AGENDA
FINANCE AND ADMINISTRATION COMMITTEE EXTRA MEETING
Monday, January 9, 2017
5:30 PM
Public Safety Building

I) Roll Call

David Cozad, Chairman, Jerry Albrecht, Vice-Chair, Gene McCoskey, Herb Roach, Ned Drolet, Bob Kueker

II) Approval of Minutes from Previous Meeting November 28, 2016

Note: All recently approved committee minutes posted on official City website: http://www.ofallon.org

III) Items Requiring Council Action

A. Bond Ordinance 2017 Issue

IV) Other Business:

A. RFQ for Bond Underwriter

B. January 3rd warrant

C. Council Chambers Re-Design

V) Informational Purposes Only- No Action/Discussion Required

None

VI) Adjournment

NEXT MEETING: January 23, 2017 5:00pm

General Citizen Comments: The City of O'Fallon welcomes comments from our citizens. The Illinois Open Meetings Act provides an opportunity for citizens to speak at all committee and Board meetings. However, 5 ILCS 120/1 mandates that NO action shall be taken on matters not listed on the agenda. Please submit your name to the chairman and limit your comments so that anyone present has the opportunity to speak.

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF O'FALLON, ST. CLAIR COUNTY, ILLINOIS, PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION BONDS, SERIES 2017, PROVIDING THE DETAILS OF SUCH BONDS AND FOR A LEVY OF TAXES TO PAY THE PRINCIPAL OF AND INTEREST ON SUCH BONDS, AND RELATED MATTERS.

WHEREAS, the City of O'Fallon, St. Clair County, Illinois (the "**Issuer**" or the "**City**"), is a home rule unit pursuant to the provisions of Section 6 (Powers of Home Rule Units) of Article VII (Local Government) of the Constitution of the State of Illinois and accordingly may exercise any power and perform any function pertaining to its government and affairs, including as supplemented and amended under and as provided by the Illinois Municipal Code (Section 5/1-1-1 *et seq.* of Chapter 65 of the Illinois Compiled Statutes, as supplemented and amended, including by the Bond Authorization Act, the Registered Bond Act, the Illinois Bond Replacement Act, the Local Government Defeasance of Debt Law, and the Local Government Debt Reform Act (collectively, the **"Act"**); and

WHEREAS, the City Council (the "**Corporate Authorities**") of the City has heretofore determined and it is hereby determined it is advisable and necessary for the benefit of the inhabitants of the City to issue its bonds to (i) finance the costs of acquisition, construction and/or improvements of a downtown plaza, the family sportspark soccer complex and other capital improvements related to the City's Destination O'Fallon Economic Development Project (the "**Project**"), and (ii) pay all or a portion of the costs of issuing the Bonds (as such term is hereinafter defined).

WHEREAS, the Corporate Authorities have heretofore and it hereby is determined that up to $10,000,000 initial principal amount of General Obligation Bonds, Series 2017 (the "**Bonds**"), are to be issued under this Ordinance to (i) finance the costs of the Project and (ii) pay costs of issuance of the Bonds, and under and pursuant to this Ordinance it is necessary and desirable that the City issue the Bonds for such purposes; and

WHEREAS, there are insufficient funds on hand and lawfully available to pay the estimated costs of the Project, including legal, financial, bond discount, printing and publication costs, and other expenses (collectively, the "**Costs**"), and the Corporate Authorities do hereby determine that it is necessary and advisable at this time to borrow money, and as evidence thereof, issue bonds of the Issuer, in the amount of not to exceed $10,000,000 to pay the same; and

WHEREAS, the Bonds and the debt service thereon are a general obligation of the Issuer subject to payment from the Principal and Interest Account (as hereinafter defined) established for such purpose; and

WHEREAS, the issuance of the Bonds is exempt from the requirements of the Bond Issue Notification Act, 30 Illinois Compiled Statute 352; and

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WHEREAS, the Bonds shall be payable from a direct annual ad valorem tax levied against all taxable property in the City (the "**Levied Taxes**") without limitation as to rate or amount; and

WHEREAS, provision is hereinafter made for abating the Levied Taxes; and

WHEREAS, the County Clerk of the County of St. Clair, Illinois (the "**County Clerk**") is herein authorized to extend and collect said Levied Taxes for the payment of the Bonds not to exceed an annual amount of $650,000.00 as provided herein; and

WHEREAS, for convenience of reference only, this Ordinance is divided into sections with captions, which shall not define or limit the provisions hereof, as follows:

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NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF O'FALLON, ST. CLAIR COUNTY, ILLINOIS, as follows:

Section 1. **Certain Definitions**. Unless the context or use indicates another or different meaning, certain words and terms used in this Ordinance shall have the meanings set forth above in the preambles and recitals hereto and from place to place herein.

(a) Certain words and terms shall have the meanings set forth in this Section 1, as follows:

"Bona fide debt service fund" means a fund, which may include proceeds of an issue, that **(1)** is used primarily to achieve a proper matching of revenues with principal and interest payments within each bond year; and **(2)** is depleted at least once each bond year, except for a reasonable carryover amount not to exceed the greater of: **(i)** the earnings on the fund for the immediately preceding bond year; or **(ii)** one-twelfth of the principal and interest payments on the issue for the immediately preceding bond year.

"Bond Order" shall have the meaning set forth in Section 3(d).

"Bond Purchase Agreement" means a bond purchase agreement, if any, executed by the City and the Underwriter.

"Bond Registrar" shall mean the bond registrar set forth in a Bond Order, through its office maintained for such purpose in connection with the Bonds, and its successors and assigns.

"Bonds" means the General Obligation Bonds, Series 2017, authorized under and pursuant to this Ordinance.

"Capitalized Interest" or **"capitalized interest"** means proceeds of the Bonds to be applied to pay certain initial interest on the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, and includes applicable Regulations.

"Commitment" means an Insurer's Commitment, if any, for a Policy in connection with the Bonds.

"Corporate Authorities" means the City Council of the Issuer.

"Depository" means any automated depositary for securities and a clearinghouse for securities transactions with respect to the Bonds, and its authorized successors, initially The Depository Trust Company (**"DTC"**), New York, New York.

"Designated Officials" shall mean the Mayor, the City Administrator or the City Clerk or City Treasurer

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"Disclosure Undertaking" means the Issuer's Continuing Disclosure Undertaking under Rule 15c2-12 in connection with the Bonds.

"Government Securities" means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of the United States of America and all securities and obligations, the prompt payment of principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America.

"Independent" when used with respect to any specified person means such person who is in fact independent and is not connected with the Issuer as an officer, employee, underwriter, or person performing a similar function; and whenever it is provided in this Ordinance that the opinion or report of any Independent person shall be furnished, such person shall be appointed by the Issuer, and such opinion or report shall state that the signer has read this definition and that the signer is Independent within the meaning hereof.

"Insurer" means the issuer of a Policy securing the payment when due of the principal of and interest on the Bonds.

"Levied Taxes" means the receipts, if any are required, derived from the levy of general taxes without limit as to rate or amount as provided for in Section 8 of this Ordinance securing and to pay the principal of and interest on the Bonds.

"Maximum Annual Debt Service" means an amount of money equal to the highest future principal and interest requirement of all Outstanding Bonds required by this Ordinance in any Bond Year (i.e., each January 1 to the next December 31 period), including and subsequent to the Bond Year in which the computation is made; and any Outstanding Bonds required to be redeemed pursuant to mandatory redemption shall be treated as falling due on the date required to be redeemed (except in the case of failure to make any such mandatory redemption) and not on the stated maturity date of such Outstanding Bonds.

"Ordinance" or **"ordinance"** means this Ordinance as originally adopted and as the same may from time to time be amended or supplemented pursuant to and in accordance with the terms hereof.

"Outstanding Bonds" means Bonds which are outstanding and unpaid; provided, however, such term shall not include Bonds **(a)** which have matured and for which monies are on deposit with proper paying agents or are otherwise sufficiently available to pay all principal thereof and interest thereon; or **(b)** the provision for payment of which has been made by the Issuer pursuant to this Ordinance.

"Paying Agent" shall mean the paying agent set forth in a Bond Order, through its office maintained for such purpose in connection with the Bonds, and its successors and assigns.

"Pledged Account" shall have the meaning in Section 10(a).

"Policy" means an Insurer's Municipal Bond Insurance Policy or other credit facility, if any, insuring and securing the scheduled payments when due of the principal of and interest on the Bonds.

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"Project Fund" shall have the meaning as set forth in Section 10(e).

"Qualified Investments" means, subject to the limitations applicable in connection with an Insurer's Policy, if any, investments in Government Securities and such other investments as may from time to time be permissible under the laws of the State of Illinois.

"Regulations" means the Income Tax Regulations.

"Rule 15c2-12" means Rule 15c2-12 promulgated by the Securities and Exchange Commission.

"Tax-Exempt Organization" means an organization described in Section 501(c)(3) of the Code.

"Underwriter" shall be as set forth in Bond Order.

"Yield Reduction Payments" shall have the meaning in Section 1.148-5(c) of the Regulations.

"Yield restricted" or **"yield restriction"** with reference to an obligation means that the yield on such obligation is restricted to the Yield on the Bonds.

(b) Any certificate, letter or opinion required to be given in connection herewith shall mean a signed document attesting to or acknowledging the circumstances, representations, opinions of law or other matters therein stated or set forth. Reference herein to supplemental agreements, certificates, demands, requests, approvals, consents, notices and the like shall mean that such shall be only written whether or not a writing is specifically mentioned in the context of use. In connection with the foregoing and other actions to be taken under this Ordinance, the Issuer's Mayor and Chief City Officer (or his or her designee), unless applicable law requires action by the Issuer's City Council, shall have the power and authority to make or grant or do all things, supplemental agreements, certificates, requests, demands, approvals, consents, notices and other actions required or described in this Ordinance for and on behalf of the Issuer and with the effect of binding the Issuer in that connection. In connection herewith concerning written direction or authorization in respect of the investment of any funds, notwithstanding any provision hereof to the contrary, such direction or authorization orally by telephone, other telecommunication or otherwise, confirmed in writing, shall be appropriate and is hereby approved. Failure of the investing agent to actually receive such written confirmation shall not render invalid or ineffective any such oral direction or authorization.

(c) In the event there is no Insurer or Policy, reference to **"Insurer"** and **"Policy"** in this Ordinance shall be given no effect.

Section 2. **Findings**. The Corporate Authorities hereby find that the matters set forth in the preambles and recitals hereto are true and correct and incorporate them herein by this reference and that it is necessary and in the best interests of the Issuer that the Issuer finance the Project, fund capitalized interest, and pay the Costs and that the Bonds be issued for such purposes. Proceeds of the Bonds are hereby to be applied for such purposes. Pursuant to Section 6

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(Powers of Home Rule Units) of Article VII (Local Government) of the Constitution of the State of Illinois, Section 1-2-4 of the Illinois Municipal Code shall not apply to this Ordinance.

Section 3. **Bond Details**. There shall be borrowed for and on behalf of the Issuer the principal amount of up to $10,000,000 (to be evidenced by the Bonds) to finance the Project and related Costs.

(a) **General**. The Bonds shall be designated: "General Obligation Bonds, Series 2017". The Bonds shall be dated as of or before the date of issuance as the Underwriter agrees or accepts, and shall bear the date of authentication, shall be in fully registered form, shall be in denominations of $5,000 each and authorized integral multiples thereof, shall be numbered 1 and upward in the order of their issuance, and shall bear interest at the rate or rates (not to exceed 5.00%) and shall mature and become due and payable in the principal amount (not exceeding $650,000) on December 31 of the years commencing not before 2017 and ending not later than 2046, all as shall be specified in a Bond Order.

The Bonds shall bear interest from their date, or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of the Bonds is paid, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on the last day of June and December of each year, commencing on the date set forth in a Bond Order. Principal of and premium (if any) on each Bond shall be paid in lawful money of the United States of America, at the office maintained for such purpose by the Paying Agent. Interest on each Bond shall be paid from available funds therefor, as provided in this Ordinance, by check or draft of the Paying Agent to the person in whose name such Bond is registered at the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month of the interest payment date.

Interest on each Bond also may be payable by wire or electronic transfer to (and at the expense of) any registered owner of a Bond or Bonds (as of the applicable record date) holding an aggregate principal amount of $500,000 or more when such registered owner shall have requested such wire or electronic transfer payment to a bank in the continental United States by written instruction (with sufficient directions, including bank address and routing and account numbers) to the Paying Agent at least fifteen (15) days prior to an interest payment date.

(b) **Execution**. The Bonds shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the City and shall be signed by the manual or facsimile signatures of the Mayor and City Clerk, as they shall determine, and in case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

(c) **Authentication**. All Bonds shall have thereon a certificate of authentication substantially in the form therefor hereinafter set forth duly executed by the Bond Registrar as authenticating agent of the City and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond

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shall be conclusive evidence that such Bond has been authenticated and delivered under this Ordinance.

(d) **Bond Order**. The Bonds shall bear interest at such rates and mature in the principal amount in each year, but not exceeding the aggregate of the Bonds as set forth above, if different than as set forth above, shall be insured, shall be subject to optional redemption and/or mandatory redemption, and shall have such other terms and provisions as set forth in a Bond Order, if any. For purposes of the foregoing and otherwise in this Ordinance, the term **"Bond Order"** shall mean a certificate signed by the Mayor, and attested by the City Administrator, and under the seal of the Issuer, setting forth and specifying details of the Bonds, including, but not limited to, as the case may be, identification of the Bond Registrar, Paying Agent, Bond Insurer, Policy, final interest rates, payment dates, optional and mandatory call provisions, Levied Taxes, original issue discount (**"OID"**), reoffering premium, and the final maturity schedule, authorized pursuant to this Ordinance. The Bonds shall be conformed to each Bond Order.

Section 4. **Redemption**. The Bonds shall be subject to redemption prior to maturity, if at all, as provided in this Section 4, subject to an applicable Bond Order.

(a) **Optional Redemption.** Bonds maturing on and after December 31 of the year specified in a Bond Order, shall be subject to redemption prior to maturity in whole or in part on any date on and after December 31 of the year specified in a Bond Order, at the option of the City, in any order of maturity designated by the City (but in inverse order if none is designated), at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the redemption date, and otherwise shall not be subject to optional redemption.

(b) **Sinking Fund Redemption.** This subsection (b) shall apply to the extent a Bond Order shall specify any Term Bonds, and otherwise shall not apply. Bonds specified in a Bond Order or a Bond Purchase Agreement as Term Bonds (the **"Term Bonds"**), if any, are subject to mandatory sinking fund redemption in the principal amount on December 31 of the years so specified, but corresponding to the principal maturities specified above in Section 3(a).

At its option before the 45th day (or such lesser time acceptable to the Bond Registrar) next preceding any mandatory sinking fund redemption date in connection with Term Bonds, the City by furnishing the Bond Registrar and the Paying Agent an appropriate certificate of direction and authorization executed by the Mayor or City Administrator may: **(i)** deliver to the Bond Registrar for cancellation Term Bonds in any authorized aggregate principal amount desired; or **(ii)** furnish the Paying Agent funds for the purpose of purchasing any of such Term Bonds as arranged by the City; or **(iii)** receive a credit (not previously given) with respect to the mandatory sinking fund redemption obligation for such Term Bonds which prior to such date have been redeemed and cancelled. Each such Bond so delivered, previously purchased or redeemed shall be credited at 100% of the principal amount thereof, and any excess shall be credited with regard to future mandatory sinking fund redemption obligations for such Bonds in chronological order, and the principal amount of Bonds to be so redeemed as provided shall be accordingly reduced. In the event Bonds being so redeemed are in a denomination greater than $5,000, a portion of such Bonds may be so redeemed, but such portion shall be in the principal amount of $5,000 or any authorized integral multiple thereof.

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(c) **Procedure.** The City covenants that it will redeem Bonds pursuant to the redemption provisions applicable to such Bonds. Proper provision for redemption having been made, the City covenants that the Bonds so selected for redemption shall be payable as at maturity.

The City shall, at least 45 days prior to an optional redemption date (unless a shorter time shall be satisfactory to the Bond Registrar), notify the Bond Registrar of any optional redemption date and of the principal amount of Bonds to be redeemed (no such notice shall be required in the case of any mandatory sinking fund redemption of Term Bonds). In the event that less than all of the Bonds of a particular maturity are called for redemption as aforesaid, as necessary, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot not more than sixty (60) days or less than thirty (30) days prior to the redemption date by the Bond Registrar by such method of lottery as the Bond Registrar shall deem fair and appropriate; provided, that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that any $5,000 Bond or $5,000 portion of a Bond shall be as likely to be called for redemption as any other such $5,000 Bond or $5,000 portion. The Bond Registrar shall promptly notify the City in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Unless waived by the registered owner of Bonds to be redeemed, presentment for payment being conclusively such a waiver, notice of any such redemption shall be given by the Bond Registrar on behalf of the City by mailing the redemption notice by first class mail not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to each registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by each such registered owner to the Bond Registrar.

All notices of redemption shall include at least the information as follows: **(1)** the identification of the particular Bonds to be redeemed; **(2)** the redemption date; **(3)** the redemption price; **(4)** if less than all of the Bonds of a particular maturity are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed; **(5)** a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after such date; and **(6)** the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the office maintained for such purpose by the Paying Agent.

Prior to any redemption date, the City shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, together with accrued interest, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Neither the failure to mail such redemption notice nor any defect in any notice so mailed to any particular registered owner of a Bond shall affect the sufficiency of such notice with respect to any other registered owner. Notice having been properly given, failure of a registered

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owner of a Bond to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or the redemption action described in the notice. Such notice may be waived in writing by a registered owner of a Bond, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice shall be filed with the Bond Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Upon surrender of such Bonds for redemption in accordance with such notice, such Bonds shall be paid from available funds therefor by the Paying Agent at the redemption price. Interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for the partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal.

If any Bond or portion of Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal, and premium, if any, shall, until paid, bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption. All Bonds which have been redeemed shall be marked cancelled by the Bond Registrar and shall not be reissued.

In addition to the foregoing notice set forth above, further notice shall be given by the Bond Registrar on behalf of the City as set out below, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus **(a)** the CUSIP numbers of all Bonds being redeemed; **(b)** the date of issue of the Bonds as originally issued; **(c)** the rate of interest borne by each Bond being redeemed; **(d)** the maturity date of each Bond being redeemed; and **(e)** any other descriptive information needed to identify accurately the Bonds being redeemed.

Each further notice of redemption shall be sent at least thirty (30) days before the redemption date to all registered securities depositories holding Bonds and in the Bond Registrar's sole discretion to one or more national information services that disseminate notice of redemption of obligations such as the Bonds.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall identify the Bond or Bonds, or portion thereof, being redeemed with the proceeds of such check or other transfer.

Section 5. Registration of Bonds and Book-Entry. The Bonds shall be negotiable, subject to the provisions for registration of transfer contained herein and related to book-entry only registration.

(a) General. This subsection (a) is subject to the provisions of subsection (b) concerning book-entry only provisions. The Issuer shall cause books (the **"Bond Register"**) for the registration and for the transfer of the Bonds as provided in this Ordinance to be kept at the office maintained for such purpose by the Bond Registrar. The Issuer is authorized to prepare, and

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the Bond Registrar shall keep custody of, multiple Bond blanks executed by the Issuer for use in the issuance from time to time of the Bonds and in the transfer and exchange of Bonds.

Upon surrender for transfer of any Bond at the office maintained for such purpose by the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or such owner's attorney duly authorized in writing, the Issuer shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same series and maturity of authorized denominations, for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at the office of the Bond Registrar for a like aggregate principal amount of Bond or Bonds of the same maturity of other authorized denominations. The execution by the Issuer of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period from the fifteenth (15th) day of the calendar month of any interest payment date on such Bond and ending on such interest payment date, nor, as applicable, to transfer or exchange any Bond after notice calling such Bond for prepayment has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of prepayment and redemption of any Bonds.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of, premium (if any) or interest on any Bond shall be made only to or upon the order of the registered owner thereof or such registered owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the Issuer or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds exchanged in the case of the issuance of a Bond or Bonds for the outstanding portion of a Bond surrendered for redemption.

The Mayor or City Treasurer or Finance Director may, in his or her discretion at any time, designate a bank with trust powers or trust company, duly authorized to do business as a bond registrar, paying agent, or both, to act in one or both such capacities hereunder, in the event the Mayor or City Treasurer shall determine it to be advisable. Notice shall be given to the registered owners of any such designation in the same manner, as near as may be practicable, as for a notice of redemption of Bonds, and as if the date of such successor taking up its duties were the redemption date.

(b) **Book-Entry-Only Provisions**. The Bonds shall be issued in the form of a separate single fully registered Bond of each series for each of the maturities of the Bonds. Upon initial issuance, the ownership of each such Bond may be registered in the Bond Register therefor in a street name of the Depository, or any successor thereto, as nominee of the Depository. The outstanding Bonds from time to time may be registered in the Bond Register in a street name, as

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nominee of the Depository. If not already done, the Mayor or City Treasurer is authorized to execute and deliver on behalf of the Issuer such letters to or agreements with the Depository as shall be necessary to effectuate such book-entry system (any such letter or agreement being referred to herein as the **"Representation Letter"**). Without limiting the generality of the authority given to the Mayor or City Treasurer with respect to entering into such Representation Letter, it may contain provisions relating to **(a)** payment procedures, **(b)** transfers of the Bonds or of beneficial interest therein, **(c)** redemption notices and procedures unique to the Depository, **(d)** additional notices or communications, and **(e)** amendment from time to time to conform with changing customs and practices with respect to securities industry transfer and payment practices.

With respect to Bonds registered in the Bond Register in the name of a nominee of the Depository, the Issuer and the Bond Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a **"Depository Participant"**) or to any person on behalf of whom such a Depository Participant holds an interest in the Bonds. Without limiting the meaning of the foregoing, the Issuer and the Bond Registrar and the Paying Agent shall have no responsibility or obligation with respect to **(a)** the accuracy of the records of the Depository, the nominee, or any Depository Participant with respect to any ownership interest in the Bonds, **(b)** the delivery to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or **(c)** the payment to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Bonds.

As long as the Bonds are held in a book-entry-only system, no person other than the nominee of the Depository, or any successor thereto, as nominee for the Depository, shall receive a Bond certificate with respect to any Bonds. Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new nominee in place of the prior nominee, and subject to the provisions hereof with respect to the payment of interest to the registered owners of Bonds as of the close of business on the fifteenth (15th) day of the calendar month of the applicable interest payment date, the reference herein to nominee in this Ordinance shall refer to such new nominee of the Depository.

In the event that **(a)** the Issuer determines that the Depository is incapable of discharging its responsibilities described herein and in the Representation Letter, **(b)** the agreement among the Issuer, the Bond Registrar, the Paying Agent and the Depository evidenced by the Representation Letter shall be terminated for any reason or **(c)** the Issuer determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Issuer shall notify the Depository and the Depository Participants of the availability of Bond certificates, and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of a nominee of the Depository. At that time, the Issuer may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a book-entry system, as may be acceptable to the Issuer, or such depository's agent or designee, and if the Issuer does not select such alternate book-entry system, then the Bonds may be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions hereof. Notwithstanding any other provision of this

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Ordinance to the contrary, so long as any Bond is registered in the name of a nominee of the Depository, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letter.

Section 6. **General Obligation**. The Bonds are and constitute general obligations of the Issuer to which is pledged the full faith and credit of the Issuer, including a levy of direct annual taxes without limit as to rate or amount sufficient to pay when due the principal thereof and interest thereon.

Section 7. **Form of Bonds**. With appropriate completion of blanks and other modifications, including, as the case may be, the inclusion of abbreviations with respect to the status of registered ownership and an Insurer's standard Statement of Insurance, reordering of paragraphs, and, while the Bonds are held by the Depository in full book entry form, a schedule with respect to prepayments upon redemption showing the date of prepayment, the principal amount prepaid, the interest paid, the principal balance, the Bonds shall be in substantially the form as follows:

(Form of Bond)
[STATEMENT OF INSURANCE]

REGISTERED **REGISTERED**
NO. _____ $_____

UNITED STATES OF AMERICA
STATE OF ILLINOIS
THE COUNTY OF ST. CLAIR
CITY OF O'FALLON
GENERAL OBLIGATION BOND, SERIES 2017

Interest Rate: ____%	**Maturity Date:** December 31, 20__	**Dated Date:** _____, 2017	**CUSIP:** _____

Registered Owner:

Principal Amount:

KNOW ALL BY THESE PRESENTS, that the City of O'Fallon, St. Clair County Illinois (the "**Issuer**"), a home rule municipality and political subdivision of the State of Illinois, hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the later of the Dated Date of this Bond identified above or from the most recent interest payment date to which interest has been paid or duly provided for at the Interest Rate per annum identified above, such interest to be payable on the last day of June and December of each year, commencing _____, 20__, until such Principal Amount is paid or duly provided for, except as the hereinafter stated provisions for redemption prior to maturity may and shall become applicable to this Bond. The principal of and redemption premium, if any, due on this Bond are payable in lawful money of the United States

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of America upon presentation hereof at the office maintained for such purpose by _____, in _____, Illinois, as paying agent (including its successors, the "**Paying Agent**").

Payment of interest shall be made to the Registered Owner hereof as shown on the registration books of the Issuer maintained by _____, in _____, Illinois, as Bond Registrar (including its successors, the "**Bond Registrar**"), at the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month of the interest payment date and shall be paid by check or draft of the Paying Agent, payable in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Bond Registrar.

Interest on each Bond also may be payable by wire or electronic transfer to (and at the expense of) any registered owner of a Bond or Bonds (as of the applicable record date) holding an aggregate principal amount of $500,000 or more when such registered owner shall have requested such wire or electronic transfer payment to a bank in the continental United States by written instruction (with sufficient directions, including bank address and routing and account numbers) to the Paying Agent at least fifteen (15) days prior to an interest payment date.

This Bond and each Bond of the series of which it forms a part (the "**Bonds**") are issued pursuant to the Constitution and laws of the State of Illinois, including by the power and authority of the Issuer as a home rule unit under Section 6 (Powers of Home Rule Units) of Article VII (Local Government) of the Constitution of the State of Illinois, as supplemented and amended, including by the Illinois Municipal Code and the Local Government Debt Reform Act, and the principal of and interest and any premium on the Bonds are payable from unlimited ad valorem taxes duly levied without limit as to rate or amount on all of the taxable property in the Issuer (the "**Levied Taxes**"). The Bonds of this series are being issued for the purposes of (i) financing the costs of acquisition, construction and/or improvements of a downtown plaza, the family sportspark soccer complex and other capital improvements related to the Issuer's Destination O'Fallon Economic Development Project (the "**Project**"), and (ii) paying all or a portion of the costs of issuing the Bonds, authorized by applicable law and as more fully described in proceedings adopted by the City Council of the Issuer (the "**Corporate Authorities**") in Ordinance No. _____ authorizing the issuance of the Bonds, adopted by the Corporate Authorities on the 6th day of February, 2017 (the "**Bond Ordinance**"). For the prompt payment of the Bonds, both principal and interest as aforesaid, at maturity or redemption, the full faith and credit of the Issuer, including the power to levy taxes without limit as to rate or amount, are hereby irrevocably pledged.

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Bond Ordinance. Upon surrender for transfer or exchange of any Bond at the office maintained for such purpose by the Bond Registrar in _____, Illinois, duly endorsed by or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Bond Registrar and duly executed by the registered owner or an attorney for such registered owner duly authorized in writing, the Issuer shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees or, in the case of an exchange, the registered owner, a new fully registered Bond or Bonds of like tenor, of the same maturity, bearing the same interest rate, of authorized denominations, for a like aggregate principal amount.

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The Bond Registrar shall not be required to transfer or exchange any Bond during the period from the fifteenth (15th) day of the calendar month of any interest payment date on such Bond and ending on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for prepayment has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of prepayment and redemption of any Bonds.

The Issuer, the Paying Agent and the Bond Registrar 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, premium, if any, and interest due hereon and for all other purposes and neither the Issuer nor the Paying Agent or Bond Registrar shall be affected by any notice to the contrary.

[Bonds maturing on and after December 31, 20__, shall be subject to redemption prior to maturity on December 31, 20__, and thereafter in whole or in part on any date, in any order of maturity specified by the Issuer (but in inverse order if none is specified) at a redemption price equal to the principal amount to be so redeemed, plus accrued interest to the date fixed for redemption.]

[Insert and adapt, as applicable: Bonds maturing on December 31, 20__ and December 31, 20__ are Term Bonds (the "**Term Bonds**"), subject to mandatory sinking fund redemption in the principal amount on December 31 of each of the years, as follows:

December 31, 20 Term Bonds		**December 31, 20 Term Bonds**	
Year	**Principal Amount($)**	**Year**	**Principal Amount($)**
20___	,000	20___	,000
20___	,000*	20___	,000*

*To be paid at maturity unless previously retired.]

[Unless waived by the registered owner of Bonds to be redeemed, notice of any such redemption shall be given by the Bond Registrar on behalf of the Issuer by mailing the redemption notice by first class mail not less than thirty (30) days and not more than sixty (60) days prior to the date of fixed for redemption to each registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar. Neither the failure to mail such redemption notice, nor any defect in any notice so mailed, to any particular registered owner of a Bond, shall affect the sufficiency of such notice with respect to other registered owners. Notice having been properly given, failure of a registered owner of a Bond to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or redemption action described in the notice. Such notice may be waived in writing by a registered owner of a Bond entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice.

Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment

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of the redemption) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with such notice, such Bonds shall be paid by the Paying Agent at the redemption price. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of like tenor, of authorized denominations, of the same maturity, and bearing the same rate of interest in the amount of the unpaid principal.]

The rights and obligations of the Issuer and of the registered owners of Bonds of the series of which this Bond is one may be modified or amended at any time with the consent of the Issuer and of the registered owners of not less than two-thirds (2/3rds) in principal amount of outstanding Bonds in the manner, to the extent, and upon the terms provided in the Bond Ordinance, provided that no such modification or amendment shall extend the maturity or reduce the interest rate on or otherwise alter or impair the obligation of the Issuer to pay the principal, interest or redemption premium, if any, from the designated sources therefor, in the manner at the time and place and at the rate and in the currency provided therein of any Bond without the express consent of the registered owner of such Bond, or permit the creation of a preference or priority of any Bond or Bonds over any other Bond or Bonds, or reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification, all as more fully set forth in the Bond Ordinance.

The Issuer, the Bond 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 interest due hereon and for all other purposes, and the Issuer, the Bond Registrar and the Paying Agent shall not be affected by any notice to the contrary.

It is hereby certified and recited that all conditions, acts and things required by the constitution and laws of the State of Illinois to exist or to be done precedent to and in the issuance of this Bond, have existed and have been properly done, happened and been performed in regular and due form and time as required by law; that the indebtedness of the Issuer, represented by the series of Bonds of which this Bond is one, and including all other indebtedness of the Issuer, howsoever evidenced or incurred, does not exceed any constitutional or statutory or other lawful limitation; and that provision has been made for the levy of general taxes without limit as to rate or amount (the Levied Taxes) on all taxable property within the Issuer's corporate limits to pay when due the principal of and interest on the series of Bonds of which this Bond is one.

The Issuer has designated the Bonds of this series as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar. Notwithstanding any other provision hereof, at any time that the Bonds are registered in the name of a securities depository or its nominee, the manner and timing of payment of the Bonds shall be governed by the agreement entered into with such securities depository.

IN WITNESS WHEREOF the City of O'Fallon, St. Clair County, Illinois, by its City Council, has caused this Bond to be executed by the manual or duly authorized facsimile signature of its Mayor and attested by the manual or duly authorized facsimile signature of its City

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Clerk and its corporate seal or a facsimile thereof to be impressed or reproduced hereon, all as appearing hereon and as of the Dated Date identified above.

CITY OF O'FALLON, ST. CLAIR COUNTY, ILLINOIS

Attest:

_____
Mayor, City of O'Fallon, St. Clair County, Illinois

(SEAL)

_____
City Clerk, City of O'Fallon, St. Clair County, Illinois

Bond Registrar _____
Paying Agent: _____, Illinois

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This Bond is one of the Bonds described in the within mentioned Bond Ordinance and is one of the General Obligation Bonds, Series 2017, having a Dated Date of _____, 2017, of the City of O'Fallon, St. Clair County, Illinois.

_____,
_____, Illinois, as Bond Registrar

By_____
Authorized Signer

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ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto ____

_____

(Name, Address and Tax Identification of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____ _____ as attorney to transfer the within Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated:_____ _____

Signature Guarantee By:

_____

(Name of Eligible Guarantor Institution as defined by SEC Rule 17 Ad-15 (17 CFR 240.1 Ad-15))

NOTICE: The signature to this transfer and assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Section 8. **Tax Levy**. For the purpose of providing funds required to pay the interest on the Bonds promptly when and as the same falls due, and to pay and discharge the principal thereof at maturity or upon mandatory redemption, there is hereby levied upon all of the taxable property within the City, in the years for which any of the Bonds are outstanding, a direct annual tax sufficient for the purpose; and there are hereby levied on all of the taxable property in the City, in addition to all other taxes, with a reasonable allowance for delinquencies under Section 16 of the Local Government Debt Reform Act, the direct annual taxes as provided pursuant to a Bond Order (constituting the Levied Taxes) in an annual amount not to exceed $650,000 for the levy years 2017 (collectible in 2018) through 2045 (collectible in 2046).

Interest or principal on the Bonds coming due at any time when there are insufficient funds on hand from the Levied Taxes to pay the same shall be paid promptly when due from current funds on hand (and not subject to a prior pledge) in advance of the collection of the Levied Taxes herein levied; and when the Levied Taxes shall have been collected, reimbursement shall be made to such funds in the amount so advanced.

(a) The Corporate Authorities reserve the complete right and discretion not to use such funds to abate such taxes or to use a portion of such funds to abate such taxes, provided, however, that the Corporate Authorities shall annually determine an amount to be deposited and so direct the City Treasurer or Finance Director to deposit such amount into the Principal and Interest Account and the City Treasurer or Finance Director shall file written direction with the County Clerk to abate the taxes by the amount so deposited, and such deposits shall be made prior to any such abatement being filed with the County Clerk, as the tax extension officer for the Issuer. No taxes will be abated unless and until the proper amount of such abatement has been deposited irrevocably into the Principal and Interest Account and dedicated to the payment of such Bonds. A certified copy of any such certificate of abatement and of any such proceedings abating taxes shall be filed with the County Clerk in a timely manner to affect such abatement.

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(b) The Issuer covenants and agrees with the purchasers and registered owners of the Bonds that so long as any of the Bonds remain outstanding and unless and to the extent that moneys are then irrevocably on deposit in the Principal and Interest Account, the Issuer will take no action or fail to take any action which in any way would adversely affect the ability of the Issuer to levy and collect the foregoing Levied Taxes. The Issuer and its officers will comply with all present and future applicable laws in order to assure that the Levied Taxes may be levied, extended, collected and deposited into such Principal and Interest Account, all as provided herein. Levied Taxes when received by or on behalf of the Issuer shall be directly deposited into the Principal and Interest Account.

Section 9. **Filing with County Clerk**. Promptly, as soon as this Ordinance becomes effective and prior to issuance of any Bonds, a copy of this Ordinance, certified by the City Clerk, shall be filed with the County Clerk, and such County Clerk shall in and for each of the years 2017 through 2045, inclusive, ascertain the rate percent required to produce the aggregate tax hereinbefore provided to be levied in each such year and in such City; and such County Clerk shall extend the same for collection on the tax books in connection with any other taxes that may be levied in each such year in and by the Issuer for general corporate purposes of the Issuer; and in each such year such annual tax shall be levied and collected by and for and on behalf of the Issuer in like manner as provided by law for the levy and collection of taxes for general corporate purposes for each such year, without limit as to either rate or amount, and in addition to and in excess of all other taxes.

Section 10. **Special Accounts**. There are hereby created and established certain special accounts of the Issuer, which are trust funds established for the purpose of carrying out the covenants, terms and conditions imposed upon the Issuer by this Ordinance.

The Levied Taxes are to be paid to the City Treasurer or other appropriate financial officer who collects or receives the Levied Taxes. Whenever the City Treasurer or such officer receives any of the Levied Taxes, he or she shall promptly deposit the same into the appropriate account or accounts under this Ordinance and shall be used by the Issuer solely and only for the purpose of carrying out the terms and conditions of this Ordinance and shall be deposited as hereinafter provided to separate accounts hereby created to be known as the "**Principal and Interest Account"** and the **"Rebate Account**", respectively.

(a) **The Principal and Interest Account**. The Finance Director, City Treasurer or other appropriate financial officer shall first credit to and upon receipt shall immediately deposit into the Principal and Interest Account all funds allocated and pledged by the Corporate Authorities to pay debt service on the Bonds and receipts of any Levied Taxes extended and collected for such purpose. Such funds and Levied Taxes shall be immediately credited in full to the Principal and Interest Account. Moneys to the credit of the Principal and Interest Account shall be used solely and only for the purpose of paying principal of and redemption premium, if any, and interest on the Bonds, as the same become due upon maturity, redemption or due date.

There is hereby created and established the "Pledged Account" as a separate account within the Principal and Interest Account. The Issuer from time to time may direct the funding of the Pledged Account from available funds for the purpose of abatement of taxes as provided in Section 8(a) of this Ordinance.

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(b) **The Rebate Account**. There is hereby created a separate and special account to be known as the "Rebate Account" into which there shall be deposited as necessary investment earnings in the Principal and Interest Account to the extent required so as to maintain the tax-exempt status of interest on Bonds. All rebates, special impositions or taxes for such purpose payable to the United States of America (Internal Revenue Service) under Section 148(f) of the Code shall be payable from the Rebate Account. In a similar manner, Yield Reduction Payments (and other required payments) shall be determined and, as applicable, paid.

(c) **Investments**. The moneys on deposit in the Principal and Interest Account and the Rebate Account may be invested from time to time in Qualified Investments. Any such investments may be sold from time to time by the Issuer as moneys may be needed for the purposes for which such accounts have been created. In addition, the Finance Director or City Treasurer or other appropriate financial officer shall sell such investments when necessary to remedy deficiency in such Funds, and related accounts. Any earnings or losses on such investments shall first be attributed to the fund or account in which such investment was made. Investments shall be valued at least annually (on a consistent basis as determined by the City) at the lower of cost or market.

(d) **Yield Reduction Payments**. Unless the Issuer shall have requested and received an approving written opinion of Bond Counsel to the contrary, moneys on deposit or credited to the Pledged Account shall be restricted as to yield to the yield on the Bonds, subject to "yield reduction payments," as applicable, under Section 1.148-5(e) of the Regulations, which the Issuer shall determine and, as applicable, pay in the same manner as arbitrage rebate under (a) above.

(e) **Project Fund**. The Issuer hereby establishes and maintains a General Obligation Bonds, Series 2017 Project Fund (the "**Project Fund**") into which will be deposited monies for approved costs for the Project.

The Issuer covenants and agrees that moneys in the Project Fund will be used solely for the purposes described in this Bond Ordinance.

Subject to the provisions of this Bond Ordinance, upon completion of the Project any balance of moneys in the Project Fund shall be withdrawn by the Paying Agent from the Project Fund and deposited into the Principal and Interest Account.

Section 11. General Covenants. The Issuer covenants and agrees with the registered owners of the Bonds, that so long as any Bonds remain outstanding and unpaid:

(a) The Issuer will punctually pay or cause to be paid the principal of, interest on and premium, if any, to become due in respect of the Bonds in strict conformity with the terms of the Bonds and this Ordinance, and it will faithfully observe and perform all of the conditions, covenants and requirements hereof.

(b) The Issuer will pay and discharge, or cause to be paid and discharged, any and all lawful claims which, if unpaid, might become a lien or charge upon the funds pledged to pay debt service on the Bonds, including the Levied Taxes, or any part thereof, or upon any funds in the hands of the Paying Agent, or which might impair the security of the Bonds. Nothing herein

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contained shall require the Issuer to make any such payment so long as the Issuer in good faith shall contest the validity of such claims.

(c) The Issuer will keep, or cause to be kept, proper books of records and accounts, separate from all other records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to funds pledged to pay debt service on the Bonds, including the Levied Taxes. Such books of records and accounts shall at all times during business hours of the Issuer be subject to the inspection of the registered owners of not less than ten per cent (10%) (or such lesser percentage as may be required by applicable law) of the principal amount of the Bonds then outstanding, or their representatives authorized in writing.

(d) The Issuer will preserve and protect the security of the Bonds and the rights of the registered owners of the Bonds, including without limitation the right at all times to receive and apply the funds pledged to pay debt service on the Bonds, including the Levied Taxes, in the manner, at the time and with the effect contemplated by this Ordinance, with respect to which, among other things, the Issuer covenants to strictly comply with all requirements of the Act in connection therewith and herewith, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of the Bonds by the Issuer, the Bonds shall be incontestable by the Issuer, to the extent lawful.

(e) The Issuer will adopt, make, execute and deliver any and all such further ordinances, resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention of, or to facilitate the performance of, this Ordinance, and for the better assuring and confirming unto the registered owners and beneficial owners of the Bonds, the Paying Agent and the Bond Registrar of the rights and benefits provided in this Ordinance.

(f) As long as any Bonds are Outstanding, the Issuer will continue to deposit the funds pledged to pay debt service on the Bonds, including the Levied Taxes, to the appropriate accounts and subaccounts as herein provided. The Issuer covenants and agrees with the registered owners thereof that so long as any Bonds remain outstanding, the Issuer will take no action or fail to take any action which in any way would adversely affect the ability of the Issuer to collect and apply the Levied Taxes in accordance with this Ordinance. The Issuer and its officers will comply with the Act and with all present and future applicable laws in order to assure that such taxes may be collected as provided herein and deposited into the Principal and Interest Account and applied in accordance with this Ordinance.

(g) The Issuer will timely and fully comply with all requirements of the Act, including particularly filing, all reporting and other requirements, to maintain its right to receive the Levied Taxes.

Section 12. **Sale of the Bonds**. The Designated Officials are hereby authorized to proceed, without any further authorization or direction from the Corporate Authorities, to sell and deliver the Bonds upon the terms as prescribed in this Ordinance. The Bonds hereby authorized shall be executed as in this Ordinance provided as soon after the delivery of the Bond Order as may be, and thereupon be deposited with the City Treasurer and, after authentication thereof by the Bond Registrar, be by said City Treasurer delivered to the Underwriter, upon receipt of the

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purchase price therefor, the same being not less than 97% of the principal amount of the Bonds plus accrued interest to date of delivery.

Prior to the sale of the Bonds, the Mayor, the City Clerk or the City Treasurer (or his or her designee) is hereby authorized to approve and execute a commitment for the purchase of a Policy to further secure the Bonds, as long as the present value of the fee to be paid for the Policy (using as a discount rate the expected yield on the Bonds treating the fee paid as interest on the Bonds) is less than the present value of the interest reasonably expected to be saved on the Bonds over the term of the Bonds as a result of the Policy.

Upon the sale of the Bonds, the Designated Officials shall prepare a Bond Order. In the Bond Order, the Designated Officials shall find and determine that the Bonds have been sold at such price and bear interest at such rates that either the true interest cost (yield) or the net interest rate received upon the sale of the Bonds does not exceed the maximum rate otherwise authorized by applicable law. The Bond Order shall be entered into the records of the City and made available to the Corporate Authorities at the next regular meeting thereof; but such action shall be for information purposes only, and the Corporate Authorities shall have no right or authority at such time to reject such sale as evidenced in the Bond Order.

Upon the sale of the Bonds, as evidenced by the execution and delivery of the Bond Order, the Designated Officials and any other officers of the City as shall be appropriate, shall be and are hereby authorized and directed to approve or execute, or both, such documents of sale of the Bonds as may be necessary, including, without limitation, a Bond Purchase Agreement. Prior to the execution and delivery of a Bond Purchase Agreement, the Designated Officials shall find and determine that no person holding any office of the City, either by election or appointment, is in any manner interested, directly or indirectly, in his own name or in the name of any other person, association, trust or corporation, in said Bond Purchase Agreement.

The Bonds before being issued shall be registered, numbered and countersigned by the City Treasurer, such registration being made in a book provided for that purpose, in which shall be entered the record of the ordinance authorizing the Corporate Authorities to borrow said money and a description of the Bonds issued, including the number, date, to whom issued, amount, rate of interest and when due.

The hiring of an Underwriter and use by an Underwriter of any Preliminary Official Statement and any final Official Statement relating to the Bonds (the *"Official Statement"*) is hereby ratified, approved and authorized; the execution and delivery of the Official Statement is hereby authorized; and the officers of the Corporate Authorities are hereby authorized to take any action as may be required on the part of the City to consummate the transactions contemplated by the Bond Purchase Agreement, this Ordinance, said Preliminary Official Statement, the Official Statement and the Bonds.

Section 13. **Use of Bond Proceeds**. The proceeds derived from the sale of the Bonds shall be used as follows:

(a) Accrued interest and capitalized interest, if any, received by the Issuer upon the sale of the Bonds and capitalized interest, if any, following the delivery of the Bonds,

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shall be remitted for deposit in the Principal and Interest Account and shall be used to pay first interest coming due on the Bonds.

(b) The Issuer shall then allocate from Bond proceeds, and other available funds, in excess of the requirements in (a) above, a sum necessary **(i)** to fund the Project Fund and **(ii)** for expenses incurred in the issuance of the Bonds, which shall be deposited in the Project Fund as herein provided and disbursed for such issuance costs, which disbursements are hereby expressly authorized.

(c) Remaining funds, if any, net of amounts directly applied at closing to pay issuance costs or to fund the Project Fund, shall be set aside to pay Project related costs and applicable issuance costs not otherwise paid or provided for, which the Issuer shall maintain as a separate and segregated account and subaccount. Money in the Project Fund shall be withdrawn from time to time as needed for the payment of the Project and issuance expenses in (b) above for which funds were insufficient and for other authorized costs under applicable law, and paying the fees and expenses incidental thereto, as approved by a written opinion of Bond Counsel, and such money shall be disbursed by the Issuer from time to time for corporate purposes only upon submission to the City Treasurer or Finance Director or other appropriate financial officer of the following:

(i) If such disbursement is for payment to a supplier, materialman, or contractor for work done in connection with Project costs, documentation as is acceptable to the Mayor with respect to similar work and projects and, at the Mayor's direction, and not otherwise, a certificate executed by the engineer or architect in charge of the Project stating the amount of materials supplied or the nature of the work completed, that such materials have been properly accepted or such work approved by such engineer or architect, the amount due and payable thereon, and the amount remaining to be paid in connection with such costs accompanied, as appropriate, by contractors, affidavits and mechanics' lien waivers; and

(ii) A duplicate copy of a payment direction signed by the Mayor or another appropriate officer of the Issuer, stating specifically the purpose for the authorized payment.

Within sixty (60) days after full depletion of the Project Fund or payment of all related costs, as herein referred to, and as heretofore approved by the Corporate Authorities, the Mayor shall certify to the Corporate Authorities the fact of such depletion or an engineer or architect in responsible charge of the expenditures shall certify to the Corporate Authorities the fact that the work has been completed according to approved plans and specifications, as applicable, and upon approval of such certification by the Corporate Authorities, funds (if any) remaining in the Principal and Interest Account shall be credited by the City Treasurer or other appropriate financial officer to the Principal and Interest Account, and, as applicable, the Project Fund shall be closed.

Funds on deposit in the Project Fund may be invested by the Finance Director, City Treasurer or other appropriate financial officer in Qualified Investments, subject to applicable

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investment yield restrictions. All investment earnings in the Project Fund shall first be credited to the Rebate Account (including for Yield Reduction Payments) as necessary to maintain the tax-exempt status of the Bonds and next shall be credited to the Project Fund.

Section 14. **Arbitrage**. The Corporate Authorities certify and covenant with the registered owners of the Bonds from time to time outstanding, that so long as any of the Bonds remain outstanding, moneys on deposit in any fund or account or subaccount in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner which will cause such Bonds to be "private activity bonds", "arbitrage bonds" or "hedge bonds" under Sections 141, 148 and 149(g) of the Code and applicable regulations promulgated or proposed thereunder, as the same presently exist, or may from time to time hereafter be amended, supplemented or revised.

Section 15. **Certain Investments**. The Corporate Authorities reserve the right, however, to make any investment of such moneys permitted by Illinois law and this Ordinance, if, when and to the extent that Section 148 of the Code or applicable regulations shall be repealed or relaxed or shall be held void by final decision of a court of competent jurisdiction, but only if any investment made by virtue of such repeal, relaxation or decision would not, in a written opinion of Bond Counsel of recognized competence in such matters, result in making the interest on any of the Bonds subject to federal income taxation. The Corporate Authorities further reserve the right to apply any applicable arbitrage rebate exception, with respect to which the Mayor is authorized to make applicable elections and otherwise act.

Section 16. **Refunding Bonds**. Refunding obligations issued to refund, whether at or in advance of maturity, Bonds issued under this Ordinance, may be issued by the Corporate Authorities hereunder, and, upon such issuance, shall be "Bonds" as defined hereunder, subject to the limitations hereof.

Section 17. **Payment and Discharge**. Bonds may be discharged, payment provided for, and the Issuer's liability terminated, in whole or in part, as follows:

(a) **Discharge of Indebtedness**. If **(i)** the Issuer shall pay or cause to be paid to the registered owners of the Bonds the principal, premium, if any, and interest to become due thereon at the times and in the manner stipulated therein and herein, **(ii)** all fees and expenses of the Bond Registrar and the Paying Agent shall have been paid, and **(iii)** the Issuer shall keep, perform and observe all and singular the covenants and promises in the Bonds and in this Ordinance expressed as to be kept, performed and observed by it or on its part, then these presents and the rights hereby granted shall cease, determine and be void. If the Issuer shall pay or cause to be paid to the registered owners of all outstanding Bonds of a particular series, or of a particular maturity within a series, the principal, premium, if any, and interest to become due thereon at the times and in the manner stipulated therein and herein, such Bonds shall cease to be entitled to any lien, benefit or security under this Ordinance, and all covenants, agreements and obligations of the Issuer to the registered owners of such Bonds shall thereupon cease, terminate and become void and discharged and satisfied.

(b) **Provision for Payment**. Bonds for the payment or redemption of which sufficient monies or sufficient Government Securities shall have been deposited with the Paying

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Agent (whether upon or prior to the maturity or the redemption date of such Bonds) shall be deemed to be paid within the meaning of this Ordinance and no longer outstanding under this Ordinance; provided, however, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given as provided in this Ordinance or arrangements satisfactory to the Bond Registrar (including Certified Public Accountant verifications and opinions of Bond Counsel) shall have been made for the giving thereof. Government Securities shall be considered sufficient only if such investments are not redeemable prior to maturity at the option of the Issuer thereof and mature and bear interest in such amounts and at such times as will assure sufficient cash to pay currently maturing interest and to pay principal and redemption premiums if any when due on the Bonds without rendering the interest on any Bonds taxable under the Code. The Issuer may at any time surrender to the Bond Registrar for cancellation by it any Bonds previously authenticated and delivered hereunder, which the Issuer may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

(c) **Termination of Issuer's Liability**. Upon the discharge of indebtedness under paragraph (a) hereof, or upon the deposit with the Paying Agent or another appropriate escrow agent of sufficient money and Government Securities (such sufficiency being determined as provided in paragraph (b) hereof) for the retirement of any particular Bond or Bonds, all liability of the Issuer in respect of such Bond or Bonds shall cease, determine and be completely discharged and the registered owners thereof shall thereafter be entitled only to payment out of the money and the proceeds of the Government Securities deposited as herein described for their payment.

Section 18. Ordinance a Contract. The provisions of this Ordinance shall constitute a contract between the Issuer and the registered owners of the Bonds, and no changes, additions or alterations of any kind shall be made hereto, except as herein provided.

Section 19. Amendment. The rights and obligations of the Issuer and of the registered owners of outstanding Bonds may from time to time be modified or amended by a supplemental ordinance adopted by the Corporate Authorities with the written consent of the registered owners of not less than two-thirds (2/3rds) of the principal amount of all outstanding Bonds (excluding any of such Bonds owned by or under the control of the Issuer) of the series of Bonds affected by any such supplemental ordinance, other than amendments not prejudicial to the rights of the registered owners of the Bonds (which may be conclusively determined by receipt of an approving opinion of Bond Counsel); provided, however, that no such modification or amendment shall extend or change the maturity of or date of redemption prior to maturity, or reduce the interest rate on, or permit the creation of a preference or priority, other than as herein provided, of any outstanding Bond or outstanding Bonds over any other outstanding Bond or outstanding Bonds, or otherwise alter or impair the obligation of the Issuer to pay from any pledged funds and Levied Taxes the principal of and interest on any of the outstanding Bonds at the time, place, rate, and in the currency provided herein, or alter or impair the obligations of the Issuer with respect to registration, transfer, exchange or notice or redemption of Bonds, without the written consent of the registered owners of all the outstanding Bonds affected; nor shall such modification or amendment reduce the percentage of the registered owners of outstanding Bonds required for the written consent of such modification or amendment without the written consent of the registered owners of all of the outstanding Bonds.

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Section 20. **Partial Invalidity**. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

Section 21. **Registered Form**. The Issuer recognizes that Section 149 of the Code requires the Bonds to be issued and to remain in fully registered form in order that interest thereon is exempt from federal income taxation under laws in force at the time the Bonds are delivered. In this connection, the Issuer agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

Section 22. **Bond Registrar and Paying Agent**. The Bond Registrar shall maintain a list of the names and addresses of the registered owners of all Bonds and upon any transfer shall add the name and address of the new registered owner and eliminate the name and address of the transferor registered owner. If requested by a Bond Registrar and/or Paying Agent, the City Administrator or Mayor of the City (or his or her designee) are authorized to execute the Bond Registrar's and/or Paying Agent's standard form of agreement between the City and the Bond Registrar and/or Paying Agent with respect to the obligations and duties of the Bond Registrar and/or Paying Agent hereunder, which may include the following:

(a) to act as bond registrar, authenticating agent, paying agent and transfer agent as provided herein;

(b) to maintain a list of registered owners of Bonds as set forth herein and to furnish such list to the Issuer upon request, but otherwise to the extent lawful to keep such list confidential;

(c) to give notices of redemption of Bonds as provided herein;

(d) to cancel and/or destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer;

(e) to furnish the Issuer at least annually a certificate with respect to Bonds cancelled and/or destroyed; and

(f) to furnish the Issuer at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds.

The City Clerk is hereby directed to file a certified copy of this Ordinance with the Bond Registrar and Paying Agent. In any event (a) - (f) above shall apply to the Bond Registrar and the Paying Agent.

Section 23. **Prior Inconsistent Proceedings**. All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this Ordinance, are to the extent of such conflict hereby repealed.

Section 24. **Immunity of Officers and Employees**. No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Ordinance contained against

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any past, present or future Mayor or other officer, alderman, employee or agent of the Issuer, or of any successor public corporation, as such, either directly or through the Issuer or any successor public corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, council members, aldermen or agents as such is hereby expressly waived and released as a condition of and consideration for the passage of this Ordinance and the issuance of the Bonds.

Section 25. **Not Private Activity Bonds**. None of the Bonds is a "**private activity bond**" as defined in Section 141(a) of the Code. In support of such conclusion, the City certifies, represents and covenants as follows:

(a) No direct or indirect payments in violation of Section 141 of the Code are to be made on any Bond with respect to any private business use by any person other than a state or local governmental unit or private security or payment.

(b) None of the proceeds of the Bonds is to be used, directly or indirectly, in violation of Section 141 of the Code to make or finance loans to persons other than a state or local governmental unit.

Section 26. **Arbitrage Rebate**. The Issuer recognizes that the provisions of Section 148 of the Code require a rebate to the United States in certain circumstances. Exemptions, in whole or in part, to such rebate requirements appear at Sections 148(f)(4)(D) and 148(f)(4)(C) of the Code and Section 1.148-7(d) of the Regulations concerning the small issuer, six-month, two-year and eighteen-month spending exceptions and may apply to this issue. In this connection, the Issuer covenants, represents and certifies as follows:

(a) The Issuer is a local governmental unit with general taxing powers.

(b) No Bond in this issue is a "private activity bond" as defined in Section 141(a) of the Code.

(c) All the net proceeds of the Bonds are to be used for the local government activities of the Issuer described in this Ordinance (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer). There are no "subordinate entities" to the Issuer.

(d) The aggregate face amount of all tax-exempt bonds (other than private activity bonds as defined in the Code) issued by the Issuer (and all subordinate entities thereof) during the calendar year in which the Bonds are issued is reasonably expected to exceed $10,000,000 within the meaning of Section 148(f)(4)(D) of the Code.

(e) The Issuer shall execute and deliver an arbitrage regulation agreement related to this Section 26.

Section 27. **Certain Tax Covenants**. The Issuer agrees to comply with all provisions of the Code which, if not complied with by the Issuer, would cause interest on the Bonds not to be tax-exempt. In furtherance of the foregoing provisions, but without limiting their generality, the Issuer agrees: **(a)** through its officers, to make such further specific covenants,

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representations as shall be true, correct and complete, and assurances as may be necessary or advisable; **(b)** to comply with all representations, covenants and assurances contained in certificates or agreements as may be prepared by Bond Counsel approving the Bonds; **(c)** to consult with such Bond Counsel and to comply with such advice as may be given; **(d)** to pay to the United States, if necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Bonds; **(e)** to file such forms, statements and supporting documents as may be required and in a timely manner; **(f)** if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys and other persons to assist the Issuer in such compliance; **(g)** to execute, deliver and perform the Bond Purchase Agreement and the Disclosure Undertaking; **(h)** to certify abatement of taxes levied to pay Bonds; or **(i)** to fund the payment of issuance costs.

One purpose of this Section 27 is to set forth various facts regarding the Bonds and to establish the expectations of the Corporate Authorities and the Issuer as to future events regarding the Bonds and the use of Bond proceeds. The certifications and representations made herein and at the time of the issuance of the Bonds are intended, and may be relied upon, as certifications and expectations described in Section 1.148-0 *et seq.* of the Regulations dealing with arbitrage and rebate. The covenants and agreements contained herein and to be made at the time of the issuance of the Bonds are made for the benefit of the registered owners from time to time of the Bonds. The Corporate Authorities and the Issuer agree, certify, covenant and represent as follows:

(a) The Bonds are being issued to finance the Project, and to pay certain costs of issuance of the Bonds, and all of the amounts received upon the sale of the Bonds, plus all investment earnings thereon (the "**Proceeds**") are needed for the purposes for which the Bonds are being issued.

(b) Proceeds of the Bonds will be applied as described in this Ordinance.

(c) The Issuer has on hand no funds which could legally and practically be used for the financing of the Project which are not pledged, budgeted, earmarked or otherwise necessary to be used for other purposes. Accordingly, no portion of the Proceeds will be used **(i)** directly or indirectly to replace funds of the Issuer or any agency, department or division thereof that could be used as herein provided, or **(ii)** to replace any proceeds of any prior issuance of obligations by the Issuer. No portion of the Bonds is being issued solely for the purpose of investing Proceeds at a Yield higher than the Yield on the Bonds. For purposes of this Section 27, "Yield" or "yield" means that yield (that is, the discount rate) which when used in computing the present worth of all payments of principal and interest to be paid on an obligation (computed upon the basis of a 360-day year of twelve 30-day months) produces an amount equal to the purchase price of the obligation, including accrued interest. The "purchase price" of the Bonds is equal to the first offering price at which more than 10% of the principal amount of each maturity of the Bonds is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers).

(d) All principal proceeds of the Bonds, not directly applied to issuance costs, will be deposited in the Principal and Interest Account and used to pay Project costs, and

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any accrued interest and premium received on the delivery of the Bonds will be deposited in an applicable subaccount of the Principal and Interest Account and used to pay the first interest due on the Bonds. Earnings on investment of moneys in any fund or account or subaccount will be credited to that fund or account. Issuance costs of the Bonds will be paid from the Principal and Interest Account, and no other moneys are expected to be deposited therein. Interest on and principal of the Bonds will be paid from the Principal and Interest Account. Proceeds will not be used for the purpose of paying any principal or interest on any issue of bonds, notes, certificates or warrants or on any installment contract or other obligation of the Issuer or for the purpose of replacing any funds of the Issuer used for such purpose.

(e) The Principal and Interest Account is established to achieve a proper matching of revenues and earnings with debt service in each Bond Year (i.e., each annual January 1 – December 31 period). Other than any amounts held to pay principal of matured Bonds that have not been presented for payment, it is expected that any moneys deposited in the Principal and Interest Account will be spent within the 12-month period beginning on the date of deposit therein. Any earnings from the investment of amounts in the Principal and Interest Account will be spent within a one-year period beginning on the date of receipt of such investment earnings. Other than any amounts held to pay principal of matured Bonds that have not been presented for payment, it is expected that the Principal and Interest Account, except the Pledged Account, will be depleted at least once a year, except for a reasonable carryover amount not to exceed the greater of **(i)** one-year's earnings on the investment of moneys in the Principal and Interest Account or **(ii)** in the aggregate one-twelfth (1/12th) of the annual debt service on the Bonds. Any excess over such amount shall be credited to the Pledged Account.

(f) Other than the Principal and Interest Account and the Pledged Account, no funds or accounts or subaccounts have been or are expected to be established, and no moneys or property have been or are expected to be pledged (no matter where held or the source thereof) which will be available to pay, directly or indirectly, the Bonds or restricted so as to give reasonable assurance of their availability for such purposes. Except for Proceeds applied to pay the costs of a Policy, no property of any kind is pledged to secure, or is available to pay, obligations of the Issuer to any credit enhancer or liquidity provider.

(g) (i) All amounts on deposit in the Principal and Interest Account and all Proceeds, in the applicable accounts or subaccounts deposited ("**Gross Proceeds**") for the Bonds, to the extent not exempted in (ii) below, and all amounts in any fund or account pledged directly or indirectly to the payment of the Bonds which will be available to pay, directly or indirectly, the Bonds or restricted so as to give reasonable assurance of their availability for such purpose contrary to the expectations set forth in (f) above, shall be invested at market prices and at a Yield not in excess of the Yield on the Bonds plus, for amounts, if any, in the Project Fund for a Project, after the three-year temporary period, only, 1/8 of 1%.

(ii) The following may be invested without Yield restriction:

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(A) amounts invested in obligations described in Section 103(a) of the Code (but not specified private activity bonds as defined in Section 57(a)(5)(C) of the Code), the interest on which is not includable in the gross income of any registered owner thereof for federal income tax purposes ("**Tax-Exempt Obligations**");

(B) amounts deposited in the Principal and Interest Account that are reasonably expected to be expended within 13 months from the deposit date and have not been on deposit therein for more than 13 months;

(C) an amount not to exceed 5% (but not to exceed $100,000) of Bond proceeds;

(D) all amounts for the first 30 days after they become Gross Proceeds (i.e., the date of deposit in any fund or account securing the Bonds); and

(E) all amounts derived from the investment of the Proceeds for a period of one year from the date received.

(h) Subject to (q) below, once moneys are subject to the Yield limits of (g)(i) above, such moneys remain Yield restricted until they cease to be Gross Proceeds.

(i) This subsection (i) incorporates the provisions of Section 10(b) concerning arbitrage rebate.

(j) None of the Proceeds will be used, directly or indirectly, to replace funds which were used in any business carried on by any person other than a state or local governmental unit.

(k) The payment of the principal of or the interest on the Bonds will not in violation of Section 141 of the Code, directly or indirectly, be **(A)** secured by any interest in **(i)** property used or to be used for a private business use by any person other than a state or local governmental unit, or **(ii)** payments in respect of such property, or **(B)** derived from payments (whether or not by or to the Issuer), in respect of property, or borrowed money, used or to be used for a private business use by any person other than a state or local governmental unit.

(l) None of the Proceeds will be used, directly or indirectly, to make or finance or refinance loans to persons other than a state or local governmental unit.

(m) No user of the Project other than a state or local government unit will use such Project on any basis other than the same basis as the general public, and no person other than a state or local governmental unit will be a user thereof as a result of **(i)** ownership, or **(ii)** actual or beneficial use pursuant to a lease or a management or incentive payment contract, or **(iii)** any other similar arrangement.

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(n) Beginning on the 15th day prior to the Bond sale date, the Issuer has not sold or delivered, and will not sell or deliver (nor will it deliver within 15 days after the date of issuance of the Bonds) any other obligations pursuant to a common plan of financing, which will be paid out of substantially the same source of funds (or which will have substantially the same claim to be paid out of substantially the same source of funds) as the Bonds or will be paid directly or indirectly from Proceeds.

(o) No portion of the Project is expected to be sold or otherwise disposed of prior to the last maturity of the Bonds.

(p) The Issuer has not been notified of any disqualification or proposed disqualification of it by the Internal Revenue Service as a bond issuer which may certify bond issues under the Regulations.

(q) The Yield restrictions contained in (g) above or any other restriction or covenant contained herein need not be observed and may be changed if the Issuer receives an opinion of Bond Counsel to the effect that such non-observance or change will not adversely affect the tax-exempt status of interest on the Bonds to which the Bonds otherwise are entitled.

(r) The Issuer acknowledges that any changes in facts or expectations from those set forth herein may result in different Yield restrictions or rebate requirements from those set forth herein and that Bond Counsel should be contacted if such changes do occur.

(s) The Corporate Authorities have no reason to believe the facts, estimates, circumstances and expectations set forth herein are untrue or incomplete in any material respect. On the basis of such facts, estimates, circumstances and expectations, it is not expected that the Proceeds or any other moneys or property will be used in a manner that will cause the Bonds to be hedge bonds, arbitrage bonds or private activity bonds within the meaning of Sections 141, 148 or 149(g) of the Code. To the best of the knowledge and belief of the Corporate Authorities, such expectations are reasonable, and there are no other facts, estimates and circumstances that would materially change such expectations.

Section 28. Qualified Tax-Exempt Obligations. The Issuer recognizes the provisions of Section 265(b)(3) of the Code which provide that a "qualified tax-exempt obligation" as therein defined may be treated by certain financial institutions as if it were acquired on August 7, 1986, for certain purposes. The Issuer hereby designates the Bonds under Section 265(b)(3) of the Code as "qualified tax-exempt obligations" as provided therein to the extent each such Bond is tax-exempt under Section 103 of the Code.

(a) The Issuer acknowledges that a "qualified tax exempt obligation" means a bond which is not a "private activity bond" as defined in Section 141(a) of the Code.

(b) The Issuer represents that including the Bonds, the Issuer (including any entities subordinate thereto) does not reasonably expect to issue in excess of $10,000,000 in "qualified tax-exempt obligations" (other than non-501(c)(3) "private activity bonds") (as such terms are defined in the Code) during the calendar year of issuance of the Bonds.

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In determining whether the Bonds are "qualified tax-exempt obligations" certain obligations are not taken into account in aggregating the applicable $10,000,000 limit of the small issuer exception under Section 265(b)(3) of the Code, including under Section 265(b)(3)(C)(III):

> (III) an obligation issued to refund (other than to advance refund within the meaning of section 149(d)(5)) any obligation to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation.

Section 29. **Taxable Bonds**. In the event the Bonds are issued as taxable bonds as provided pursuant to the Bond Order, the provisions of Sections 13, 14, 15, 25, 26, 27, and 28 are not required to be followed and shall be of no effect.

Section 30. **Policy of Insurer**. An Insurer's Commitment with respect to the Policy and the terms and provisions of the Policy are to be incorporated into this Ordinance by reference, including without limitation that any investment restrictions and limitations in the Commitment and related to the Policy shall be deemed to be applicable restrictions and limitations on the Qualified Investments and the investments authorized by this Ordinance. The Issuer's standard package of documents shall be appended to this Ordinance as operative provisions of this Ordinance by reference, provided that any failure to so append shall not abrogate, diminish or impair the effects thereof. In the event there is no Policy, the reference herein to an Insurer or a Policy shall be given no effect.

Section 31. **Instruments of Further Assurance**. The Official Statement is approved and is hereby authorized to be used by the Underwriter in the placement and sale of the Bonds. The Bond Purchase Agreement and the Disclosure Undertaking, in substantially the forms presented before the meeting of the Corporate Authorities at which this Ordinance is adopted, with such changes therein as the officers of the Issuer executing them shall approve, which approval shall constitute the approval of the Corporate Authorities, shall be and are hereby authorized and approved for execution, delivery and performance. The Issuer covenants that it shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such ordinances and other actions supplemental hereto, and such further acts, agreements, instruments and transfers as may be reasonably required for the better assuring, transferring, conveying, pledging, assigning and confirming unto the registered owners of the Bonds its interest in the funds pledged hereby to the payment of the principal of, premium, if any, and interest on the Bonds and the application of Bond proceeds, all as herein provided. Any and all interest in property hereafter acquired which is of any kind or nature herein provided to be and become subject to the lien hereof shall and without any further conveyance, assignment or act on the part of the Issuer or any other person, become and be subject to the lien of this Ordinance as fully and completely as though specifically described herein, but nothing contained in this Section 31 shall be deemed to modify or change the obligations of the Issuer under this Section 31.

Section 32. **Effective Date**. Pursuant to home rule power and authority, this Ordinance shall be in full force and effect immediately upon its adoption and approval.

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Passed by the City Council this _____ day of _____, 2017.

****

ATTEST: Approved by the Mayor this ____ day of _____, 2017. (seal)

_____ _____

Philip A. Goodwin, City Clerk Gary L. Graham, Mayor

ROLL CALL:	McCoskey	Meile	Kueker	Albrecht	Gilreath	Hagarty	Drolet	**SUB TOTALS**
Aye								
Nay								
Absent								

ROLL CALL:	Roach	Hursey	Marsh	Smallheer	Holden	Cozad	Gerrish	**SUB TOTALS**	**SUM OF TOTALS**
Aye									
Nay									
Absent									

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STATE OF ILLINOIS)
) SS
COUNTY OF ST. CLAIR)

CERTIFICATION OF ORDINANCE

I, Philip A. Goodwin, do hereby certify that I am the duly qualified and acting City Clerk of the City of O'Fallon, St. Clair County, Illinois (the "**Issuer**"), and as such official I am the keeper of the records and files of the Issuer and of the City Council of the Issuer (the "**Corporate Authorities**").

I do further certify that the attached ordinance constitutes a full, true and correct excerpt from the proceedings of the regular meeting of the Issuer's Corporate Authorities held on February 6, 2017, insofar as same relates to the adoption of an ordinance numbered and entitled:

> **AN ORDINANCE OF THE CITY OF O'FALLON, ST. CLAIR COUNTY, ILLINOIS, PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION BONDS, SERIES 2017, PROVIDING THE DETAILS OF SUCH BONDS AND FOR A LEVY OF TAXES TO PAY THE PRINCIPAL OF AND INTEREST ON SUCH BONDS, AND RELATED MATTERS.**

a true, correct and complete copy of which ordinance as adopted at such meeting appears in the minutes of such meeting and is hereto attached. Such ordinance was adopted and approved on the date thereon set forth by not less than an affirmative vote of a majority of the Corporate Authorities and approved by the Mayor on the date indicated thereon.

I do further certify that the deliberations of the Corporate Authorities on the adoption of such ordinance were taken openly, that the vote on the adoption of such ordinance was taken openly and was preceded by a public recital of the nature of the matter being considered and such other information as would inform the public of the business being conducted, that such meeting was called at a specified time and place convenient to the public, that the agenda for the meeting was duly posted at the City Hall at least 48 hours prior to the meeting, that notice of such meeting was duly given to all of the news media requesting such notice, that such meeting was called and held in strict compliance with the provisions of the open meetings laws of the State of Illinois, as amended, and the Illinois Municipal Code, as amended, and that the Corporate Authorities have complied with all of the provisions of such open meeting laws and Illinois Municipal Code and with their procedural rules in the adoption of such ordinance.

IN WITNESS WHEREOF, I hereunto affix my official signature and seal of the City of O'Fallon, Illinois, this 6th day of February, 2017.

(SEAL) _____
City Clerk

DRAFT

STATE OF ILLINOIS)
)SS
COUNTY OF ST. CLAIR)

FILING CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of St. Clair County, Illinois, and as such official I do further certify that on the _____ day of _____, 2017, there was filed in my office a duly certified copy of Ordinance No. _____ entitled:

AN ORDINANCE OF THE CITY OF O'FALLON, ST. CLAIR COUNTY, ILLINOIS, PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION BONDS, SERIES 2017, PROVIDING THE DETAILS OF SUCH BONDS AND FOR A LEVY OF TAXES TO PAY THE PRINCIPAL OF AND INTEREST ON SUCH BONDS, AND RELATED MATTERS.

duly passed and approved by the Corporate Authorities of the City of O'Fallon, St. Clair County, Illinois, on the 6th day of February, 2017, and that the same has been deposited in the official files and records of my office.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of said County, this ____ day of _____, 2017.

_____
County Clerk of St. Clair County, Illinois

(SEAL)

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	A	B	C	D	E
1			**AP Warrant FY 2017**		
2	Invoice Due Date.Date mm-dd-yyyy	01/03/2017			
3					
4	**Invoice Amount**				
5	**Vendor Name**	**Invoice Number**	**Invoice Description**	**Date mm-dd-yyy**	**Total**
6	**AmerenIP**	**121416-1**	St E's-Warranty Deed, Permanent Easement, Temp Const Easement	12/14/2016	$6,000.00
7	**AmerenIP Total**				**$6,000.00**
8	**Ash, William**	**122016**	Reimb/CDL Renewal	12/20/2016	$60.00
9	**Ash, William Total**				**$60.00**
10	**Atkins, Rudi**	**FY17-HS**	FY 2017 Healthy Spending Reimb	12/23/2016	$75.00
11	**Atkins, Rudi Total**				**$75.00**
12	**Bank of Edwardsville, The**	**010917**	CDD-Loan 1060302749 Pmt	01/09/2017	$542.68
13	**Bank of Edwardsville, The Total**				**$542.68**
14	**Bass, Laurence E**	**122116**	Reimb/CDL Renewal	12/21/2016	$65.00
15	**Bass, Laurence E Total**				**$65.00**
16	**Charter Communications**	**108719-121416**	8345 78 225 0108719	12/14/2016	$14.76
17		**11158-120716**	Phone, Network & Internet Charges	12/07/2016	$6,083.13
18		**99975-120116**	Strts,Wtr-TV Service (505 W State St)	12/01/2016	$77.36
19	**Charter Communications Total**				**$6,175.25**
20	**Cunningham, Vogel & Rost PC**	**90514**	Sale of the SBA Tower @ Greenmount	11/30/2016	$12,194.86
21	**Cunningham, Vogel & Rost PC Total**				**$12,194.86**
22	**Electrico Inc**	**870-7193**	Strts-Street Light Maintenance	10/13/2016	$265.00
23		**870-7226**	Strts-Street Light Maintenance	10/24/2016	$38.75
24		**870-7237**	Strts-Street Light Maintenance	10/28/2016	$265.00
25		**870-7252**	Strts-Street Light Maintenance	11/04/2016	$265.00
26	**Electrico Inc Total**				**$833.75**
27	**Fair, Maryanne**	**122116**	TUITION REIMBURSEMENT	12/21/2016	$1,373.45
28	**Fair, Maryanne Total**				**$1,373.45**
29	**Fire Engineering**	**629895012-122316**	FD-Subscription Renewal (629895012)	12/23/2016	$29.00
30	**Fire Engineering Total**				**$29.00**
31	**Frost Electric Supply Co**	**S3700861.002**	PD-Patch Cable Shipping	11/21/2016	$18.97
32	**Frost Electric Supply Co Total**				**$18.97**
33	**H & G/Schultz Door**	**702523**	PD/EMS-Rewire Public Safety Bldgs Low Voltage	11/29/2016	$11,595.00
34	**H & G/Schultz Door Total**				**$11,595.00**
35	**ICMA**	**378327-122316**	EconDev-Membership (378327) Renewal	12/23/2016	$718.00
36	**ICMA Total**				**$718.00**
37	**IL American Water Co**	**1111-121216**	Monthly Water Charges	12/13/2016	$349,444.64
38		**1111-121216 FD**	FD-Monthly Utilities	12/13/2016	$344.74
39	**IL American Water Co Total**				**$349,789.38**
40	**McBeth, Nathan**	**111516**	Reimb/Red Cross LGI Course, Fee	11/15/2016	$285.00
41	**McBeth, Nathan Total**				**$285.00**
42	**O'Fallon Metro East NAACP**	**123016**	Donation	12/30/2016	$200.00
43	**O'Fallon Metro East NAACP Total**				**$200.00**

	A	B	C	D	E
44	**Pitney Bowes Inc**	**1002680107**	Downstairs-Rental Charges	12/16/2016	$180.00
45	**Pitney Bowes Inc Total**				**$180.00**
46	**Southwestern Illinois Law Enforcement (**	**120116**	Admin-SILEC/SIPCA Awarwds	12/01/2016	$35.00
47	**Southwestern Illinois Law Enforcement Commission Total**				**$35.00**
48	**Taylor, Johnny**	**122216**	Pks/Rec-Jr Panther Basketball Tournament	12/22/2016	$50.00
49	**Taylor, Johnny Total**				**$50.00**
50	**Truran, Chad**	**FY17-HS**	FY 2017 Healthy Spending Reimb	12/19/2016	$75.00
51	**Truran, Chad Total**				**$75.00**
52	**Wal-Mart**	**1561-121016**	PD-Clock	12/10/2016	$19.58
53		**1928-120616**	PD-Batteries	12/06/2016	$10.97
54		**527-111616**	Wtr-ISAWWA Refreshments	11/16/2016	$23.89
55		**5994-111616**	Swr-Office Supplies	11/16/2016	$44.73
56		**6075-121016**	PD-Batteries, Clock	12/10/2016	$9.85
57		**6973-112416**	PD-Parking Sign Fasteners	11/24/2016	$2.54
58		**8435-120916**	PD-Breakfast with Santa	12/09/2016	$64.55
59		**9350-111716**	Wtr-ISAWWA Seminar Refreshments	11/17/2016	$11.94
60		**977-120816**	PW-Tea	12/08/2016	$3.48
61	**Wal-Mart Total**				**$191.53**
62	**Wesclin Athletic Boosters**	**122816-Mister**	Pks/Rec-Hoops Basketball Tournament, BB04	12/28/2016	$150.00
63		**122816-Smith**	Pks/Rec-Hoops Basketball Tournament, BB03	12/28/2016	$150.00
64	**Wesclin Athletic Boosters Total**				**$300.00**
65	**Wicinski, John**	**122216**	Pks/Rec-Jr Panther Basketball Tournament	12/22/2016	$75.00
66	**Wicinski, John Total**				**$75.00**
67	**Williams, Derrick**	**122216**	Pks/Rec-Jr Panther Basketball Tournament	12/22/2016	$175.00
68	**Williams, Derrick Total**				**$175.00**
69	**Witter, Keith**	**122216**	Pks/Rec-Jr Panther Basketball Tournament	12/22/2016	$125.00
70	**Witter, Keith Total**				**$125.00**
71	**Wooten, Orvin L**	**122216**	Pks/Rec-Jr Panther Basketball Tournament	12/22/2016	$200.00
72	**Wooten, Orvin L Total**				**$200.00**
73	**Wszolek, Thomas J**	**122216**	Pks/Rec-Jr Panther Basketball Tournament	12/22/2016	$300.00
74	**Wszolek, Thomas J Total**				**$300.00**
75	**Grand Total**				**$391,661.87**

MEMORANDUM

TO: Walter Denton, City Administrator
Sandy Evans, Director of Finance

FROM: Grant Litteken, Asst. to the City Administrator

DATE: January 4, 2017

SUBJECT: Council Chamber Security and Seating Cost Options

Background: At the November 28, 2016 Finance & Administration Committee Meeting, a feasibility study for renovations to the City Council Chambers was presented to the committee. As a follow-up, the committee asked to be provided with a list of options for possible renovations to improve security and utilization of the City Council Chambers.

Supporting Material: The architecture firm, White & Borgognoni, revised the initial feasibility study to include probable construction costs associated with the renovations to address council chamber security and seating, the options are listed below:

Option 1: Install Security Exits and Ballistic Materials $41,000.00

Install (2) new exterior emergency exit doors at the council chamber dais
Install new ½" thick steel plate ballistics material at existing dais casework

Option 2: Remove Pews $78,000.00

Remove existing council chamber pews and provide new seating and carpet

Option 3: Remove Pews and Reconstruct Dais $122,000.00

Remove existing dais construction and install new dais platform, casework, and casework ballistics

Note: The installation of the new dais platform and accessible ramp will require the removal and replacement of adjacent existing pews. The cost listed above includes the removal and replacement of all existing seating and flooring in the council chamber area.

Option 4: Complete Renovations $172,000.00

Complete council chambers renovation outlined in feasibility report, with added second exit from dais area and ballistics material at dais casework.

Note: Complete renovation of the council chambers includes all options above, in addition to window treatments with blackout shades for executive sessions and various other items as outlined in the full feasibility report.