

RESOLUTION NO. 21-2015

A RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF VALPARAISO, INDIANA, APPROVING THE PLEDGE BY VALPARAISO CITY UTILITIES OF NET SEWAGE WORKS REVENUES TO THE PAYMENT OF CERTAIN BONDS OF THE CITY, AND RELATED MATTERS

WHEREAS, the City of Valparaiso, Indiana (“City”), owns, operates and maintains a municipal sewage works (“Utility”), by and through Valparaiso City Utilities (“VCU”); and

WHEREAS, the City of Valparaiso Utility Board (the “Utility Board”) has determined that it will be necessary for the City to issue its economic development revenue bonds in a maximum principal amount of Ten Million Dollars (\$10,000,000) (the “Bonds”) and provide the proceeds thereof to Pratt Paper (IN), LLC (the “Company”) for the funding of pre-treatment improvements and related facilities (collectively, the “Project”); and

WHEREAS, the Utility Board has recommended to the Common Council of the City that it authorize VCU to enter into a pledge agreement in such form as the Executive Director of VCU shall deem appropriate, pledging net sewage work revenues to the City’s Redevelopment Commission to enable the Redevelopment Commission in turn to pledge such revenues to the payment of the Bonds;

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

1. The Common Council hereby authorizes VCU to enter into a pledge agreement in substantially the form of Exhibit A hereto, with such changes as the Executive Director of VCU shall approve (such approval to be evidenced by his execution thereof), pledging net sewage work revenues to the City’s Redevelopment Commission to enable the Redevelopment Commission in turn to pledge such revenues to the payment of the Bonds.

2. The proper officers of the City are hereby authorized and directed, for and on behalf of the City, to execute and deliver any contract, agreement, certificate, instrument or other document and to take any action as such person determines to be necessary or appropriate to accomplish the purposes of this Resolution, such determination to be conclusively evidenced by such person’s execution of such contract, agreement, certificate, instrument or other document or such person’s taking of such action.

3. This Resolution shall be in full force and effect from and after its passage.

DULY PASSED on this ___ day of _____, 2015, by the Common Council of the City of Valparaiso, Indiana.

Presiding Officer

ATTEST:

Sharon Swihart, Clerk-Treasurer

This resolution presented by me, the Clerk-Treasurer of the City of Valparaiso, Indiana, to the Mayor for his approval this ___ day of _____, 2015.

Sharon Swihart, Clerk-Treasurer

This resolution signed and approved by me, the Mayor of the City of Valparaiso, Indiana, this ___ day of _____, 2015.

Jon Costas, Mayor

EXHIBIT A

PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT (the “**Pledge Agreement**”) is made and entered into this ____ day of _____, 2015, by and between Valparaiso City Utilities (“**VCU**”) and the Valparaiso Redevelopment Commission (the “**Commission**”).

WITNESSETH:

WHEREAS, the Common Council of the City has heretofore approved the issuance of its City of Valparaiso, Indiana, Taxable Economic Development Revenue Bonds, Series 2015, in the aggregate principal amount not to exceed Ten Million Dollars (\$10,000,000) (collectively, the “**Bonds**”), and has determined to make the net proceeds of such Bonds available to Pratt Paper (IN), LLC and/or one or more subsidiaries, affiliates or joint ventures thereof (collectively, the “**Developer**”) for the purpose of financing a portion of the costs of the acquisition, construction, renovation, and equipping of sewage pre-treatment facilities for use by the Developer in its paper manufacturing and related operations within the City (the “**Project**”);

WHEREAS, the Common Council of the City has authorized VCU to irrevocably pledge the net revenues of the City’s sewage works (the “**Net Revenues**”) to the Commission, which Net Revenues the Commission in turn has determined to pledge to secure the payment of the Bonds and the replenishment of any debt service reserve for the Bonds;

NOW, THEREFORE, VCU and the Commission agree as follows:

1. VCU hereby irrevocably pledges the Net Revenues to the Commission to enable the Commission to pledge such Net Revenues to secure the payment of the Bonds and the replenishment of any debt service reserve for the Bonds.

2. VCU shall cause to be transferred Net Revenues, to the extent available, to the Commission at least two days prior to the interest payment date on the Bonds in an amount that will enable the Commission to provide for full payment by the City of such principal and interest and the replenishment of the reserve fund on such interest payment date. The Bonds shall rank on a parity basis with the following outstanding obligations of the City with respect to the lien on Net Revenues: (a) the City of Valparaiso, Indiana, Sewage Works Revenue Bonds, Series 2007; (b) the City of Valparaiso, Indiana, Sewage Works Revenue Bonds of 2011; (c) the City of Valparaiso, Indiana, Sewage Works Refunding Revenue Bonds, Series 2013; and (d) the City of Valparaiso, Indiana, Sewage Works Revenue Bonds, Series 2015 (collectively, the “**Outstanding Bonds**”).

3. The pledge set forth herein shall constitute a first lien on the Net Revenues, on a parity with the Outstanding Bonds.

4. The City shall have the right to authorize and issue additional obligations (the “**Parity Obligations**”), payable out of the Net Revenues, ranking on a parity with the Bonds and payable ratably from the Net Revenues, subject to the following conditions:

(a) All required payments into the sinking fund for outstanding obligations of the City payable from the Net Revenues shall have been made in accordance with the provisions of the ordinances governing such obligations, and the interest on and principal of all outstanding obligations payable from the Net Revenues shall have been paid in accordance with their terms. The reserve requirement shall be satisfied for the additional parity obligations proposed to be

issued either at the time of delivery of such additional parity obligations or over a five (5) year period or shorter period, in a manner which is commensurate with the requirements established in the ordinances governing existing obligations of the City payable from the Net Revenues..

(b) The Net Revenues in the fiscal year immediately preceding the issuance of any such obligations ranking on a parity with the Bonds shall be not less than one hundred twenty-five percent (125%) of the maximum annual interest and principal requirements of the then outstanding obligations and the additional parity obligations proposed to be issued; or, prior to the issuance of said parity obligations, the sewage rates and charges shall be increased sufficiently so that said increased rates and charges applied to the previous fiscal year's operations would have produced Net Revenues for said year equal to not less than one hundred twenty-five percent (125%) of the maximum annual interest and principal requirements of the then outstanding obligations and the additional parity obligations proposed to be issued. For purposes of this subsection, the records of the Sewage Works shall be analyzed and all showings shall be prepared by a certified public accountant retained by the City for that purpose.

(c) The interest on said additional parity obligations shall be payable semiannually on the first days of February and August and the principal of said additional parity obligations shall be payable annually or semiannually on the first day of February and August in the years in which both principal and interest are payable.

5. This Pledge Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. VCU and the Commission each agree that it will execute any and all documents or other instruments, and take such other actions as may be necessary to give effect to the terms of this Pledge Agreement.

The Commission and VCU have caused this Pledge Agreement to be entered into on the date first above written.

VALPARAISO CITY UTILITIES

By: _____
Steve Poulos, Director

CITY OF VALPARAISO, INDIANA,
REDEVELOPMENT COMMISSION

By: _____
Laura Campbell, President

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