

FY 2016
ANNUAL TAX INCREMENT FINANCE
REPORT



STATE OF ILLINOIS
COMPTROLLER
LESLIE GEISSLER MUNGER

Name of Municipality: O'Fallon Reporting Fiscal Year: **2016**
County: St Clair Fiscal Year End: **4/30/2016**
Unit Code: 088/110/30

TIF Administrator Contact Information

First Name: Sandra Last Name: Evans
Address: 255 S. Lincoln Title: Director of Finance
Telephone: 618-624-4500 ext 8723 City: O'Fallon Zip: 62269
E-mail: sevens@ofallon.org
Mobile: _____ required _____
Mobile: _____ Best way to ☒ Email _____ Phone _____
Provider: _____ contact ☐ Mobile _____ Mail _____

I attest to the best of my knowledge, this report of the redevelopment project areas in: City of O'Fallon
is complete and accurate at the end of this reporting Fiscal year under the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] Or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]

Sandy Evans
Written signature of TIF Administrator

12-13-16

Date

Section 1 (65 ILCS 5/11-74.4-5 (d) (1.5) and 65 ILCS 5/11-74.6-22 (d) (1.5)*)

FILL OUT ONE FOR EACH TIF DISTRICT

Name of Redevelopment Project Area	Date Designated	Date Terminated
TIF #1 - 158 Corridor (Rasp Farm)	6/19/1995	
TIF #2 - Green Mount Medical Campus Redevelopment Area	11/21/2011	
TIF #3 - Central Park Redevelopment Area	5/7/2012	
TIF #4 - Rte 50/Scott Troy Road	4/20/2015	
TIF #5 - Central City	6/1/2015	

*All statutory citations refer to one of two sections of the Illinois Municipal Code: the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]

SECTION 2 [Sections 2 through 5 must be completed for each redevelopment project area listed in Section 1.]

FY 2016

Name of Redevelopment Project Area:	TIF #2 Green Mount
Primary Use of Redevelopment Project Area*:	Central Business District
If "Combination/Mixed" List Component Types:	
Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):	
Tax Increment Allocation Redevelopment Act <u> X </u>	Industrial Jobs Recovery Law <u> </u>

	No	Yes
Were there any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] If yes, please enclose the amendment labeled Attachment A	X	
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] Please enclose the CEO Certification labeled Attachment B		X
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] Please enclose the Legal Counsel Opinion labeled Attachment C		X
Were there any activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented in the preceding fiscal year and a description of the activities undertaken? [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] If yes, please enclose the Activities Statement labeled Attachment D		X
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] If yes, please enclose the Agreement(s) labeled Attachment E	X	
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] If yes, please enclose the Additional Information labeled Attachment F	X	
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] If yes, please enclose the contract(s) or description of the contract(s) labeled Attachment G	X	
Were there any reports or meeting minutes submitted to the municipality by the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] If yes, please enclose the Joint Review Board Report labeled Attachment H	X	
Were any obligations issued by municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] If yes, please enclose the Official Statement labeled Attachment I		X
Was analysis prepared by a financial advisor or underwriter setting forth the nature and term of obligation and projected debt service including required reserves and debt coverage? [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] If yes, please enclose the Analysis labeled Attachment J	X	
Cumulatively, have deposits from any source equal or greater than \$100,000 been made into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2) If yes, please enclose Audited financial statements of the special tax allocation fund labeled Attachment K		X
Cumulatively, have deposits of incremental taxes revenue equal to or greater than \$100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)] If yes, please enclose a certified letter statement reviewing compliance with the Act labeled Attachment L	X	
A list of all intergovernmental agreements in effect to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)] If yes, please enclose list only, not actual agreements labeled Attachment M	X	

* Types include: Central Business District, Retail, Other Commercial, Industrial, Residential, and Combination/Mixed.

SECTION 3.1 - (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))

Provide an analysis of the special tax allocation fund.

FY 2016

TIF NAME: TIF #2 Green Mount

Fund Balance at Beginning of Reporting Period

\$ 712,418

Revenue/Cash Receipts Deposited in Fund During Reporting FY:	Reporting Year	Cumulative*	% of Total
Property Tax Increment	\$ 15,326	\$ 31,499	0%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest			0%
Land/Building Sale Proceeds			0%
Bond Proceeds	\$ 7,447,416	\$ 7,447,416	99%
Transfers from Municipal Sources	\$ 61,839	\$ 61,839	1%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule)			0%

*must be completed where current or prior year(s) have reported funds

**Total Amount Deposited in Special Tax Allocation
Fund During Reporting Period**

\$ 7,524,581

Cumulative Total Revenues/Cash Receipts

\$ 7,540,754 100%

Total Expenditures/Cash Disbursements (Carried forward from Section 3.2)

\$ 7,232,151

Distribution of Surplus

\$ -

Total Expenditures/Disbursements

\$ 7,232,151

NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS

\$ 292,430

FUND BALANCE, END OF REPORTING PERIOD*

\$ 1,004,848

* if there is a positive fund balance at the end of the reporting period, you must complete Section 3.3

SURPLUS*/(DEFICIT)(Carried forward from Section 3.3)

\$ (29,141,757)

TIF NAME: TIF #2 Green Mount

(by category of permissible redevelopment cost, amounts expended during reporting period)

[illegible]

SECTION 3.2 A		
PAGE 2		
7. Cost of job training and retraining, including "welfare to work" programs Subsection (q)(5), (o)(7) and (o)(12)		
		\$ -
8. Financing costs related to obligations issued by the municipality. Subsection (q) (6) and (o)(8)		
Cost of bond issuance	142,981	
		\$ 142,981
9. Approved taxing district's capital costs. Subsection (q)(7) and (o)(9)		
		\$ -
10. Cost of Reimbursing school districts for their increased costs caused by TIF assisted housing projects. Subsection (q)(7.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
11. Relocation costs. Subsection (q)(8) and (o)(10)		
		\$ -
12. Payments in lieu of taxes as defined in Subsections 11-74.43(m) and 11-74.6-10(k). Subsection (q)(9) and (o)(11)		
		\$ -
13. Costs of job training, retraining advanced vocational or career education provided by other taxing bodies. Subsection (q)(10) and (o)(12)		
		\$ -

SECTION 3.2 A

PAGE 3

14. Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. Subsection (q)(11)(A-E) and (o)(13)(A-E)

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\$	-
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15. Costs of construction of new housing units for low income and very low-income households.
Subsection (q)(11)(F) - Tax Increment Allocation Redevelopment TIFs ONLY

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\$	-
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16. Cost of day care services and operational costs of day care centers. Subsection (q) (11.5) - Tax Increment Allocation Redevelopment TIFs ONLY

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TOTAL ITEMIZED EXPENDITURES	
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\$	7,232,151
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SECTION 3.3 - (65 ILCS 5/11-74.4-5 (d) (5) 65 ILCS 11-74.6-22 (d) (5))

Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period

FY 2016

TIF NAME: TIF #2 Green Mount

FUND BALANCE, END OF REPORTING PERIOD \$ 1,004,848

Amount of Original Issuance	Amount Designated
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1. Description of Debt Obligations

G.O. Bond Series 2015 for Roadwork (principle & interest)	\$ 3,185,520	\$ 3,185,520
G.O. Bond Series 2015 for Mine Remediation (principle & int)	\$ 6,844,782	\$ 6,844,782

Total Amount Designated for Obligations \$ 10,030,302 \$ 10,030,302

2. Description of Project Costs to be Paid

HSHS Redevelopment Agreements		\$ 15,200,000
N. Green Mount Road Improvements		\$ 3,000,000
Regency Park Dr. Lighting		\$ 500,000
Due to General Fund for TIF related expenses		\$ 1,080,329
Due to Enterprise Fund for TIF related expenses		\$ 335,975

Total Amount Designated for Project Costs \$ 20,116,303

TOTAL AMOUNT DESIGNATED \$ 30,146,605

SURPLUS*/(DEFICIT) \$ (29,141,757)

* NOTE: If a surplus is calculated, the municipality may be required to repay the amount to overlapping taxing

SECTION 4 [65 ILCS 5/11-74.4-5 (d) (6) and 65 ILCS 5/11-74.6-22 (d) (6)]

FY 2016

TIF NAME: TIF #2 Green Mount

Provide a description of all property purchased by the municipality during the reporting fiscal year within the redevelopment project area.

 X **No property was acquired by the Municipality Within the Redevelopment Project Area**

Property Acquired by the Municipality Within the Redevelopment Project Area

Property (1):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (2):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (3):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (4):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

SECTION 5 - 65 ILCS 5/11-74.4-5 (d) (7) (G) and 65 ILCS 5/11-74.6-22 (d) (7) (G)

PAGE 1

FY 2016

TIF NAME: TIF #2 Green Mount

*Page 1 is to be included with TIF Report. Pages 2-3 are to be included **ONLY** if projects are listed.**Box below must be filled in with either a check or number of projects, not both**Check if **NO** projects were undertaken by the Municipality Within the Redevelopment Project Area: _____**ENTER** total number of projects undertaken by the Municipality Within the Redevelopment Project Area _____ 3 _____
and list them in detail below*.

TOTAL:	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
Private Investment Undertaken (See Instructions)	\$ 15,982,725	\$ 200,000,000	\$ 315,882,725
Public Investment Undertaken	\$ 6,099,740	\$ 4,050,000	\$ 28,000,000
Ratio of Private/Public Investment	2 49/79		11 9/32

Project 1: *IF PROJECTS ARE LISTED NUMBER MUST BE ENTERED ABOVE

HOSPITAL SISTERS HEALTH SYSTEM			
Private Investment Undertaken (See Instructions)	\$ 100,000	\$ 200,000,000	\$ 300,000,000
Public Investment Undertaken	\$ 5,766,987	\$ 1,500,000	\$ 22,500,000
Ratio of Private/Public Investment	1/58		13 1/3

Project 2:

N GREEN MOUNT ROAD IMPROVEMENTS			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ 332,753	\$ 2,500,000	\$ 5,000,000
Ratio of Private/Public Investment	0		0

Project 3:

REGENCY PARK DR LIGHTING			
Private Investment Undertaken (See Instructions)	\$ -	\$ -	\$ -
Public Investment Undertaken	\$ -	\$ 50,000	\$ 500,000
Ratio of Private/Public Investment	0		0

Project 4:

GREENMOUNT OFFICE BUILDING			
Private Investment Undertaken (See Instructions)	\$ 15,882,725	\$ -	\$ 15,882,725
Public Investment Undertaken	\$ -	\$ -	\$ -
Ratio of Private/Public Investment	0		0

Project 5:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 6:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Optional: Information in the following sections is not required by law, but would be helpful in evaluating the performance of TIF in Illinois. ***even though optional MUST be included as part of complete TIF report**

SECTION 6

FY 20156

TIF NAME: TIF #2 Green Mount

Provide the base EAV (at the time of designation) and the EAV for the year reported for the redevelopment project area

Year redevelopment project area was designated	Base EAV	Reporting Fiscal Year EAV
11/21/2011	\$ 1,109,258	\$ 1,950,148

List all overlapping tax districts in the redevelopment project area.

If overlapping taxing district received a surplus, list the surplus.

☒ X The overlapping taxing districts did not receive a surplus.

Overlapping Taxing District	Surplus Distributed from redevelopment project area to overlapping districts
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -

SECTION 7

Provide information about job creation and retention

Number of Jobs Retained	Number of Jobs Created	Description and Type (Temporary or Permanent) of Jobs	Total Salaries Paid
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -

SECTION 8

Provide a general description of the redevelopment project area using only major boundaries:

Optional Documents	Enclosed	
Legal description of redevelopment project area		
Map of District		



Certification of the Chief Executive
Officer of the municipality that the municipality
had complied with all of the requirements of this Act
during the preceding fiscal year
[65 ILCS 5/11-74.1-5 (d) (3) and 5/11-74.6-22 (d) (3)]

I, Gary Graham, the duly elected Mayor of the City of O'Fallon, County of St. Clair, Illinois, State of Illinois, and as such, do hereby certify that the City of O'Fallon has complied with all requirements pertaining to the Tax Increment Redevelopment Allocation Act during the fiscal year covered by this report (May 1, 2015 – April 30, 2016).

12-13-16
Date

Gary L. Graham
Gary Graham
Mayor of the City of O'Fallon



“(C) An opinion of legal counsel that the
municipality is in compliance with this Act.”
[65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)]

I, Terry Bruckert, am the Tax Increment Financing Attorney for the City of O’Fallon, Illinois and have been such throughout the fiscal year covered by this report (May 1, 2015- April 30, 2016).

I have reviewed all information provided to me by the City administration and staff, and I find that the City of O’Fallon, Illinois has conformed to all applicable requirements of the Illinois Tax Increment Redevelopment Allocation Act set forth hereunder to the best of my knowledge and belief.

This opinion relates only to the time period set forth, and is based upon all information available to me as of the end of said fiscal year.

12-14-16

Date

Terry Bruckert
Signature

City of O'Fallon
St. Clair County, Illinois

STATEMENT OF ACTIVITIES TO FURTHER
OBJECTIVES OF THE REDEVELOPMENT PLAN

Year Ended April 30, 2016

Hospital Sisters Health System

Hospital Sisters Health System (HSHS) previously entered into a redevelopment agreement with the City to build a new hospital and medical office building complex within the redevelopment project area. During the fiscal year HSHS finished mine mitigation, and started site construction, drainage work and utility infrastructure.

Green Mount Road Improvements

The City retained a traffic engineering firm and a civil engineering firm to undertake traffic studies and to begin design of improvements to Green Mount Road in support of the HSHS medical campus development project. The City issued General Obligation bonds to fund this project and was awarded a state grant from the Economic Development Program. This fiscal year the City retained an architect to begin landscape designs to compliment the road improvements. The City also retained land acquisition services for right of way negotiations.

Regency Road Lighting Improvements

The City retained an engineering firm to begin design improvements regarding street lighting to support the HSHS medical campus. To date there has been no activity.

Greenmount Office Building

The Greenmount Development Group, LLC is an Illinois company that constructed a new five-story professional building at the corner of Regency Park Drive and Greenmount Road. It is approximately 60,000 square foot of office and light retail space. As of 4/30/16, this project is complete.

OFFICIAL STATEMENT DATED OCTOBER 29, 2015

New Issue

Rating: S&P's "AA+" (Stable Outlook)

Subject to compliance by the City with certain covenants, in the opinion of Bond Counsel, under present law, interest on the Bonds is excludible from gross income of the owners thereof for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. The City intends to designate the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "TAX EXEMPTION" and "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein for a more complete discussion.

**CITY OF O'FALLON,
ST. CLAIR COUNTY, ILLINOIS
\$7,125,000 General Obligation Bonds, Series 2015**

Dated: Date of Delivery**Due: As Shown on the Inside Cover**

The \$7,125,000 General Obligation Bonds, Series 2015 (the "Bonds"), are being issued by the City of O'Fallon, St. Clair County, Illinois (the "City"). Interest is payable semi-annually on January 1 and July 1 of each year, commencing July 1, 2016. The Bonds will be issued using a book-entry system. UMB Bank N.A., St. Louis, Missouri will act as the Paying Agent and Bond Registrar for the Bonds (the "Paying Agent" and "Bond Registrar"). The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond, for each maturity, will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. Individual purchases will be made in book-entry form only in denominations of \$5,000 principal amount or any authorized integral multiple thereof. The Bonds will bear interest, have yields and mature in the principal amount on December 1 in each year as shown on the inside cover page.

PURPOSE AND SECURITY

The Bond proceeds will be used to (i) finance the costs of remediation and certain other infrastructure costs in connection with developer improvements to a portion of a hospital medical campus to be owned by the Hospital Sisters Health System, an Illinois not for profit corporation (the "Developer") located on approximately 148 acres within the City (the "Project") and (ii) pay for costs of issuance associated with the Bonds. See **"THE PROJECT"** and **"THE BONDS - Authority and Purpose"** herein. Principal of and interest on the Bonds are payable from ad valorem taxes levied against all of the taxable property in the City without limitation as to rate or amount (the "Levied Taxes"), except as limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to the enforcement of creditor's rights and subject to the enforcement of creditor's rights and subject to the exercise of judicial discretion See **"THE BONDS - Security for the Bonds"** herein.

OPTIONAL REDEMPTION

Bonds maturing on and after January 1, 2026, shall be subject to call for redemption prior to maturity at the option of the City in any order of maturity specified by the City on any date on and after January 1, 2025, in whole or in part, on the applicable redemption date at a redemption price equal to the principal amount to be so redeemed, plus accrued interest to the date fixed for redemption. See **"THE BONDS - Optional Redemption"** herein.

THE CITY INTENDS TO DESIGNATE THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" PURSUANT TO SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

The Bonds are offered subject to prior sale, when, as and if issued by the City and accepted by the Underwriter, and subject to the approval of the legality by Ice Miller LLP, Chicago, Illinois, Bond Counsel. Ice Miller LLP will also serve as Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriter by its counsel Nixon Peabody LLP, Chicago, Illinois. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about November 12, 2015.

BERNARDISECURITIES
MUNICIPAL BOND SPECIALISTS

MATURITIES, INTEREST RATES AND YIELDS

CITY OF O'FALLON, ST. CLAIR COUNTY, ILLINOIS \$7,125,000 General Obligation Bonds, Series 2015

<u>Amount</u>	<u>January 1,</u>	<u>Interest</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP⁽³⁾</u>
\$295,000	2020	2.00%	1.30% ⁽¹⁾	102.809%	676176HH6
310,000	2021	2.00%	1.55% ⁽¹⁾	102.212%	676176HJ2
330,000	2022	2.00%	1.80% ⁽¹⁾	101.156%	676176HK9
345,000	2023	2.00%	2.00%	100.000%	676176HL7
355,000	2024	2.20%	2.20%	100.000%	676176HM5
375,000	2025	2.30%	2.30%	100.000%	676176HN3
635,000	2026	3.00%	2.45% ⁽¹⁾	104.475% ⁽²⁾	676176HP8
670,000	2027	3.00%	2.65% ⁽¹⁾	102.821% ⁽²⁾	676176HQ6
715,000	2028	4.00%	2.80% ⁽¹⁾	109.611% ⁽²⁾	676176HR4
750,000	2029	4.00%	2.90% ⁽¹⁾	108.770% ⁽²⁾	676176HS2
585,000	2030	4.00%	3.05% ⁽¹⁾	107.522% ⁽²⁾	676176HT0
420,000	2031	4.00%	3.15% ⁽¹⁾	106.699% ⁽²⁾	676176HU7
440,000	2032	4.00%	3.20% ⁽¹⁾	106.291% ⁽²⁾	676176HV5
470,000	2033	3.45%	3.45%	100.000%	676176HW3
430,000	2034	4.00%	3.35% ⁽¹⁾	105.076% ⁽²⁾	676176HX1

(1) Premium bonds. See "TAX EXEMPTION" herein for more information.

(2) Priced to call.

(3) CUSIP numbers and certain related descriptive information are copyrighted by the American Bankers Association (ABA) and are used with permission from the CUSIP Service Bureau managed on behalf of the ABA by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this Official Statement, as it may be supplemented or corrected by the City from time to time (collectively the "Official Statement"), and shall be treated as a final Official Statement with respect to the Bonds described herein.

This Official Statement should be considered in its entirety and no one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports, or other documents are referred to herein, reference should be made to such statutes, reports, or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

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

The information contained in this Official Statement has been furnished by the City and by DTC and other sources, which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness by and is not to be construed as a representation of the Underwriter. The information and expression of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the City's beliefs as well as assumptions made by and information currently available to the City. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE BONDS ORDINANCE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1940 IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE CRIMINAL OFFENSE.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE BONDS. SPECIFICALLY, THE UNDERWRITER MAY OVERALLOT IN CONNECTION WITH THE OFFERING, AND MAY BID FOR, AND PURCHASE, THE BONDS IN THE OPEN MARKET. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE BONDS ARE RELEASED FOR SALE, AND THE BONDS MAYBE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS.

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified to their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to this Official Statement they will be furnished on request.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Official Statement which should be reviewed in its entirety by potential investors.

Issuer:	City of O'Fallon, St. Clair County, Illinois.
Issue:	\$7,125,000 General Obligation Bonds, Series 2015.
Dated Date:	Date of Delivery.
Interest Due:	Semiannually, each January 1 and July 1, commencing July 1, 2016.
Principal Due:	As shown on the inside cover.
Optional Redemption:	Bonds maturing on and after January 1, 2026, shall be subject to call for redemption prior to maturity at the option of the City in any order of maturity specified by the City on any date on and after January 1, 2025, in whole or in part, on the applicable redemption date at a redemption price equal to the principal amount to be so redeemed, plus accrued interest to the date fixed for redemption. See "THE BONDS – Optional Redemption" herein
Purpose:	The Bond proceeds will be used to (i) finance the costs of remediation and certain other infrastructure costs in connection with developer improvements to a portion of a hospital medical campus to be owned by the Hospital Sisters Health System, an Illinois not for profit corporation (the "Developer") located on approximately 148 acres within the City (the "Project") and (ii) pay for costs of issuance associated with the Bonds. See "THE PROJECT" and "THE BONDS – Authority and Purpose" herein.
Security:	The Bonds are general obligations of the City for which its full faith and credit have been irrevocably pledged and are payable from ad valorem taxes to be levied on all taxable property within the City without limitation as to rate or amount (the "Levied Taxes"). The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See "THE BONDS – Security for the Bonds" herein.
Rating:	S&P's "AA+" (Stable Outlook). See "INVESTMENT RATING" herein.
Tax Exemption:	Ice Miller LLP, Chicago, Illinois will provide an opinion as to the legality and tax exemption of the Bonds as discussed under "TAX EXEMPTION" in this Official Statement. Interest on the Bonds is not exempt from present State of Illinois income taxes.
Bank Qualification:	The City intends to designate the Bonds as "qualified tax-exempt obligations".
Paying Agent and Bond Registrar:	UMB Bank N.A., St. Louis, Missouri, will act as the Paying Agent and Bond Registrar for the Bonds (the "Paying Agent" and "Bond Registrar").
Underwriter:	Bernardi Securities, Inc., Chicago, Illinois.

Statement of Long-Term Bonded Indebtedness*

(as of September 7, 2015)

	Amount	Per Capita	Percent of	
	Applicable	(2010 pop.	Assessed	Estimated
		28,396)	Valuation	True Value
Equalized Assessed Valuation, 2014	\$ 650,954,740	\$ 22,924	100.00%	33.33%
Estimated True Value, 2014	1,952,864,220	68,773	300.00%	100.00%
Total Outstanding Debt	45,475,000	1,601	6.99%	2.33%
Total Overlapping Bonded Debt	69,383,255	2,443	6.60%	2.20%
Total Outstanding & Overlapping Debt	\$ 114,858,255	4,045	13.59%	4.53%

Source: St. Clair County Clerk's Office.

CITY OF O'FALLON
ST. CLAIR COUNTY, ILLINOIS
255 South Lincoln Avenue
O'Fallon, Illinois 62269
(618) 624-4500

Attachment I

Mayor

Gary L. Graham

City Clerk

Philip A. Goodwin

City Treasurer

David Hursey

City Council

Gene McCoskey

Rich Meile

Robert Kueker

Matthew Smallheer

Kevin Hagarty

Jerry Mouser

Ned Drolet

Michael Bennett

Courtney Marsh

Ray Holden

David Cozad

Harlan Gerrish

Herb Roach

Jerry Albrecht

City Administrator

Walter L. Denton

Director of Finance

Sandy Evans

Local Counsel

Dale M. Funk, Esq.

O'Fallon, Illinois

Bond and Disclosure Counsel

Ice Miller LLP

Chicago, Illinois

Underwriter

Bernardi Securities, Inc.

Chicago, Illinois

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OFFICIAL STATEMENT

**CITY OF O'FALLON,
ST. CLAIR COUNTY, ILLINOIS
\$7,125,000 General Obligation Bonds, Series 2015**

INTRODUCTION

This Official Statement including the cover page and Appendices hereto, is provided by the City of O'Fallon, St. Clair County, Illinois (the "City") to furnish information in connection with its issuance of \$7,125,000 principal amount of General Obligation Bonds, Series 2015 (the "Bonds").

Brief descriptions of the Bonds and the City are included in this Official Statement. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the authorizing ordinance adopted July 6, 2015 for the Bonds (the "Bond Ordinance"), and any other documents are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Bond Ordinance.

THE BONDS**Authority and Purpose**

The Bonds are being issued pursuant to the City's power and authority as a home rule unit under the Illinois Constitution, supplementing applicable sections of the Illinois Municipal Code (65 ILCS 5/1-1-1 et seq.) (the "Municipal Code"), the Local Government Debt Reform Act of the State of Illinois (30 ILCS 350/1 et seq.) (the "Debt Reform Act") (collectively, the "Act") and the Bond Ordinance.

The Bond proceeds will be used to (i) finance the costs of remediation and certain other infrastructure costs in connection with developer improvements to a portion of a hospital medical campus to be owned by the Hospital Sisters Health System, an Illinois not for profit corporation (the "Developer") located on approximately 148 acres within the City (the "Project") and (ii) pay for costs of issuance associated with the Bonds. See **"THE PROJECT"** herein.

Description

The Bonds, dated the date of issuance, will mature on December 1 in each of the years and in the amounts shown on the inside cover page of this Official Statement. Interest on the Bonds will be payable semi-annually on each January 1 and July 1, commencing July 1, 2016.

UMB Bank N.A., St. Louis, Missouri, will act as the Paying Agent and Bond Registrar for the Bonds (the "Paying Agent" and "Bond Registrar"). The principal of the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender of such Bonds as they respectively become due at the designated payment office of the Paying Agent. The Bonds will be issued using a book-entry system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. Interest on the Bonds shall be payable to the registered owners of record appearing on the registration books maintained by the Registrar on behalf of the City for such purpose as of the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding the applicable interest payment date. The Bond Registrar shall not be required to exchange or transfer any Bond during the period from the fifteenth (15th) day of the calendar month next preceding the interest payment date for such Bond and ending on such interest payment date, or during the period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds or after such mailing.

Security for the Bonds

The Bonds are general obligations of the City for which its full faith and credit have been irrevocably pledged and are payable from ad valorem taxes to be levied on all taxable property within the City without limitation as to rate or amount (the "Levied Taxes"), except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganizations and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

Optional Redemption

Bonds maturing on and after January 1, 2026, shall be subject to call for redemption prior to maturity at the option of the City in any order of maturity specified by the City on any date on and after January 1, 2025, in whole or in part, on the applicable redemption date at a redemption price equal to the principal amount to be so redeemed, plus accrued interest to the date fixed for redemption.

Notice of Redemption

Notice of the call for any redemption identifying the Bonds, or portions of the Bonds, to be redeemed shall be given by the Bond Registrar by mailing a copy of the redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond (or part thereof) to be redeemed at the address of the registered owner shown on the registration books, provided, however, that failure to give such notice by mailing or any defect therein, shall not affect the validity of any proceeding for the redemption of Bonds as to which there was not such failure or defect. Whenever any Bond is called for redemption and payment as provided in the Bond Ordinance, all interest on such Bond shall cease from and after the date for which such call is made, provided funds are available for its payment at the price specified in the Bond Ordinance.

Flow of Funds

(a) **Debt Service Fund.** Pursuant to the Bond Ordinance, the City shall establish a special fund, which fund shall be held separate and apart from all other funds and accounts of the City and shall be known as the "Debt Service Fund (2015)" (the "Debt Service Fund"). Levied Taxes are to be paid to the City Treasurer by the officers who collect or receive the Levied Taxes. Whenever the City Treasurer receives any of the Levied Taxes or other moneys irrevocably allocated to the payment of debt service on the Bonds, the City Treasurer shall promptly deposit or credit the same into the Debt Service Fund. Moneys in the Debt Service Fund shall be used by the City solely and only for the purpose of paying when due debt service on the Bonds.

(b) **Investments.** The moneys on deposit in the funds and accounts under the Bond Ordinance may be invested from time to time in qualified investments, as described in the Bond Ordinance. Any such investments may be sold from time to time by the City as moneys may be needed for the purposes for which such funds and such accounts have been created. Any earnings or losses on such investments shall first be attributed to the fund or account in which such investment was made.

General Covenants

The City covenants and agrees with the owners of the Bonds, that so long as any Bonds remain outstanding and unpaid:

(a) The City will punctually pay or cause to be paid from the Debt Service Fund 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 the Bond Ordinance, and it will faithfully observe and perform all of the conditions, covenants and requirements of the Bond Ordinance.

(b) The City will pay and discharge, or cause to be paid and discharged from the Debt Service Fund any and all lawful claims which, if unpaid, might become a lien or charge upon 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 in the Bond Ordinance shall require the City to make any such payment so long as the City in good faith shall contest the validity of such claims.

(c) The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Project and to the Levied Taxes and any other monies to be applied to the payment of debt service on the Bonds. Such books of record and accounts shall at all times during business hours of the City 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 City 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 Levied Taxes and other monies to be applied to the payment of debt service on the Bonds, in the manner, at the time and with the effect contemplated by the Bond Ordinance, with respect to which, among other things, the City covenants to strictly comply with all requirements of applicable law in connection therewith and herewith, and will warrant and defend their rights against all claims and demands of all persons.

(e) The City 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, the Bond Ordinance, and for the better assuring and confirming unto the owners of the Bonds, the Paying Agent, the Bond Registrar, the Escrow Agent of the rights and benefits provided in the Bond Ordinance.

(f) As long as any Bonds are Outstanding, the City will continue to deposit the Levied Taxes and other monies to be applied to the payment of debt service on the Bonds to the Debt Service Fund. The City covenants and agrees with the owners thereof that so long as any Bonds remain outstanding, the City will take no action or fail to take any action which in any way would adversely affect the ability of the City to collect and apply the Levied Taxes and other monies to be applied to the payment of debt service on the Bonds in accordance with the Bond Ordinance. The City and its officers will comply with all present and future applicable laws in order to assure that such taxes and monies may be collected as provided in the Bond Ordinance and deposited into the Debt Service Fund and applied in accordance with the Bond Ordinance.

(g) The City 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 Levied Taxes.

(h) After their issuance, the Bonds shall be incontestable by the City, to the extent lawful.

THE PROJECT

Redevelopment Plan

Pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et seq., as amended (the "TIF Act"), the City established a plan for redevelopment known as the "City of O'Fallon, Illinois Tax Increment Financing Redevelopment Plan – Green Mount Medical Campus" (the "Redevelopment Plan"), consisting of approximately 148.28 acres, as further described in the Redevelopment Plan. In

accordance with the TIF Act, the City (i) convened a Joint Review Board which performed all actions required under the TIF Act, and (ii) held and conducted a public hearing with respect to the Redevelopment Plan, the Redevelopment Plan Project Area and the Development Project as described in the Redevelopment Plan at a meeting of the City held on November 7, 2011, notice of such hearing having been given in accordance with the TIF Act.

After giving all notices required by law and after conducting all public hearings required by law, the City adopted the following ordinances: (i) Ordinance No. 3737, approving the Redevelopment Plan; (ii) Ordinance No. 3738, designating the Redevelopment Project Area; and (iii) Ordinance No. 3739, adopting tax increment financing for the Redevelopment Project Area and establishing a special tax allocation fund therefor (the "Special Tax Allocation Fund").

Developer

Hospital Sisters Health System, an Illinois not-for-profit corporation (the "Developer") presented the City with a development project to be undertaken by the Developer and the City in accordance with the terms and conditions of a redevelopment agreement (the "Agreement") made and entered into on November 21, 2011, by and between the City and the Developer. Pursuant to the Agreement, the Developer agreed to complete certain improvements to a portion of the Redevelopment Project Area, subject to the conditions stated in the Bond Ordinance and the City's performance of its obligations under the Agreement and a related Annexation Agreement entered into on November 21, 2011, by and between the Developer and the City, and the City's issuance of the Bonds to finance the Project.

Project

A portion of the proceeds of the Bonds will be used by the Developer pursuant to the Agreement for purposes of (i) financing costs of remediation and certain other infrastructure costs in connection with the Developer improvements portion of a hospital medical campus to be owned by the Developer or an entity related thereto located on approximately 148 acres in the City. The site for development is located on the north side of Interstate 64 between exits 14 and 16 with an address of 1501 North Greenmount Road, O'Fallon, Illinois, 62269. Remaining Bond proceeds will be used to fund capitalized interest on the Bonds and pay all or a portion of the costs of issuing the Bonds.

SOURCES AND USES OF FUNDS

The sources and uses of funds are set forth below:

Sources of Funds:

Par Amount of Bonds.....	\$7,125,000.00
Reoffering Premium.....	<u>322,415.85</u>
Total Sources of Funds.....	<u>\$7,447,415.85</u>

Uses of Funds:

Deposit to Project Fund.....	\$7,304,965.85
Costs of Issuance (Including Underwriter's discount).....	<u>142,450.00</u>
Total Uses of Funds.....	<u>\$7,447,415.85</u>

CITY INFORMATION

General

The City is located in southwest central Illinois approximately 15 miles east of downtown St. Louis. The City is located within St. Clair County and is a part of the St. Louis Metropolitan Statistical Area ("St.

Louis MSA") which, at the time of the 2010 census, was comprised of the City of St. Louis and St. Louis County in Missouri, parts of the counties of St. Clair, Madison, Jersey, Clinton and Monroe in Illinois and parts of the counties of St. Charles, Franklin, and Jefferson in Missouri. The City was incorporated in 1905 and covers an area of approximately seven square miles.

The City is a suburban residential community with a diverse economic base represented by a mixture of several small light industrial enterprises, commercial enterprises, numerous small specialty shops and support services. The City is recognized as one of the fastest growing cities in Southern Illinois. The U.S. Census Bureau estimated its population was 28,396 in 2010, a 29.07% increase from 2000 U.S. Census Bureau population estimates.

Government and Municipal Services

The City Council is composed of fourteen aldermen from whom two aldermen are elected from each ward and serve four-year staggered terms. The Mayor, City Clerk and Treasurer are elected at large and serve four-year terms. The City Council has five committees: community development, public safety, public works, parks and environment, and finance and administration. City business is referred to the appropriate committee where it is considered for action. Committees are responsible for presenting their opinions and recommendations to the City Council as a whole.

The City currently has 162 full-time and 150 part-time employees. All employees other than the administrative staff are represented by four bargaining units from three labor unions. City employees, except for policemen, are provided retirement benefits by the State of Illinois' State-administered Illinois Municipal Retirement Fund ("IMRF"), in which the City is required to participate. Employees not qualifying for the Illinois Municipal Retirement Fund are considered "non-participating employees" and are covered under Social Security or the Police Pension Fund.

The largest employer in the area is Scott Air Force Base. Located approximately 7 miles from the City, the base has an estimated employment of 13,000. Scott Air Force Base is the home to the United States Transportation Command, which coordinates all military transportation movements and the Air Mobility Command, which handles transportation movements for the United States Air Force.

Transportation

The City is located adjacent to Interstate 64, which connects to nearby Interstate 70, Interstate 55 and Interstate 255, providing City residents easy access to the entire St. Louis metropolitan area. Regularly scheduled air passenger and freight service is available at the Lambert-St. Louis Metropolitan Airport approximately 37 miles west of the City and Mid America Airport which is adjacent to the City at the intersection of Interstate 64 and Illinois Route 4. Private air service is available at the Parks Airport in Cahokia approximately 15 miles from the City. Commercial rail transport is provided by CSX Railroad. Metro Link Rail is located 13 miles west of the City and Amtrak Rail service is available 16 miles west of the City. One interstate and 2 local cartage motor freight carriers serve the Municipality.

Utilities

The City owns and operates a sewage collection system serving areas of the City within the boundaries of O'Fallon Township. The sewage treatment plant, east of the City, treats wastewater from both the City and sewage collected by the Village of Shiloh system. The treatment train at the plant consists of a headworks, oxidation ditch, clarifiers, sludge digester, sludge ponds, and UV disinfection system. The plant has a design capacity of 5.6 million gallons per day and currently has an average daily inflow of about 3.0 million gallons per day. Water is purchased wholesale from the Illinois-American Water Company, and distributed by the City to customers in the City and portions of the City of Fairview Heights. The City's contract with Illinois-American is for a maximum demand of 10.0 million gallons

per day with the current average daily requirement of approximately 4.0 million gallons per day. Gas and electricity are provided by Ameren.

Communications and Media

Telecommunication services are provided by AT&T and Charter. The City receives all St. Louis radio stations and television channels. Local newspapers include the Illinois Edition of the St. Louis Post Dispatch, published daily, the Belleville News-Democrat, published daily, and the O'Fallon Progress, published once weekly.

The City owns a public library, which is part of the Illinois Heartland Library System, and allows residents to use all public libraries in Illinois as part of the Illinois Public Library Reciprocal Borrowing Program. The present library encompasses 18,000 square feet and has approximately 86,000 resource materials including: books, magazines, newspapers, books on CD/MP3, music CDs, DVDs, Blu ray discs and games for X-box, as well as Nooks and laptops for checkout. The Library has 55 databases accessible from its website including magazines and over 16,000 eBooks available for checkout to patrons for use on their personal devices. Wi-Fi and computers with Internet and Microsoft office programs are also available for adults and children. Programs for all ages are held daily along with assistance using computers and electronic devices. During 1993, the City issued \$1,500,000 of bonds the proceeds of which were used to construct a new library.

Public Safety

The City's fire department provides services from three stations located within City corporate limits and one station located in the neighboring Village of Shiloh. The City fire department consists of 4 full-time employees and 46 paid-on-call firefighters. Firefighting equipment owned by the City includes a tanker, a rescue squad, four fire engines, two aerial ladder trucks, two brush trucks and various staff and support vehicles. In 1982 the City established an ambulance service to transport resident patients to area hospitals. The ambulance operates 24 hours a day with 4 Advanced Life Support Trucks, 2 crews and a staff of 14 full-time and 18 part-time employees. Of the 14 full-time employees, 13 are licensed paramedics and 1 is a licensed emergency medical technician. The City police department provides police protection throughout the corporate limits of the City. The department consists of 44 sworn officers and 41 support staff. The department offers several innovative programs, including the Citizens Police Academy, Neighborhood Watch Program and Crime Free Rental Housing Program.

Education

The public school system within the City is operated under the administration and control of three school Districts and the Southwestern Illinois College, a junior college District with a campus located 6 miles south of the District. These Districts are independent of the City, having their own elected or appointed officials, budgets and administrators. The Districts are empowered to levy taxes, separate and distinct from those levied by the City. Collectively, the school Districts own and operate six elementary, three middle and two campuses of the high school in the City. The City also has two private schools. In addition, there are eleven major universities and colleges within commuting distance of the City.

SOCIO-ECONOMIC INFORMATION**Population Trend**

	<u>1990</u>	<u>2000</u>	<u>2010</u>
City of O'Fallon	16,073	21,910	28,396
St. Clair County	262,852	256,082	270,056
State of Illinois	11,430,602	12,419,293	12,830,632

Median Home Value

	<u>1990</u>	<u>2000</u>	Est. <u>2009-2013</u>
City of O'Fallon	\$76,800	\$121,400	\$197,900
St. Clair County	54,800	77,700	123,700
State of Illinois	80,900	119,600	182,300

Median Family Income

	<u>1990</u>	<u>2000</u>	Est. <u>2009-2013</u>
City of O'Fallon	\$42,562	\$66,262	\$91,289
St. Clair County	31,939	47,409	63,373
State of Illinois	38,664	50,046	70,344

Source: U.S. Census Bureau and the 2009-2013 American Community Survey 5-Year Estimates.

Average Annual Unemployment Rates

<u>Year</u>	State of <u>Illinois</u>	St. Clair <u>County</u>
2009	10.2%	10.9%
2010	10.4	10.3
2011	9.7	9.8
2012	9.0	9.6
2013	9.1	9.9
2014	7.1	7.9
2015*	5.1	6.0

*As of September, 2015.

Source: Illinois Department of Employment Security.

Major Area Employers ⁽¹⁾

<u>Employer</u>	<u>Approximate Number of Employees</u>
Scott Air Force Base	13,300
O'Fallon CCSD No. 90	457
Wal-Mart Stores, Inc.	349
Sam's Club	257
Securitas Security Services USA, Inc.	250
O'Fallon HSD No. 203	200
Booz Allen Hamilton, Inc.	200
SRA International, Inc.	187
TRI-COR Industries, Inc.	150
City of O'Fallon	142

(1) A significant portion of the City's residents are employed in the St. Louis Metropolitan Area.

Source: The City, Illinois Department of Commerce and Community Affairs, 2015 Illinois Services Directory and the 2015 Illinois Manufacturers Directory.

DEBT INFORMATION**Outstanding Debt**

(as of October 29, 2015)

Direct General Obligation Bonded Debt:

The Bonds	\$ 7,125,000
General Obligation Refunding Bonds, Series 2010	7,870,000
General Obligation Refunding Bonds, Series 2009	16,950,000
General Obligation Bonds, Series 2009A	8,895,000
General Obligation Refunding Bonds, Series 2006	3,760,000
Total Outstanding Debt	\$ 44,600,000

Source: The City.

Detailed Overlapping Bonded Debt*(as of July 2, 2015)*

<u>Taxing Body</u>	<u>Outstanding Debt</u>	<u>Applicable to City</u>	
		<u>Percent</u>	<u>Amount</u>
St. Clair County ⁽¹⁾	\$ 23,445,000	17.21%	\$ 4,034,885
O'Fallon CCSD #90	31,316,195	80.63%	25,250,248
O'Fallon Central SD #104	6,275,569	80.39%	5,044,930
O'Fallon Township HSD #203	45,485,000	72.83%	33,126,726
Mascoutah CUSD #19 ⁽²⁾	53,619,827	0.50%	268,099
Shiloh SD #85	4,090,000	0.01%	409
SWIC CCD #522	17,110,000	9.69%	1,657,959
Total Overlapping Debt			\$ 69,383,255

(1) Constitutes public building commission bonds. Does not include \$28,375,000 in revenue bonds, \$8,375,000 in debt certificates and \$54,235,190 in alternate revenues source bonds.

(2) Does not include \$25,500,000 in alternate revenue source bonds.

Source: St. Clair County Clerk's Office.

Statement of Long-Term Bonded Indebtedness*(as of October 29, 2015)*

	<u>Amount Applicable</u>	<u>Per Capita (2010 pop. 28,396)</u>	<u>Percent of Equalized</u>	
			<u>Assessed Valuation</u>	<u>Estimated True Value</u>
Equalized Assessed Valuation, 2014	\$ 650,954,740	\$ 22,924	100.00%	33.33%
Estimated True Value, 2014	1,952,864,220	68,773	300.00%	100.00%
Total Outstanding Debt	44,600,000	1,571	6.85%	2.28%
Total Overlapping Bonded Debt	<u>69,383,255</u>	<u>2,443</u>	<u>6.60%</u>	<u>2.20%</u>
Total Outstanding & Overlapping Debt	\$ 113,983,255	4,014	13.45%	4.48%

Source: St. Clair County Clerk's Office.

Outstanding Debt
(as of October 29, 2015)

	Series 2006	Series 2009A	Series 2009	Series 2010	The Bonds			
Dated Date	7/1/2006	6/1/2009	6/1/2009	10/15/2010	Date of Delivery			
Par Amount	\$20,100,000	\$9,295,000	\$18,450,000	\$10,675,000	\$7,125,000			
Maturity	1/1/2026	1/1/2039	1/1/1935	1/1/2024	12/1/2034			
Fiscal Year Ending 6/30	Principal	Principal	Principal	Principal	Principal	Total Principal	Principal Outstanding	% Paid
2016	\$ 265,000	\$ 90,000	\$ 400,000	\$ 895,000	\$ -	\$ 1,650,000	42,950,000	3.70%
2017	280,000	95,000	410,000	915,000	-	1,700,000	41,250,000	7.51%
2018	295,000	100,000	425,000	945,000	-	1,765,000	39,485,000	11.47%
2019	305,000	100,000	440,000	975,000	-	1,820,000	37,665,000	15.55%
2020	320,000	105,000	455,000	1,005,000	295,000	2,180,000	35,485,000	20.44%
2021	340,000	110,000	475,000	1,035,000	310,000	2,270,000	33,215,000	25.53%
2022	355,000	110,000	490,000	1,070,000	330,000	2,355,000	30,860,000	30.81%
2023	370,000	115,000	510,000	505,000	345,000	1,845,000	29,015,000	34.94%
2024	390,000	120,000	530,000	525,000	355,000	1,920,000	27,095,000	39.25%
2025	410,000	125,000	555,000	-	375,000	1,465,000	25,630,000	42.53%
2026	430,000	130,000	575,000	-	635,000	1,770,000	23,860,000	46.50%
2027	-	135,000	1,070,000	-	670,000	1,875,000	21,985,000	50.71%
2028	-	140,000	1,120,000	-	715,000	1,975,000	20,010,000	55.13%
2029	-	145,000	1,170,000	-	750,000	2,065,000	17,945,000	59.76%
2030	-	-	1,220,000	-	585,000	1,805,000	16,140,000	63.81%
2031	-	-	1,275,000	-	420,000	1,695,000	14,445,000	67.61%
2032	-	-	1,345,000	-	440,000	1,785,000	12,660,000	71.61%
2033	-	-	1,415,000	-	470,000	1,885,000	10,775,000	75.84%
2034	-	-	1,490,000	-	430,000	1,920,000	8,855,000	80.15%
2035	-	-	1,580,000	-	-	1,580,000	7,275,000	83.69%
2036	-	1,650,000	-	-	-	1,650,000	5,625,000	87.39%
2037	-	1,755,000	-	-	-	1,755,000	3,870,000	91.32%
2038	-	1,875,000	-	-	-	1,875,000	1,995,000	95.53%
2039	-	1,995,000	-	-	-	1,995,000	-	100.00%
Total	\$ 3,760,000	\$ 8,895,000	\$ 16,950,000	\$ 7,870,000	\$ 7,125,000	\$ 44,600,000		

HISTORY OF DEBT REPAYMENT

The City has always promptly paid principal and interest on its debt obligations when due.

EQUALIZED ASSESSED VALUATION

Equalized Assessed Valuation ("EAV") is estimated at 33-1/3% of fair market value.

Equalized Assessed Valuation

Levy Year	EAV	% of Growth
2010	\$660,917,414	-
2011	656,896,915	(0.61%)
2012	652,194,560	(0.72%)
2013	644,876,503	(1.12%)
2014	650,954,740	0.94%

Source: St. Clair County Clerk's Office.

PROPERTY TAX ASSESSMENT, LEVY COLLECTION INFORMATION

The following is a summary of property tax assessment, levy and collection procedures for St. Clair County, Illinois. The County Assessor supervises the assessment of all real property and railroad

property or property used for transportation purposes. These valuations are subject to appeal by the taxpayer to the County Board of Review and the State of Illinois Property Tax Appeal Board and then to equalization by the Illinois Department of Revenue. Real estate sales ratio studies conducted annually by the Illinois Department of Revenue provide the foundation of inter-county equalization by means of multipliers assigned to each county. The multiplier (also known as the "equalization factor") is applied to all assessments in the County to adjust such assessment by a given percentage in order to bring the County level toward the statutory standard of 33 1/3% of fair market value.

Railroad real properties used for transportation purposes, private car lines, pollution control equipment and capital stock are assessed by the Illinois Department of Revenue which certifies these valuations to the County Clerks. These assessments are not subject to revision by the equalization factor.

The equalized assessed valuation is subject to local taxing body tax rates. The County Clerk computes all tax rates and ensures that the rate of any taxing body does not exceed that authorized by law. Abatements are factored into the final determination of tax rates. After receipt of the tax levies of each taxing body in the County, the County Clerk extends the taxes for each parcel of taxable property, which amount constitutes property taxes payable for each such parcel.

All taxable property in the County is reassessed every four years. Between these quadrennial assessments, the Township Assessor has the authority to revalue those properties whose condition has altered significantly since the last assessment and any other properties which may be incorrectly assessed.

Taxes not paid when due are subject to a penalty rate of 1 1/2% per month until paid. Unpaid property taxes constitute a valid lien against the property on which the tax is levied.

Property taxes in the County are collected by the Collector of the County, who distributes to the City its share of collections. Taxes levied for expenditure in any year become due and payable in the following year. For example, taxes levied by the City for the levy year 2014 become due and payable in calendar 2015. Real estate taxes are, by statute, payable in two installments during the year (August and September), whereas State-assessed taxes are payable in one lump sum.

TAX INFORMATION

Tax Extensions and Collections

Tax Levy			Percent
<u>Year</u>	<u>Extension</u>	<u>Collection</u>	<u>Collected</u>
2010	\$5,494,810	\$5,493,403	99.9%
2011	5,689,712	5,687,742	99.9%
2012	5,674,844	5,672,671	99.9%
2013	5,668,968	5,667,576	99.9%
2014	5,496,011	In the process of collection	

Source: St. Clair County Clerk's and Treasurer's Offices.

City Tax Rate Trend
(Per \$100 of Equalized Assessed Valuation)

<u>Fund</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Corporate	\$0.0430	\$0.0426	\$0.0382	\$0.0390	\$0.0388
IMRF	0.0549	0.0535	0.0595	0.0602	0.0790
Fire Protection	0.1738	0.1818	0.1802	0.1833	0.1821
Police Protection	0.1511	0.1619	0.1767	0.1724	0.1713
Parks	0.0900	0.0900	0.0892	0.0908	0.0902
Social Security	0.0866	0.1009	0.1165	0.1227	0.1219
Ambulance	0.2035	0.2017	0.1784	0.1814	0.1610
TOTALS	\$0.8029	\$0.8324	\$0.8387	\$0.8498	\$0.8443

Source: St. Clair County Clerk's Office.

Representative Total Tax Rate
(Per \$100 of Equalized Assessed Valuation)

<u>Taxing Body</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
St. Clair County	\$0.9158	\$0.9132	\$0.9123	\$0.9080	\$0.9388
SWIC Dist #522	0.3689	0.3786	0.3942	0.4106	0.4285
O'Fallon CCSD #90	3.0657	3.1203	3.1423	3.1423	3.1694
O'Fallon HSD #203	1.9819	2.2036	2.2005	2.2005	2.2271
O'Fallon Library	0.1500	0.1500	0.1487	0.1512	0.1502
O'Fallon Township	0.0618	0.0644	0.0658	0.0693	0.0705
O'Fallon Road	0.2723	0.2777	0.2812	0.2869	0.2881
City	0.8029	0.8324	0.8387	0.8498	0.8443
TOTAL	\$7.6193	\$7.9402	\$7.9837	\$8.0186	\$8.1169

Source: St. Clair County Treasurer's Office.

Largest Area Taxpayers

<u>Name</u>	<u>E.A.V.</u>	<u>% of District's 2014 E.A.V.</u>
SEC Accommodator LLC.....	\$5,352,923	0.82%
Menard Inc.	4,573,067	0.70%
Luke St. Ellen LLC.....	4,203,830	0.65%
Parkway Lakeside Apt. Homes LLC	4,067,497	0.62%
Car AUF LLC	3,785,124	0.58%
Wal-Mart Real Estates Business Trust....	3,777,195	0.58%
Drury Development Corp.	3,204,069	0.49%
D&D Lodging LLC.....	2,378,141	0.37%
LSC O'Fallon LLC	2,317,115	0.36%
HD Development of Maryland	2,173,653	0.33%
TOTAL	\$35,832,614	5.50%

*Based on parcels of property with a value exceeding \$100,000, accordingly a major taxpayer that owns multiple parcels of property may be excluded from the above table.

Source: St. Clair County Assessment Office.

FINANCIAL INFORMATION

The General Fund is accounted for using the current financial resources measurement focus and the modified accrual basis of accounting in accordance with the Government Auditing Standards issued by the Comptroller General of the United States of America. The following tables contain information from the audited financial statements of the City but do not purport to be the complete audits, copies of which are available upon request from the City. See **Appendix B** for a full copy of the City's fiscal year 2015 audited financial statements.

Balance Sheet
General Fund

Years Ended April 30,

<u>Assets</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Cash	\$ 9,670,207	\$ 9,989,214	\$ 11,446,537	\$ 8,575,148	\$9,413,922
Prepaid expenses	204,528	207,527	362,908	325,399	293,416
Receivables					
Property taxes	282,237	277,938	247,273	248,327	248,785
Other governmental entities	1,533,921	1,872,213	1,635,874	1,624,912	1,961,573
Interest receivable	-	-	-	-	-
Other	265,315	241,765	197,710	207,245	-
Due from employees	15,896	19,823	17,234	11,223	12,094
Due from police pension	-	-	-	118,494	-
Due from other funds	-	950,761	99,760	199,223	576,262
Total Assets	11,972,104	13,559,241	14,007,296	11,309,971	12,506,052
<u>Liabilities</u>					
Accounts payable	340,147	152,608	277,332	244,625	397,409
Accrued payroll	111,900	151,217	171,891	229,620	237,901
Unearned revenue					
Property taxes	282,237	277,938	247,273	-	-
Fees	612,458	600,098	-	-	-
Other	-	-	-	26,981	-
Due to police pension	-	46,161	-	-	-
Due to other funds	-	-	-	100,000	50,000
Total Liabilities	1,346,742	1,228,022	696,496	601,226	685,310
<u>Deferred Inflows of Resources</u>					
Unearned revenue					
Property taxes	-	-	-	248,327	248,785
Income taxes	-	-	-	429,189	509,015
Total deferred inflows of resources	-	-	-	677,516	757,800
<u>Fund Balance:</u>					
Nonspendable	217,424	227,350	380,142	336,622	305,510
Unassigned	10,407,938	12,103,869	12,930,658	9,694,607	10,757,432
Total Fund Balance	10,625,362	12,331,219	13,310,800	10,031,229	11,062,942
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$11,972,104	\$13,559,241	\$14,007,296	\$11,309,971	\$12,506,052

Source: The City's audited annual financial statements from 2011 through 2015. See **APPENDIX B** for a full copy of the City's fiscal year ending March 31, 2015 audited financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund

Years Ended April 30,

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Revenues</u>					
Property taxes	\$ 239,261	\$ 284,654	\$ 277,618	\$ 245,945	\$ 247,375
Utility taxes	892,159	947,685	777,479	831,304	1,404,041
Food and beverage	595,617	597,880	644,581	662,903	722,643
Intergovernmental					
Replacement tax	143	-	-	-	-
State sales tax	6,760,571	6,758,839	7,372,235	7,578,439	7,919,352
State income tax ⁽¹⁾	2,549,990	2,408,499	3,281,011	2,282,583	2,780,950
Road and bridge tax	249,420	259,276	268,782	273,677	280,918
Grants	123,601	184,107	111,173	112,121	220,822
MEGSI	51,763	62,473	32,741	54,306	46,569
Licenses and permits	657,839	491,931	661,330	497,722	557,530
Subdivision fees	46,210	22,533	18,275	40,136	24,871
Police reports	8,740	14,850	11,571	10,418	5,529
Combined dispatch	71,773	100,000	100,000	102,000	104,040
Municipal aggregation fees	-	-	-	125,004	109,319
Fines and fees	282,205	320,611	311,211	287,210	246,785
Interest income	18,313	11,888	11,541	6,239	2,542
Insurance claims	61	765	14,670	2,795	18,386
Miscellaneous	9,050	-	7,515	8,018	13,335
Cable TV	777,066	812,676	745,936	684,909	679,688
Rentals	10,000	16,946	11,700	12,991	15,647
Donations	-	-	-	13,255	-
Cemetery revenue	32,650	17,274	24,400	23,525	21,963
Sales of assets	10,048	-	-	-	-
Fee in lieu of taxes	-	548,800	604,750	599,130	621,262
Total Revenues	13,386,480	13,861,687	15,288,519	14,454,630	16,043,567
<u>Expenditures</u>					
Current					
General government ⁽²⁾	474,407	1,193,937	1,473,748	1,733,838	1,442,805
Public safety	5,773,058	5,877,565	6,412,412	6,671,372	6,342,854
Highways and streets	2,341,159	2,161,543	2,555,885	2,856,870	3,076,411
Zoning	743,762	778,906	811,199	830,096	870,529
Development	224,093	233,038	216,881	261,856	208,311
Cemetery	68,632	62,036	80,251	96,423	94,638
Tax rebates	36,054	8,152	8,640	9,650	15,358
Capital expenditures	99,142	465,012	836,308	643,005	553,256
Debt service					
Principal retirement	73,501	75,400	43,948	62,380	54,984
Interest and fiscal charges	6,893	4,500	3,237	3,581	2,428
Total Expenditures	9,840,701	10,860,089	12,442,509	13,169,071	12,661,574
Excess (Deficiency) of					
Revenues over Expenditures	3,545,779	3,001,598	2,846,010	1,285,559	3,381,993
Other Financing Sources (Uses):					
Proceeds from issuance of notes	34,537	57,711	48,497	92,904	18,665
Proceeds from sale of assets	-	9,473	42,819	16,934	5,900
Operating transfers in (out) ⁽³⁾	(1,749,774)	(1,362,925)	(1,957,745)	(4,674,968)	(2,374,845)
Total Other Financing Sources (Uses):	(1,715,237)	(1,295,741)	(1,866,429)	(4,565,130)	(2,350,280)
Net Change In Fund Balances	1,830,542	1,705,857	979,581	(3,279,571)	1,031,713
Fund Balances - Beginning of Year	8,794,820	10,625,362	12,331,219	13,310,800	10,031,229
Fund Balances - End of Year	\$ 10,625,362	\$ 12,331,219	\$ 13,310,800	\$ 10,031,229	\$ 11,062,942

(1) Reason for drop in state income tax between FY 2013 and FY 2014 was due to timing of State payment.

(2) Reason for rise in general government expenses starting in FY 2012 due to change in accounting/reclassification for personal costs.

(3) Constitutes transfers to the nonmajor funds such as Debt Service Funds, Capital Project Funds and the Convention Center Fund. During fiscal year 2014, the City transferred \$3,000,000 to the Capital Improvement Fund for new fire station project.

Source: The City's audited annual financial statements from 2011 through 2015. See APPENDIX B for a full copy of the City's fiscal year ending April 30, 2015 Audited Financial Statements.

FISCAL YEAR 2015 AND 2016 BUDGET

The City finished fiscal year 2015 with a surplus in the General Fund. The City budgeted a balanced General Fund for fiscal year 2016.

PENSION AND RETIREMENT OBLIGATIONS

The City contributes to two defined benefit pension plans: the IMRF and the Police Pension Plan. IMRF issues a publicly available financial report that includes financial statements and required supplementary information; the report may be obtained on-line www.imrf.org. Additional information with respect to the Police Pension Plan may be obtained from the Treasurers of the respective plans through the Director of Finance's office at 255 S. Lincoln Ave., O'Fallon, Illinois 62269.

Illinois Municipal Retirement Fund

Plan Description. The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases and death benefits to plan members and beneficiaries. The City's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

Funding Policy. As set by statute, the City's regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual required contribution rate for calendar year 2014 was 11.49%. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The City's required contribution for calendar year 2014 was \$779,952.

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of <u>APC</u> <u>Contributed</u>	Net Pension <u>Obligation</u>
12/31/14	\$ 779,952	100%	\$55,656
12/31/13	721,039	100%	54,611
12/31/12	664,531	100%	53,524

The required contribution for 2014 was determined as part of the December 31, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the City's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The regular plan's unfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the regular plan was 77.16% funded. The actuarial accrued liability for benefits was \$14,178,379 and the actuarial value of assets was \$10,940,603, resulting in an underfunded actuarial accrued liability (UAAL)

of \$3,237,776. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$6,788,093 and the ratio of the UAAL to the covered payroll was 48%.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/14	\$10,940,603	\$14,178,379	\$3,237,776	77.16%	\$6,788,093	47.70%
12/31/13	10,133,539	13,003,839	2,870,300	77.93%	6,205,155	46.26%
12/31/12	9,141,746	12,716,254	3,574,508	71.89%	5,906,945	60.51%

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$13,051,221. On a market basis, the funded ratio would be 92.05%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the City. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

Police Pension Plan

Defined Benefit Pension Plan. The City contributes to a defined benefit pension plan, the Police Pension Plan, which is a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The pension plan does not issue a separate report.

Plan Description. Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILLS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. At April 30, 2015 the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving them	27
Current employees	44
TOTAL	71

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least 8 years, but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the

remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. For the year ended April 30, 2015, the City's contribution as a percentage of covered payroll was 44.78%.

Significant Investments. The fund did not have any significant individual investments (other than U. S. Government guaranteed obligations) in any one organization that represented 5.00% or more of plan net position for the Police Pension Plan.

Employer Contributions

<u>Actuarial Year</u>	<u>Employer Contributions</u>
4/30/14	\$1,488,726
4/30/13	1,460,224
4/30/12	1,361,985

Annual Pension Cost. Employer contributions have been determined as follows:

	<u>Police Pension</u>
Actuarial Valuation Date	5/1/2014
Funding Method	Projected Unit Credit
Asset Valuation Method	Investment gains and losses are recognized over 5-year period
Amortization Method	Normal cost plus adjustment
Amortization Period	2040 for 90% funding
Significant Actuarial Assumptions	
a. Rate of Return on Present and Future Assets	6.75% Compounded Annually
b. Projected Salary Increase - Attributable to Inflation	4.50%
c. Additional Increases - Tier 2 Cost of Living	1.25%

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
04/30/14	\$22,775,453	\$27,719,332	\$4,943,879	82%	\$3,324,689	149%
04/30/13	20,597,835	24,995,214	4,397,379	82%	3,201,169	137%
04/30/12	18,473,548	21,820,195	3,346,647	85%	3,054,453	110%

FUTURE BORROWING PLANS

The City does not anticipate issuing any additional debt within the next six months.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Ice Miller LLP, Chicago, Illinois, Bond Counsel. The proposed form of the opinion of Bond Counsel is included herein as APPENDIX C. Ice Miller LLP, Chicago, Illinois is acting as Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriter by its counsel, Nixon Peabody LLP, Chicago, Illinois.

NO LITIGATION CERTIFICATE

Simultaneously with the delivery of the Bonds, the City will furnish to the Underwriter a certificate which shall state, among other things, that there is no controversy, suit or other proceeding of any kind pending, threatened in any court (either State or Federal) restraining or enjoining the issuance or delivery of the Bonds or questioning (i) the proceedings under which the Bonds are to be issued, (ii) the validity of the Bonds, (iii) the source of payment on the Bonds and (iv) the legal existence of the City or the title to office of the present officials of the City.

CONTINUING DISCLOSURE

The City will enter into a Continuing Disclosure Certificate and Agreement (the "Undertaking") for the benefit of registered owners and beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below under **"THE UNDERTAKING."**

Pursuant to issuing its General Obligation Refunding Bonds, Series 2006 (the "2006 Bonds"), General Obligation Refunding Bonds, Series 2009 (the "2009 Bonds"), Taxable General Obligation Bonds, Series 2009A (Build America Bonds – Direct Payment) (the "2009A Bonds"), and General Obligation Refunding Bonds, Series 2010 (the "2010 Bonds") (Collectively, the "Prior Bonds"), the City covenanted to file its audited financial statements and annual financial information within 180 days of the City's fiscal year end (April 30) with a Nationally Recognized Municipal Security Information Repository ("NRMSIR"), the Electronic Municipal Market Access ("EMMA") system established by the Municipal Securities Rule Making Board ("MSRB") or to the State Information Depository ("SID"), if any, and that was recognized as such by the Securities and Exchange Commission for purposes of the Rule (each the "Applicable Prior Undertaking"). The State of Illinois has not, to date, designated a SID. Hence, there was no State of Illinois repository for the City to disseminate its audited financial statements and annual financial information. Nevertheless, the City posted audited financial statements and annual financial information on EMMA. In the past five years, except for the annual financial information for fiscal year 2014, the City filed its audited financial statements and annual financial information with the MSRB on EMMA outside the required timeframe of each Applicable Prior Undertaking.

At the time of the issuance, the 2009 Bonds and 2009A Bonds were insured by Assured Guaranty Corporation ("AGM") and AGM was rated "AAA" by Standard and Poor's Ratings Services, a Standard and Poor's Financial Services LLC business ("S&P"). Since that time, S&P has issued multiple rating changes on AGM. As of June 29, 2015, S&P maintains a "AA" rating on AGM. Despite each Applicable Prior Undertaking, the City did not provide notice concerning the rating changes on the 2009 Bonds and 2009A Bonds that resulted from the rating downgrades of AGM, in a timely manner. Notice has since been filed on EMMA.

At the time of the issuance, the 2006 Bonds were insured by Ambac Assurance Corporation ("AMBAC") and AMBAC was rated "AAA" by S&P. Since that time, S&P has had subsequent rating downgrades of AMBAC and AMBAC filed for a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York on November 8, 2010. Despite the Applicable Prior Undertaking, the City did not provide notice concerning the rating changes on the Bonds that resulted from the rating downgrades of AMBAC. Notice has since been filed on EMMA.

Pursuant to issuing its Special Service Area Number One (Shoppes at Greenmount) Unlimited Ad Valorem tax Bonds, Series 2004A (the "2004A Bonds"), Special Service Area Number Two (Greenmount Commercial) Unlimited Ad Valorem tax Bonds, Series 2004B (the "2004B Bonds"), Special Service Area Number Four (Regency Extension) Unlimited Ad Valorem tax Bonds, Series 2004D (the "2004D Bonds"), Special Service Area Number Five (Subaru of O'Fallon) Unlimited Ad Valorem tax Bonds, Series 2006B (the "2006B Bonds"), Special Service Area Number Six (Central Park Plaza #1) Special Ad Valorem tax Refunding Bonds, Taxable Series 2012A Bonds (the "2012A Bonds") and Special Service Area Number Seven (East Side Greenmount Road) Special Ad Valorem Tax Refunding Bonds, Taxable Series 2012B (the "2012B Bonds") (Collectively, the "Prior SSA Bonds"), the City covenanted to file its audited financial statements and certain annual financial information within specified timeframes in accordance with applicable undertakings related to the Prior SSA Bonds (each the "Applicable Prior SSA Undertaking"). The City filed such audited financial statements and annual financial information; however, for certain fiscal years over the past five years the City filed audited financial statements and certain annual financial information outside the required timeframes in accordance with each Applicable Prior SSA Undertaking.

Other than the above referenced occurrences, in the past five years the City was in material compliance with all of its outstanding continuing disclosure undertakings. The City's Finance Director is charged with ensuring compliance with continuing disclosure requirements along with putting procedures in place in order to comply with all of its outstanding disclosure requirements going forward.

A failure by the City to comply with the Undertaking will not constitute a default under the Bond Ordinance and registered owners and beneficial owners of Bonds are limited to the remedies described in the Undertaking. See "THE UNDERTAKING—Consequences of Failure of the City to Provide Information." A failure by the City to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

THE UNDERTAKING

The following is a brief summary of certain provisions of the Undertaking of the City and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the City.

Financial Disclosure Information

The City covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, if any (as described below) electronically through the Electronic Municipal Market Access ("EMMA") system established by the Municipal Securities Rule Making Board (the "MSRB") in accordance with the rules and procedures established by the MSRB, as hereinafter provided. The City is required to deliver such information within 210 days of the end of the City's fiscal year so that the information is received by the dates specified in the Undertaking.

(a) *Audited Financial Statements.* To the MSRB electronically through the EMMA system, when and if available, the audited financial statements of the City, which are presented in the modified accrual basis of accounting, for each twelve (12) month period, beginning with the twelve (12) month period ending April 30, together with the opinion of such independent certified public accountants engaged by the City and all notes thereto.

(b) *"Annual Financial Information"* means updated information in the final Official Statement under the captions:

1. "THE CITY"
2. "SOCIO-ECONOMIC INFORMATION"
3. "DEBT INFORMATION"
4. "TAX BASE INFORMATION"
5. "FINANCIAL INFORMATION"
6. "PENSION AND RETIREMENT OBLIGATIONS"

All or a portion of the Annual Report may be included by reference to other documents which have been submitted to EMMA. If the information included by reference is contained in an official statement, the official statement must be available from the MSRB's EMMA. The City shall clearly identify each such item of information included by reference.

To the extent that the foregoing are included in or easily derived from the financial statements in (a) above, such information may not necessarily be restated separately under (b).

Reportable Events Disclosure

The City covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events disclosure to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission or the State at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. The "Reportable Events" are:

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions, the issuance by the Internal Revenue Service or proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- Modifications to the rights of security holders, if material;
- Bond call and tender offers; if material
- Defeasances;
- Release, substitution or sale of property securing repayment of the securities, if material
- Rating changes;
- Bankruptcy, insolvency, receivership or similar event of the City*;
- The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; if material
- Appointment of a successor or additional trustee or the change of name of a trustee; if material

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

Consequences of Failure of the City to Provide Information

The City shall give notice in a timely manner to the MSRB through the EMMA system, of any failure to provide disclosure of Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the City to comply with any provision of the Undertaking, the registered owner and beneficial owners of any Bond may seek mandamus or specific performance by court order to cause the City to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Bond Ordinance, and the sole remedy under the Undertaking in the event of any failure of the City to comply with the Undertaking shall be an action to compel performance.

Amendment; Modification

Notwithstanding any other provision of the Undertaking, the City may amend or modify the Undertaking, if either:

- (a) The amendment or the modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted; (ii) The Undertaking, as amended or modified, would have complied with the requirements of the Rule on the date hereof, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) The amendment or modification does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the City (such as Bond Counsel);
- or
- (b) Such amendment or modification (including an amendment or modification which rescinds this Agreement) is permitted by the Rule, as then in effect.

Termination of Undertaking

The Undertaking shall be terminated if the City shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Ordinance.

Additional Information

Nothing in the Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Financial Information or notice of occurrence of a material Event, in addition to that which is required by the Undertaking. If the City chooses to include any information from any document or notice of occurrence of a material Event in addition to that which is specifically required by the Undertaking, the City shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a material Event.

Dissemination Agent

Financial Information and Notices of Reportable Events can be obtained from the Dissemination Agent:

Director of Finance
City of O'Fallon
255 S. Lincoln Ave.
O'Fallon, Illinois 62269

The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds (i) is excludable from the gross income of the owners thereof for federal income tax purposes, and (ii) is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the City with respect to certain material facts within the City's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the alternative minimum tax, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Bonds (the "OID Bonds") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the City complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but owners of OID Bonds should consult their own tax advisors as to whether original issue discount is taken into account in computing adjusted current earnings, which is used in determining the alternative minimum tax for certain corporations under the Code; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price, or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in

the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Obligation holders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Bonds is not exempt from present State of Illinois income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

QUALIFIED TAX-EXEMPT OBLIGATIONS

Subject to the City's compliance with certain covenants, in the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

INVESTMENT RATING

Standard & Poor's Ratings Services, New York, New York ("S&P") assigned its credit rating of "AA+" (stable outlook) to the Bonds. The rating reflects only the view of such rating agency and any desired explanations of the significance of such rating should be obtained at the following address: Standard & Poor's Rating Services, 130 East Randolph Street, Suite 2900, Chicago, IL 60601. The City did not apply to any other rating service for a rating on the Bonds.

There is no assurance that a rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by the rating agency if, in the judgment of such rating agency circumstances so warrant. Such lowering or withdrawal may have an adverse effect on the market price of the Bonds.

UNDERWRITING

Bernardi Securities, Inc. (the "Underwriter") has agreed to purchase the Bonds from the City at a price of 103.525% of the principal amount thereof plus accrued interest to the date of delivery. The Underwriter intends to reoffer the Bonds at a price of 104.525% of the principal amount of the Bonds.

The Underwriter must purchase and pay for all of the Bonds if any are purchased. The Bonds are being offered for sale at initial prices stated on the cover of the Official Statement, plus accrued interest. After the initial offer, the offering price and other selling terms may be changed. The Underwriter reserves the right to offer any of the Bonds to one or more purchasers.

The Underwriter may engage in secondary market trading in the Bonds subject to applicable securities laws. However, the Underwriter is not obligated to repurchase any of the Bonds at the request of any owner thereof.

DISTRIBUTION OF OFFICIAL STATEMENT

This Official Statement has been prepared for distribution to prospective purchasers and the Underwriter of the \$7,125,000 General Obligation Bonds, Series 2015, dated the Date of Delivery, by the City. All statements and data presented herein have been obtained from reliable sources and are believed to be correct but are not guaranteed by the City.

CERTIFICATION OF OFFICIAL STATEMENT

Acting through any City officer, the City will provide to the Underwriter simultaneously with the delivery of the Bonds, a certificate which shall state, among other things, that to the best of the knowledge and belief of such officer, the Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Bonds, was true and correct in all material respects and does not contain any untrue statement of a material fact and does not omit to state a material fact required to be stated therein or necessary to make the statement herein, in light of the circumstances under which they were made, not misleading in any material respect.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Bonds. Any statement made in this Official Statement involving matters of opinion is intended merely as an opinion and not as a representation of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

/s/ Gary L. Graham

Mayor

City of O'Fallon

APPENDIX A

BOOK-ENTRY SYSTEM-DTC

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

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

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Registrar, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records to the Registrar. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Registrar's DTC account.

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

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

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

APPENDIX B

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

Audited Financial Statements
April 30, 2015

APPENDIX B

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

Audited Financial Statements

April 30, 2015

November 12, 2015

City of O'Fallon
St. Clair County, Illinois

Bernardi Securities, Inc.
Chicago, Illinois

Re: City of O'Fallon, St. Clair County, Illinois
General Obligation Bonds, Series 2015
Total Issue: \$7,125,000
Original Date: November 12, 2015

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of O'Fallon, St. Clair County, Illinois (the "City") of \$7,125,000 of its General Obligation Bonds, Series 2015, dated November 12, 2015 (the "Bonds"). We have examined the law and the certified transcript of proceedings of the City relative to the authorization, issuance and sale of the Bonds and such other papers as we deem necessary to render this opinion. We have relied upon the certified transcript of proceedings and other certificates of public officials, including the tax covenants and representations ("Tax Covenants") made by the City and Hospital Sisters Health System, an Illinois not for profit corporation and organization described under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Borrower"), and we have not undertaken to verify any facts by independent investigation.

Based upon our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds are valid and binding general obligations of the City.
2. The Bonds are payable as to principal and interest from ad valorem taxes levied against all taxable property within the City without limitation as to rate or amount.
3. Under federal statutes, decisions, regulations and rulings existing on this date, the interest on the Bonds is excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as in effect on the date hereof (the "Code"), is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations. This opinion is conditioned on continuing compliance by the City and the Borrower with the Tax Covenants. Failure to comply with the Tax Covenants could cause interest on the Bonds to lose the exclusion from gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds.

The Bonds have been properly designated as "qualified tax exempt obligations" for purposes of Section 265(b)(3) of the Code, as amended to this date, relating to the exception from the 100% disallowance for the deduction for interest expense allocable to interest on tax exempt obligations acquired by financial institutions. The designation is conditioned upon continuing compliance with the Tax Covenants.

The opinions set forth herein express the professional judgment of the attorneys participating in the transactions as to the legal issues addressed herein. By rendering such opinions, the undersigned does not become an insurer or guarantor of that expression of professional judgment or of the transaction opined upon. Nor does the rendering of that opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

It is to be understood that the rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity. It is to be understood that the rights of the owners of the Bonds and the enforceability thereof may be subject to the valid exercise of the constitutional powers of the City, the State and the United States of America.

Very truly yours,

City of O'Fallon, Illinois
Combining Balance Sheet - TIF Funds
April 30, 2016

	158 Corridor TIF	Green Mount Medical TIF	Central Park TIF	Rte. 50/ Scott Troy Rd. TIF	Central City TIF	Total TIF Fund
Assets						
Cash and cash equivalents	\$ 395,119	\$ 3,440,783	\$ 232,492	\$ 7,229	\$ 69,095	\$ 4,144,718
Receivables, net						
Taxes	967,631	-	-	-	-	967,631
Other	-	11,016	-	-	-	11,016
Total Assets	<u>1,362,750</u>	<u>3,451,799</u>	<u>232,492</u>	<u>7,229</u>	<u>69,095</u>	<u>5,123,365</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,362,750</u>	<u>\$ 3,451,799</u>	<u>\$ 232,492</u>	<u>\$ 7,229</u>	<u>\$ 69,095</u>	<u>\$ 5,123,365</u>
Liabilities						
Accounts payable	\$ 1,013,061	\$ 730,806	\$ -	\$ -	\$ -	\$ 1,743,867
Due to other funds	-	1,416,303	235,799	40,394	90,555	1,783,051
Total Liabilities	<u>1,013,061</u>	<u>2,147,109</u>	<u>235,799</u>	<u>40,394</u>	<u>90,555</u>	<u>3,526,918</u>
Deferred Inflows of Resources						
Unavailable resources - property taxes	967,631	-	-	-	-	967,631
Unavailable resources - income taxes	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>967,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>967,631</u>
Fund Balance						
No spendable:						
Prepaid items	-	-	-	-	-	-
Interfund advances	-	-	-	-	-	-
Restricted:						
Debt service	-	-	-	-	-	-
Special revenue fund	(141,471)	1,004,849	(103,613)	(40,394)	(90,555)	628,816
Unassigned:						
General fund	-	-	-	-	-	-
Total Fund Balances	<u>(141,471)</u>	<u>1,004,849</u>	<u>(103,613)</u>	<u>(40,394)</u>	<u>(90,555)</u>	<u>628,816</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,839,221</u>	<u>\$ 3,151,958</u>	<u>\$ 132,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,123,365</u>

City of O'Fallon, Illinois
Combining Schedule of Revenue, Expenditures and Changes in Fund Balances - TIF Funds
For the year ended April 30, 2016

	158 Corridor TIF	Green Mount Medical TIF	Central Park TIF	Rte. 50/ Scott Troy Rd. TIF	Central City TIF	Total TIF Fund
Revenues						
Taxes:						
Property	\$ 379,037	\$ 15,326	\$ 394,301	\$ -	\$ -	\$ 788,664
Intergovernmental:						
Grants	-	61,839	-	-	-	61,839
Interest income	162	-	-	-	-	162
Total Revenues	<u>379,199</u>	<u>77,165</u>	<u>394,301</u>	<u>-</u>	<u>-</u>	<u>850,665</u>
Expenditures						
Highways and streets	-	197,581	-	-	-	197,581
Tax increment financing	736	110,224	123,693	(11,150)	15,145	238,648
Capital outlay	343	6,781,364	273,916	29,742	-	7,085,365
Debt service:						
Bond issuance costs	-	142,981	-	-	-	142,981
Total Expenditures	<u>1,079</u>	<u>7,232,150</u>	<u>397,609</u>	<u>18,592</u>	<u>15,145</u>	<u>7,664,575</u>
Excess (Deficiency) of Revenues over Expenditures	<u>378,120</u>	<u>(7,154,985)</u>	<u>(3,308)</u>	<u>(18,592)</u>	<u>(15,145)</u>	<u>(6,813,910)</u>
Other Financing Sources (Uses)						
Capital contributions	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Proceeds from refunding bonds	-	-	-	-	-	-
Proceeds from refunding bonds - premium	-	-	-	-	-	-
Proceeds from general obligation bonds	-	7,125,000	-	-	-	7,125,000
Proceeds from general obligation bonds - premium	-	322,416	-	-	-	322,416
Debt service - principal	-	-	-	-	-	-
Transfers in from other funds	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>7,447,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,447,416</u>
Net Change in Fund Balance	\$ 378,120	\$ 292,431	\$ (3,308)	\$ (18,592)	\$ (15,145)	\$ 633,506
Fund Balance (Deficit), May 1	<u>(519,591)</u>	<u>712,418</u>	<u>(100,305)</u>	<u>(21,802)</u>	<u>(75,410)</u>	<u>(4,690)</u>
Fund Balance (Deficit), April 30	<u>\$ (141,471)</u>	<u>\$ 1,004,849</u>	<u>\$ (103,613)</u>	<u>\$ (40,394)</u>	<u>\$ (90,555)</u>	<u>\$ 628,816</u>