

TOWN OF ST. JOHN, LAKE COUNTY, INDIANA

RESOLUTION NO. 07-12-20

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF ST. JOHN, LAKE COUNTY, INDIANA APPROVING A BORROWING FROM THE TOWN'S SEWAGE WORKS

WHEREAS, the Town of St. John, Lake County, Indiana (the "Town"), has heretofore established, constructed and financed municipal sewage works (the "Sewage Works") and now owns and operates the Sewage Works pursuant to Indiana Code 36-9-23, as amended, and other applicable laws; and

WHEREAS, in 2007, the Sewage Works loaned certain funds to the Town in the amount of \$1,500,000 from the Waste Water Treatment Plant Expansion Fund of the Sewage Works to fund certain obligations of the Town, which amount has been repaid by the Town in the amount of \$300,000 to the Sewage Works, leaving an outstanding principal balance on the loan (the "Loan") of \$1,200,000; and

WHEREAS, the Sewage Works, through its board, has agreed to extend the term of the Loan under the following conditions: (a) the Loan shall be for a term of four (4) years from the date of this Resolution (the "Term"), (b) the Loan shall bear interest at the rate of five percent (5%) per annum during the Term, (c) the Loan shall be pre-payable by the Town at any time during the Term upon seven (7) days' prior written notice to the Sewage Works, and (d) the Sewage Works shall have the right to demand payment from the Town at any time during the Term with 180 days prior written notice to the Town; and

WHEREAS, the Loan shall be junior and subordinate in all respects to any bonds that are currently outstanding which pledge any portion of the revenues of the Sewage Works, including those certain Town of St. John, Lake County, Indiana Sewage Works Revenue Bonds of 2004 originally issued in the principal amount of \$3,000,000, and any bonds or other obligations issued on parity with such outstanding bonds (collectively, the "Outstanding Bonds"); and

WHEREAS, the Town Council of the Town desires to approve the Loan pursuant to Indiana Code 36-1-3 (the "Act").

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF ST. JOHN, LAKE COUNTY, INDIANA, AS FOLLOWS:

SECTION ONE: The Loan is hereby approved pursuant to the Act. The Loan shall be junior and subordinate in all respects to the Outstanding Bonds.

SECTION TWO: The Town Council President is hereby authorized to approve and execute any and all documents necessary to complete the Loan, including, but not limited to, any

promissory note to the Sewage Works, and the execution of any such documents by the Town Council President shall be evidence of such approval.

SECTION THREE: This Resolution shall take effect, and be in full force and effect, from and after its passage by the Town Council of the Town of St. John, Lake County, Indiana.

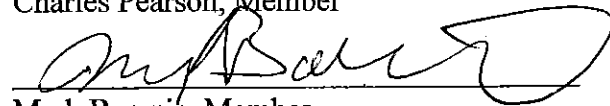
ALL OF WHICH IS PASSED AND RESOLVED THIS 20TH DAY OF DECEMBER, 2007, BY THE TOWN COUNCIL OF THE TOWN OF ST. JOHN, LAKE COUNTY, INDIANA.

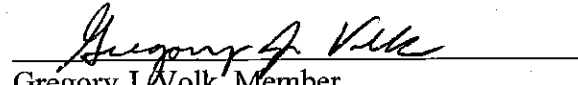
**TOWN OF ST. JOHN, LAKE COUNTY,
INDIANA, TOWN COUNCIL**


Michael S. Fryzel, President

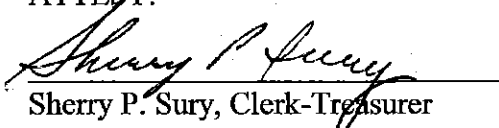

Jerri A. Teitel, Vice President


Charles Pearson, Member


Mark Barenie, Member


Gregory J. Volk, Member

ATTEST:


Sherry P. Sury, Clerk-Treasurer

DEMAND PROMISSORY NOTE

\$1,200,000

Effective December 20, 2007

FOR VALUE RECEIVED, the undersigned, Town of St. John, Lake County, Indiana ("Town") promises to pay to the order of the Sewage Works of the Town ("Sewage Works"), the principal sum of One Million Two Hundred Thousand Dollars (\$1,200,000), at the earliest to occur of the following events: (i) on December 20, 2011 or (ii) ON DEMAND, with one hundred eighty (180) days prior written notice to the Town from Sewage Works (clauses (i) and (ii), together, the "Due Date"), with interest thereon prior to the Due Date at the rate of five percent (5%) per annum, payable at the Clerk-Treasurer's office of the Town, located at the St. John Municipal Building, 10955 West 93rd Avenue, St John, Indiana 46373, or such other place as the Sewage Works may designate in writing.

After the Due Date, interest will be payable at a rate equal to five percent (5%) per annum. Interest shall be computed on the basis of a three hundred sixty (360) day year, and accrue for each day any amount remains unpaid.

This Note may be pre-paid by the Town at any time prior to the Due Date upon seven days' prior written notice from the Town to the Sewage Works, without premium or penalty.

This Note is junior and subordinate in all respects to any bonds that are currently outstanding which pledge any portion of the revenues of the Sewage Works, including those certain Town of St. John, Lake County, Indiana Sewage Works Revenue Bonds of 2004 originally issued in the principal amount of \$3,000,000, and any bonds or other obligations issued on parity with such outstanding bonds.

Upon failure by the Town to pay any amount when due under the terms of this Note, or upon a default under any of the terms, warranties, covenants or conditions of any note, loan document, mortgage, security agreement or other instrument, whether related to this transaction or otherwise, executed by the Town and delivered to the Sewage Works, all of the indebtedness evidenced hereby and remaining unpaid shall, at the option of Sewage Works and without further demand or notice, become immediately due and payable with attorneys' fees incurred by the Sewage Works in enforcing this Note.

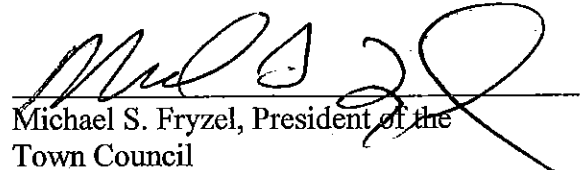
The Town and all guarantors, sureties, and endorsers severally waive demand, presentment for payment, notice of dishonor, notice of nonpayment, protest, notice of protest, and diligence by the Sewage Works in collection and bringing suit on this Note and all benefits of valuation and appraisement laws and expressly agree that this Note may be extended or otherwise modified from time to time without notice with full reservation of the Sewage Works' rights, and without in any way affecting the liability of the Town, guarantors, sureties and endorsers hereunder.

THE SEWAGE WORKS' ACCEPTANCE OF LATE OR PARTIAL PAYMENTS, EXCUSE OF ANY DEFAULT, OR DELAY IN ENFORCEMENT OF ANY RIGHT, SHALL

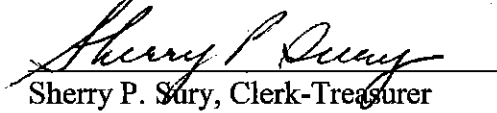
NOT ESTABLISH A CUSTOM OR COURSE OF CONDUCT AS TO ANY WAIVER OF LENDER'S RIGHTS AND REMEDIES.

This Note and payments due hereunder are being delivered and accepted in the State of Indiana and shall be interpreted, construed and governed by the laws of the State of Indiana.

TOWN OF ST. JOHN, LAKE COUNTY,
INDIANA


Michael S. Fryzel, President of the
Town Council

ATTEST:


Sherry P. Sury, Clerk-Treasurer