provide Information.**

(a) The Promisor hereby undertakes to provide the following to the MSRB in an electronic format as prescribed by the MSRB, either directly or indirectly through a registrar or a designated agent, for the Promisor:

(i) Within one hundred eighty (180) days after the close of each Fiscal Year of such Obligated Person, beginning with the Fiscal Year ending in the year after the Bonds are issued, the financial information and operating data for such Obligated Person as identified under the heading "LARGE USERS" in Appendix A of the Final Official Statement (the financial information and operating data set forth in Section 4(a)(i) hereof collectively, the "Annual Financial Information").

(ii) If not submitted as part of the Annual Financial Information, then when and if available the audited financial statements for such Obligated Person, within 60 days of receipt from the State Board of Accounts;

(iii) Within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, if material (which determination of materiality shall be made by the Promisor in accordance with the standards established by federal securities laws):

(A) Non-payment related defaults;

(B) Modifications to rights of Bondholders;

(C) Bond calls (other than mandatory, scheduled redemptions, not otherwise contingent upon the occurrence of an event, the terms of which redemptions are set forth in detail in the Final Official Statement);

(D) Release, substitution or sale of property securing repayment of the Bonds;

(E) The consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the obligated person, or entry into or termination of a definitive agreement relating to the foregoing; and

(F) Appointment of a successor or additional trustee or the change of name of a trustee.

(iv) Within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, regardless of materiality:

(A) Principal and interest payment delinquencies;

(B) Unscheduled draws on debt service reserves reflecting financial difficulties;

(C) Unscheduled draws on credit enhancements reflecting financial difficulties;

(D) Substitution of credit or liquidity providers, or their failure to perform;

(E) Adverse tax opinions or events affecting the tax status of the security;

(F) Defeasances;

(G) Rating changes;

(H) The issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security;

(I) Tender offers; and

(J) Bankruptcy, insolvency, receivership or similar events of the Obligated Person.

(v) In a timely manner, notice of a failure of such Obligated Person to provide required Annual Financial Information or audited financial statements, on or before the date specified in this Agreement.

(b) Any financial statements of any Obligated Person provided pursuant to subsection (a)(i) of this **Section 4** shall be prepared in accordance with any accounting principles mandated by the applicable laws of the State, as in effect from time to time, or any other consistent accounting principles that enable market participants to evaluate results and perform year to year comparisons, but need not be audited.

(c) Any Annual Financial Information or audited financial statements may be set forth in a document or set of documents, or may be included by specific reference to documents available to the public on the MSRB's Internet Web site or filed with the Commission.

(d) If any Annual Financial Information otherwise required by subsection (a)(i) of this **Section 4** no longer can be generated because the operations to which it relates have been materially changed or discontinued, a statement to that effect shall be deemed to satisfy the requirements of such subsection.

(e) All documents provided to the MSRB under this Agreement shall be accompanied by identifying information as prescribed by the MSRB.

Section 5. **Termination of Obligation**. The obligation to provide Annual Financial Information, audited financial statements and notices of events under **Section 4(a)** hereof shall terminate with respect to any Obligated Person, if and when such Obligated Person no longer remains an obligated person (as defined in the Rule) with respect to the Bonds.

Section 6. **Bondholders**. Each Bondholder is an intended beneficiary of the obligations of the Promisor under this Agreement, such obligations create a duty in the Promisor to each Bondholder to perform such obligations, and each Bondholder shall have the right to enforce such duty.

Section 7. **Limitation of Rights**. Nothing expressed or implied in this Agreement is intended to give, or shall give, to the Issuer, the Underwriter or any Obligated Person, or any underwriters, brokers or dealers, or any other person, other then the Promisor, each Promisee and each Bondholder, any legal or equitable right, remedy or claim under or with respect to this Agreement or any rights or obligations hereunder. This Agreement and the rights and obligations hereunder are intended to be, and shall be, for the sole and exclusive benefit of the Promisor, each Promisee and each Bondholder.

Section 8. **Remedies**.

(f) The sole and exclusive remedy for any breach or violation by the Promisor of any obligation of the Promisor under this Agreement shall be the remedy of specific performance by the Promisor of such obligation. Neither any Promisee nor any Bondholder shall have any right to monetary damages or any other remedy for any breach or violation by the Promisor of any obligation of the Promisor under this Agreement, except the remedy of specific performance by the Promisor of such obligation.

(g) No breach or violation by the Promisor of any obligation of the Promisor under this Agreement shall constitute a breach or violation of or default under the Bonds or the Bond Ordinance.

(h) Any action, suit or other proceeding for any breach or violation by the Promisor of any obligation of the Promisor under this Agreement shall be instituted, prosecuted and maintained only in a state court of competent jurisdiction in Porter County, Indiana.

(i) No action, suit or other proceeding for any breach or violation by the Promisor of any obligation of the Promisor under this Agreement shall be

instituted, prosecuted or maintained by any Promisee or any Bondholder unless, prior to instituting such action, suit or other proceeding: (i) such Promisee or such Bondholder has given the Promisor notice of such breach or violation and demand for performance; and (ii) the Promisor has failed to cure such breach or violation within sixty (60) days after such notice.

Section 9. **Waiver**. Any failure by any Promisee or any Bondholder to institute any suit, action or other proceeding for any breach or violation by the Promisor of any obligation of the Promisor under this Agreement, within three hundred sixty (360) days after the date such Promisee or such Bondholder first has knowledge of such breach or violation, shall constitute a waiver by such Promisee or such Bondholder of such breach or violation and, after such waiver, no remedy shall be available to such Promisee or such Bondholder for such breach or violation.

Section 10. **Annual Appropriations**. This Agreement and the obligations of the Promisor hereunder are subject to annual appropriation by the fiscal body of the Promisor.

Section 11. **Limitation of Liability**. The obligations of the Promisor under this Agreement are special and limited obligations of the Promisor, payable solely from funds on deposit in the Promisor's Bond Redemption Account. The obligations of the Promisor under this Agreement are not and shall never constitute a general obligation, debt or liability of the Promisor or the State, or any political subdivision thereof, within the meaning of any constitutional limitation or provision, or a pledge of the faith, credit or taxing power of the Promisor or the State, or any political subdivision thereof, and do not and shall never constitute or give rise to any pecuniary liability or charge against the general credit or taxing power of the Promisor or the State, or any political subdivision thereof.

Section 12. **Immunity of Officers, Directors, Members, Employees and Agents**. No recourse shall be had for any claim based upon any obligation in this Agreement against any past, present or future Officer, Director, Member, employee or agent of the Promisor, as such, either directly or through the Promisor, under any rule of law or equity, statute or constitution.

Section 13. **Amendment of Obligations**. The Promisor may, from time to time, amend any obligation of the Promisor under this Agreement, without notice to or consent from any Promisee or any Bondholder, if: (a)(i) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of any Obligated Person, or type of business conducted, (ii) this Agreement, after giving effect to such amendment, would have complied with the requirements of the Rule on the date hereof, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) such amendment does not materially impair the interests of any Bondholders, as determined either by (A) any person selected by the Promisor that is unaffiliated with the Promisor, the Issuer or any Obligated Person (such as any registrar under the Bond Ordinance) or (B) an approving vote of the Bondholders pursuant to the terms of the Bond Ordinance at the time of such amendment; or (b) such amendment is otherwise permitted by the Rule.

Section 14. **Assignment and Delegation**. Neither any Promisee nor any Bondholder may, without the prior written consent of the Promisor, assign any of its rights under this Agreement to any other person. The Promisor may not assign any of its rights or delegate any of its obligations under this Agreement to any other person, except that the Promisor may assign any of its rights or delegate any of such obligations to any entity (a) into which the Promisor merges, with which the Promisor consolidates or to which the Promisor transfers all or substantially all of its assets or (b) which agrees in writing for the benefit of Bondholders to assume such rights or obligations.

Section 15. **Communications**. Any information, datum, statement, notice, certificate or other communication required or permitted to be provided, delivered or otherwise given hereunder by any person to any other person shall be in writing and, if such other person is the Promisor, shall be provided, delivered or otherwise given to the Promisor at the following address:

City of Valparaiso, Indiana
166 West Lincolnway
Valparaiso, Indiana 46383
Attention: Clerk-Treasurer

(or at such other address as the Promisor may, by notice to the MSRB, provide), or, if such other person is not the Promisor, shall be provided, delivered or otherwise given to such other person at any address that the person providing, delivering or otherwise giving such information, datum, statement, notice, certificate or other communication believes, in good faith but without any investigation, to be an address for receipt by such other person of such information, datum, statement, notice, certificate or other communication. For purposes of this Agreement, any such information, datum, statement, notice, certificate or other communication shall be deemed to be provided, delivered or otherwise given on the date that such information, datum, notice, certificate or other communication is (a) delivered by hand to such other person, (b) deposited with the United States Postal Service for mailing by registered or certified mail, (c) deposited with Express Mail, Federal Express or any other courier service for delivery on the following business day, or (d) sent by facsimile transmission, telecopy or telegram.

Section 16. **Knowledge**. For purposes of this Agreement, each Promisee and each Bondholder shall be deemed to have knowledge of the provision and content of any information, datum, statement or notice provided by the Promisor to the MSRB on the date such information, datum, statement or notice is so provided, regardless of whether such Promisee or such Bondholder was a registered or beneficial owner or holder of any Bond at the time such information, datum, statement or notice was so provided.

Section 17. **Performance Due on other than Business Days**. If the last day for taking any action under this Agreement is a day other than a business day, such action may be taken on the next succeeding business day and, if so taken, shall have the same effect as if taken on the day required by this Agreement.

Section 18. **Waiver of Assent**. Notice of acceptance of or other assent to this Agreement is hereby waived.

Section 19. **Governing Law**. This Agreement and the rights and obligations hereunder shall be governed by and construed and enforced in accordance with the applicable internal laws of the State, without reference to any choice of law principles.

Section 20. **Severability**. If any portion of this Agreement is held or deemed to be, or is, invalid, illegal, inoperable or unenforceable, the validity, legality, operability and enforceability of the remaining portions of this Agreement shall not be affected, and this Agreement shall be construed as if it did not contain such invalid, illegal, inoperable or unenforceable portion.

Section 21. **Rule**. This Agreement is intended to be an agreement or Agreement in which the Promisor has undertaken to provide that which is required by paragraph (b)(5) of the Rule. If and to the extent this Agreement is not such an agreement or Agreement, this Agreement shall be deemed to include such terms not otherwise included herein, and to exclude such terms not otherwise excluded herefrom, as are necessary to cause this Agreement to be such an agreement or Agreement.

Section 22. **Interpretation**. The use herein of the singular shall be construed to include the plural, and vice versa, and the use herein of the neuter shall be construed to include the masculine and feminine. Unless otherwise indicated, the words "hereof," "herein," "hereby" and "hereunder," or words of similar import, refer to this Agreement as a whole and not to any particular section, subsection, clause or other portion of this Agreement.

Section 23. **Captions**. The captions appearing in this Agreement are included herein for convenience of reference only, and shall not be deemed to define, limit or extend the scope of intent of any rights or obligations under this Agreement.

IN WITNESS WHEREOF, the Promisor has caused this Agreement to be executed on the date first above written.

CITY OF VALPARAISO, PORTER COUNTY, INDIANA, a Municipal Corporation

By: _____
Jon Costas, Mayor

Attest: _____
Sharon Swihart, Clerk-Treasurer